

UNIVERSITY OF MANCHESTER INTERNATIONAL SOCIETY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

University of Manchester International Society

CONTENTS

	Page
Charity information	1
Trustees' report	2 - 6
Statement of trustees' responsibilities	7
Independent examiner's report	8
Statement of financial activities	9
Balance sheet	10
Notes to the financial statements	11-15

University of Manchester International Society

Trustees and their advisers

Principal Office	William Kay House 327 Oxford Road Manchester M13 9PG
Patron	Norman K. Stoller CBE KStJ DL
Chair of Trustees	Dame Alexandra V. Burslem DBE JP DL FRSA
Trustees	Sir Netar Mallick Mr Anthony Landes Professor Wen Zhou Li (leave of absence) Angela Murphy OBE
Honorary Treasurer	Mr Peter Hyett CPFA
Honorary Secretary	Ms Emma Lewis
Director	Mr Samuel Harris
Registered Charity No:	521248
Bankers	NatWest Bank Manchester City Centre Branch 19 Market Street Manchester M1 1WR
Independent Examiners	Booth Ainsworth Alpha House 4 Greek Street Stockport Cheshire SK3 8AB

University of Manchester International Society

Trustees Annual Report

for the year ended 31 July 2018

Introduction

The Trustees present their report and accounts for the year ended 31 July 2018

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their account in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Structure, Governance and Management

The charity's governing document was a constitution adopted on 21 November 1968 amended on 19 May 1969. The body responsible for the governance and management of the charity consistent with charity law is the Trustees who also absorb the responsibilities of the Council as identified in the Society's constitution. The Trustees met four times during the year and were the sole decision making body for the charity, agreeing and delegating actions to the Director through those meetings. The Trustees Management Committee, whose role is to provide the Trustees with advice on the activities and policies of the Society, also four times during the year and the outcome of their deliberations were reported to the Trustees.

The Trustees are responsible for the appointment of new trustees having given due consideration to any areas of specialist skill and expertise or personal competences appropriate to complement those already available. The Chair of Trustees oversees the induction of new trustees into the workings of the charity. Historically the Society has benefited from representatives of the sponsoring Universities on its Trustee body but in recent times this has become more difficult for the Universities to commit to. The Trustees continue to explore the best way to secure ongoing dialogue with the Universities in order to ensure there are complementary strategies to support the charitable activities of the Society.

In order to have access to professional support and advice the Trustees appointed the Honorary Secretary Emma Lewis, owner of EL Law LLP. Under this arrangement the services of the Honorary Secretary were on pro-bono up to a threshold of 36 hours per annum, any costs for services above this threshold are recognised as governance costs of the charity.

The Director, who is the most senior employee of the Society and the Honorary Treasurer attend all meetings of the Trustees and are responsible for providing the Trustees with appropriate up to date information and advice on matters affecting the charity such that the Trustees are able to exercise their legal responsibilities. The Honorary Secretary is available for advice if needed. The Trustees delegate executive power to the Director for the activities and day to day operation of the Society and to the Honorary Treasurer for the oversight and financial governance of the assets and liabilities for which the Trustees are responsible.

Related Entities

The International Society has close associations with Manchester International Society Travel Limited (MIST) and Small World Café (Gtr. Manchester) Limited (SWC), both companies are limited by guarantee. These companies trade from the premises occupied by the International Society and provide benefits to individual members of the International Society. The International Society employs two permanent and two casual staff who are currently seconded to the SWC and quite separately provides administrative support to both of these companies.

Furthermore, the International Society procures catering services from SWC to support a number of its activities. MIST has, for a number of years, made a charitable donation to the International Society to enable the charity to carry out its objectives. SWC has also made a charitable donation in the year of this report although it did not in the previous year.

The Trustees, on an individual basis, are members of both these limited by guarantee companies, MIST and SWC respectively, and this has strengthened the governance relationship between the Charity and the companies. This was viewed by the Trustees as important given that the companies traded from assets under the control of the charity and the companies provide services directly to many of the charity's beneficiaries. The charity's legal status prevents it from acting in the capacity of member for these companies.

**University of Manchester International Society
Trustees Annual Report
for the year ended 31 July 2018
(continued)**

Risk Assessment

The Trustees can confirm that risk assessment is a natural part of their decision making process. The Trustees have identified an ongoing need to modernise the charity's administrative processes, particularly financial related ones, in order to make sure internal controls are as effective as possible and work with the auditors to make sure any matters arising are addressed.

Aims and Objectives of the charity

The aims and objectives of the Society are:

- To promote international friendship and celebrate diversity and through this contribute to international relations and community cohesion
- To provide international students with a home away from home during their time in Greater Manchester that helps provide a sense of belonging and enhances their wellbeing
- To provide the best possible opportunities for international students to experience British life through trips, classes, events and community projects
- To give British students the chance to meet people from all over the world and internationalise their student experience
- To be socially responsible and contribute to the local community through being open to all and developing community education projects

Activities of the Charity

The charity's objectives place a clear civic responsibility on it and make it well placed to be a vehicle to encourage civic co-operation and collaboration and for the receipt of grant and philanthropic funds to meet such responsibilities. It operates out of rented accommodation in the heart of the Manchester student quarter.

The charity encourages potential student beneficiaries to subscribe to the charity through an individual nominal membership fee, though on occasions these fees may be paid for on behalf of specific groups of beneficiaries by a sponsoring organisation. Membership entitles those individuals access to involvement in a number of community integration initiatives undertaken by the charity as well as access to a range of welfare advice and support services. The Society's close association with MIST and SWC means that some community integration opportunities and empathetic support are enjoyed by members as a result of members' involvement with those organisations.

The charity exercises its civic educational objectives in part through the organisation of language classes which are delivered by a significant number of volunteers. The charity makes a nominal charge to attend these classes. The Hospitality Scheme for Society members relies on individual members of the public, often recruited through a number of civic organisations, hosting mainly international members of the charity and this provides a mutual learning opportunity of culture and values. The scheme has led to many long term international friendships.

The charity seeks to make best use of its accommodation and looks to make its facilities available to other like-minded organisations for an appropriate fee.

Finally, the charity actively seeks grants and donations to support its work and has benefited from a range of these over the years. However, its principal financial support comes in the form of grants from the major higher education institutions in the greater Manchester area, that is Manchester University, Manchester Metropolitan University and Salford University.

These educational charities, collaborate financially and operationally with the International Society as a natural consequence of their overlapping charitable objectives. The Management Committee set up by the Trustees plays a role in facilitating this collaboration.

University of Manchester International Society
Trustees Annual Report
for the year ended 31 July 2018
(continued)

Public Benefit

The International Society has been working to support international students, promote international friendship and celebrate cultural diversity since 1966. Through this it aims to contribute to international relations and community cohesion. The Society's premises and activities provide a space where people from different cultures can meet, get to know each other and make friends. The Society aims to internationalise the experience of all students - both British and overseas - and though this helps promote global thinking, raise cultural awareness and encourage integration. Volunteering opportunities with the Society help foster a sense of social responsibility and its school education projects help broaden the horizons and raise the aspirations of children in the community. The Society hopes to contribute to making a better world for all through being open to everyone, inclusive and fostering socially responsible global citizens. The Trustees have considered the Charities Commission's Public Benefit Guidance when carrying out activities.

Membership

Membership income for the year ended 31 July 2018 was £41,107 (2017 £41,063). The number of members at the end of the year was 4,817 (2017 4,144) of which 4,267 (2017 3,805) came directly to the main Oxford Road Office to join. As all memberships expire at the end of August, as the year goes on, the amount each member pays reduces.

Staff and volunteers

The Society has a small number of permanent employees, 8 in 2018 (9 in 2017), the Head Chef of the Small World Café retired in April 2018. The Society employed a graduate support worker for fixed term of one year and also employs a number of casual staff to meet service demands on an as needs be basis and is greatly assisted by many students and volunteers.

The Trustees are currently undertaking a review of the employment arrangements for its employees to make sure they are up to date and relevant. They have completed the review of the Trustees Scheme of Delegated Authority to the Director and will be updating the Society's terms and contracts for all staff in the near future.

Financial Review

The Society finished the 2017/18 financial year with a surplus of £38,990 (2017 a surplus of £6,002).

A reduction of total incoming resources by 3.6% £17,502 which was mainly due to a decrease in grant income however a donation of £63,106 from related entity MIST and a donation of £10,000 from SWC was welcomed. The Society was also successful again in securing further funding from HSBC, MMU and SEED for further project work with local schools.

Charitable expenditure reduced year on year by 11.72% £54,490 (2017 7.94% £38,756) (see Note 4). The cost of staff decreased by 11.42% £38,727 (2017 increase of 2.5% £8,294) due to a reduction in the number of staff employed.

The Balance Sheet for the charity confirms that there are unrestricted reserves of £135,927 and a restricted reserve of £nil represented by net current assets. The cash balance at the end of the year was £61,724 (2017 £42,495). The settlement by debtors ensures that the Society's accumulated reserves are ultimately cash backed. The charity benefits from a favourable grant profile from its principal financial supporters which assists in maintaining its financial liquidity.

University of Manchester International Society
Trustees Annual Report
for the year ended 31 July 2018
(continued)

Reserves Policy

The accumulated unrestricted funds of £135,927 now represent 31.79% of the estimated annual running costs of the charity based on the 2017/18 figure of £427,528. Whilst the Trustees are mindful that the funding streams the charity benefits from are to deliver its charitable activities in the year they are received, it is prudent that there is some financial flexibility to deal with unforeseen events. Consequently, they have determined that where possible, reserves should be created from unrestricted funds and the general reserves of the charity at the end of the financial year should be equivalent to no more than 20% and no less than 10% of the estimated annual operating costs. However during this financial year the future of the Society became more uncertain following decisions by the Society's major funder, the University of Manchester, and therefore the trustees have prudently allowed the reserves to exceed the threshold to help address any fundamental changes that may be required in the forthcoming financial year.

The Trustees are considering reviewing the reserves policy taking into consideration the new cashflow position of the charity alongside other factors.

There may be occasions when the charity receives funding for a specific purpose which may not be fully expended in the financial year. The balance of such funds will be held in a specific restricted reserve until they are used for the purposes they have been given.

Investment Policy

As noted above, the charity uses its unrestricted funds to support its general liquidity. The charity has a current bank account with NatWest bank, and an arrangement with that bank that credit balances over £500 at the end of each day are transferred into the Business Reserve Account

The available interest rate in other flexible deposit facilities with other providers is comparable with the interest rate the charity receives under this arrangement.

On those occasions that the charity receives specific funds which need to be held for a period before application, these funds will be held in a time limited cash deposit at the best rate available at that time.

Review of the Year

Membership

- The Society had 4,817 (2017 4,144) active members of which 4,267 (2017 3,805) came directly to the main Oxford Road Office to join and 550 joined online.
- The number of classes in the year was 141 (2017 128) with the number of members participating being 530 (2017 431) and 500 (2017 583) non-members. 842 (2016 743) of those registered on the classes were students.
- The Hospitality Scheme hosted three receptions, two in 2017. A total of 42 members were matched and met with their host families
- The Families group, run to support the partners of students and their children, was well attended all year. Advice and information on living and working in the UK was given as needed (or referrals made to where advice can be sought from), particularly in respect of healthcare, nurseries and schooling. A number of social events and visits took place including coach visits to zoos, visiting the Christmas markets, celebrating the birthdays of the children etc. The group provides a friendly and supportive atmosphere for often isolated partners to make friends, get help and support and improve their English language skills. There were 22 (2017 24) registered families who had 32 (2017 33) children between them. Of these families, 14 (2017 14) were from the University of Manchester, 1 (2017 1) from Manchester Metropolitan University and 6 (2017 9) were non student families, all were members of the Society.
- A number of free social events were held during the year for members, particularly Afternoon Teas for each of the universities welcome periods in September and January, attended by 262 (2017 236) members and a Christmas and New Year Party, attended by 58 (2017 61) members.
- The Wednesday and Friday Socials offer members an opportunity to get together weekly to meet and interact over coffee, tea, biscuits and board games provided. A total of 1,363 members participated in this weekly activity.
- The International 16 initiative which promotes cultural exchange and organises the cultural evening was run again during the year.

University of Manchester International Society
Trustees Annual Report
for the year ended 31 July 2018
(continued)

Project Work in Schools

- Our project work in schools continued with financial support from HSBC, the UoM, MMU and Rotary.
- 19 schools (2017/18) were visited in total. 15 schools (2017/14) were visited with RocketWorld and 4 schools (2017/4) were visited with Bee Hippy Happy. 228 student volunteers (2017/214) and 2,386 children (2017/2,214) took part. Feedback from schools remains excellent and relationships with community engagement and volunteering teams at all 3 universities continue to strengthen.
- The relationship with HSBC continues to strengthen.

Fundraising Social Events

- A large range of fundraising social events took place over the year including BBQ's, national evenings covering countries and areas including India, France, Mauritius, Korea, China, Japan, Spain and Italy. There were celebration nights for American Thanksgiving and a food festival showcasing street foods from across Asia. There were also five music evenings held. A total of 487 (2017/496) members and 231 (2017/273) non-members attended the cultural evenings and celebrations nights and 77 members and 48 non members (2017/79 members and 30 non-members) came to the Music evenings.

Review of plans for 2017/18:

- Maximising the online database to develop more accurate and detailed statistical information. Completed
- Using the online database for targeted surveying and feedback. Completed
- Continuing to review the Society's Marketing Strategy. Completed
- Completing the review of the employment terms and staff contracts. Ongoing
- Reviewing the Society's constitution to make sure it is up to date and relevant. Ongoing
- Increasing membership by a minimum of 5 percent. Ongoing
- Finalising the Society's three-year business plan. Ongoing
- Achieving the Society's charitable aims through meeting targets set out in the business plan. Ongoing
- Widening links with the community through building links with new schools, attracting new hospitality hosts and reaching out to community groups. Ongoing
- Maintaining and strengthening links with the Society's core funders. Ongoing
- Building new and strengthening existing links with university schools, departments and Students' Unions. Ongoing
- Increasing the number of free member events offered. Ongoing
- Exploring and developing new links with MIDAS in relation to the Study Manchester platform. Completed
- Raising the profile of the International Society's work more widely in Greater Manchester. Ongoing

Brief plans for 2018/19 include:

- Protecting the Society's charitable work in an uncertain funding environment through exploring options for merger and/or development of a new sustainable operational model.

On the assumption that the Society remains an independent legal entity the following:

- Strengthening existing links with the University of Manchester Students' Union and working towards a closer partnership in line with the Society's charitable aims.
- Building new and strengthening existing links with university schools, departments and other Students' Unions.
- Maximising the online database to develop more accurate and detailed statistical information.
- Using the online database for targeted surveying and feedback.
- Completing the review of the employment terms and staff contracts.
- Reviewing the Society's constitution to make sure it is up to date and relevant.
- Increasing membership by a minimum of 5 percent.
- Finalising the Society's three-year business plan.
- Achieving the Society's charitable aims through meeting targets set out in the business plan.
- Widening links with the community through building links with new schools, attracting new hospitality hosts and reaching out to community groups.
- Maintaining and strengthening links with the Society's core funders.
- Increasing the number of free member events offered
- Raising the profile of the International Society's work more widely in Greater Manchester

University of Manchester International Society
Trustees Annual Report
for the year ended 31 July 2018
(continued)

Statement of the Trustees responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

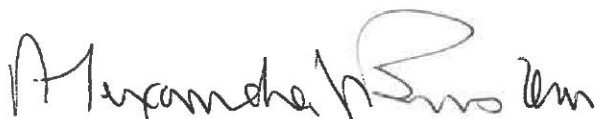
The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

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;
- state whether applicable 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 charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

The trustees' report was approved by the Board of Trustees.



Dame Alexandra Burslem

Chairperson and Trustee

Dated.....01.05.2019.....

**Independent examiner's report to the Trustees of
Manchester University International Society**

I report to the trustees on my examination of the accounts of the University of Manchester International Society (the 'charity') for the year ended 31 July 2018, which are set out on pages 9 to 15.

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. My independent examiner's work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity, the charity's members as a body and the charity's trustees as a body for my independent examiner's work, for this report, or for the opinions I have formed.

Responsibilities and basis of report

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act. Independent examiner's statement

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached



Mr Jonathan Ward (FCA)
For and on behalf of Booth Ainsworth

76 / 5 / 19
.....
Alpha House
4 Greek Street
Stockport
SK3 8AB

University of Manchester International Society

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 JULY 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Incoming resources from generated funds:					
Voluntary income					
Grants	2	205,134	6,825	211,959	222,851
Fundraising events & donations		14,142	-	14,142	15,778
Donation from MIST		63,106	-	63,106	64,454
Donation from SWC		10,000	-	10,000	-
Activities of generated funds:					
Investment income	3	60	-	60	27
Other income		67	-	67	45
Incoming resources from charitable activities					
Classes		36,482	-	36,482	35,737
Football		4	-	4	145
Training and consultancy		1,440	-	1,440	1,000
Advertising		1,445	-	1,445	1,825
RocketWorld		2,475	-	2,475	1,900
Bee Hippy Happy		-	-	-	475
Room hire		21,528	-	21,528	24,985
Membership subscriptions		41,107	-	41,107	41,063
Other incoming resources					
SWC salaries recharge		60,518	-	60,518	70,589
MIST salaries recharge		2,185	-	2,185	3,146
Total incoming resources		459,693	6,825	466,518	484,020
Resources expended					
Cost of generating funds					
Fundraising costs		(8,338)	-	(8,338)	(9,624)
Net incoming resources adjustable for charitable application		451,355	6,825	458,180	474,396
Charitable activities					
Other direct charitable expenditure	4	403,617	6,825	410,442	464,932
Governance costs		8,748	-	8,748	3,462
		412,365	6,825	419,190	468,394
Total resources expended		420,703	6,825	427,528	478,018
Net movement in funds		38,990	-	38,990	6,002
Funds brought forward		96,937	-	96,937	90,935
Funds carried forward		135,927	-	135,927	96,937

**BALANCE SHEET
AS AT 31 JULY 2018**

	Notes	£	2018 £	£	2017 £
Current Assets					
Debtors	5	83,391		71,717	
Cash at bank and in hand		61,724		42,495	
		<u>145,115</u>		<u>114,212</u>	
Creditors: amounts due within one year	6	<u>(9,188)</u>		<u>(17,275)</u>	
Net Current Assets			<u>135,927</u>		<u>96,937</u>
Net Assets			<u>135,927</u>		<u>96,937</u>
Funds of the Charity					
Unrestricted funds	11		135,927		96,937
Restricted funds	11		-		-
			<u>135,927</u>		<u>96,937</u>

Approved on behalf of the Trustees:


P A Hyett
Honorary Treasurer


Dame Alexandra Burslem
Chairperson and Trustee

Date 15 MAY 2019

University of Manchester International Society
Notes to the financial statements
for the year ended 31 July 2018

1 Accounting policies

Charity information

University of Manchester International Society is an unincorporated registered charity constituted by its governing document adopted on 21 November 1968 as amended 19 May 1969.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

The last year has been particularly challenging as the charity's major funder and landlord, the University of Manchester, has given the Society notice to quit the Society's premises on the 31st July 2019 and indicated that it intends to continue to fund the Society through the University of Manchester Student Union, which will also provide alternative rent free accommodation

As a consequence of this decision the Society's other University funders are reviewing their funding position. The Society Trustees have considered a number of alternative business models which demonstrate how the Society could continue its charitable activities in 2019/20 albeit in a reduced form in its new location and with reduced funding.

The Society's accumulated reserves allow the Society to downsize in a managed way and it will still retain some financial strength during 2019/20, the year of transition. The 2019/20 year will also confirm whether or not these new arrangements enable the Society to continue to operate as an independent charity delivering its charitable objectives.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

University of Manchester International Society

1.5 Resources expended

Income and expenses are included in the financial statements as they become receivable or due.

Expenses include VAT where applicable as the charity cannot reclaim it.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2 Voluntary income grants

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
University of Manchester core grant	168,968	-	168,968	168,968
SEED, University of Manchester	2,000	-	2,000	2,000
MMU core grant	22,635	-	22,635	22,083
MMU for RocketWorld	-	2,500	2,500	2,500
University of Salford core grant	11,531	-	11,531	11,250
HSBC Bee Hippy Happy	-	2,375	2,375	7,100
Norman Stoller grant	-	-	-	5,000
Santander Placement	-	-	-	2,000
SEED for Rocketworld	-	1,000	1,000	1,000
Rotary for Rocketworld	-	950	950	950
	<u>205,134</u>	<u>6,825</u>	<u>211,959</u>	<u>222,851</u>

University of Manchester International Society
Notes to the financial statements
for the year ended 31 July 2018
(Continued)

3	Investment income			2018	2017
				£	£
	Bank interest			60	27
				<u>60</u>	<u>27</u>
4	Other direct charitable expenditure	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
		£	£	£	£
	Staff salaries	295,807	4,741	300,548	339,275
	Volunteers gifts and refreshments	192	-	192	40
	Travel and general hospitality	296	-	296	1,083
	Marketing	1,179	-	1,179	766
	Room Hire	-	-	-	138
	Online maintenance & WorldPay	2,708	-	2,708	2,440
	Equipment Lease, Repairs and Sundry	4,332	-	4,332	3,726
	Bank Charges and Payroll cost	1,667	-	1,667	1,760
	IT Support and Software subscriptions	1,952	-	1,952	2,087
	Families' group	3,438	-	3,438	3,457
	Hospitality scheme	710	-	710	630
	Classes	152	-	152	398
	International 16	1,479	-	1,479	1,244
	Free events for members	1,208	-	1,208	845
	RocketWorld grant funded	-	1,320	1,320	1,930
	RocketWorld commercial projects	456	-	456	298
	Bee Hippy Happy grant funded	-	764	764	1,483
	Norman Stoller grant	-	-	-	5,000
	Football Sessions	-	-	-	57
	Printing and stationery	8,030	-	8,030	7,589
	Telephone	1,086	-	1,086	1,194
	Rent and service charge	76,860	-	76,860	74,150
	Insurance	2,065	-	2,065	343
	Ex-gratia payment	-	-	-	15,000
		<u>403,617</u>	<u>6,825</u>	<u>410,442</u>	<u>464,932</u>
5	Debtors			2018	2017
				£	£
	Donations from MIST 2017/18			63,106	-
	Donations from SWC 2017/18			10,000	-
	Donations from MIST 2016/17			-	64,454
	Prepayments and deferred income			3,597	3,383
	Trade Debtors			6,688	3,880
				<u>83,391</u>	<u>71,717</u>
6	Creditors			2018	2017
				£	£
	Accrued creditors			9,188	17,275
				<u>9,188</u>	<u>17,275</u>

University of Manchester International Society
Notes to the financial statements
for the year ended 31 July 2018
(continued)

7	Staff emoluments and trustees' expenses	2018	2017
		£	£
	Staff salaries and casual wages	300,548	339,275

No employee earned £60,000 per annum or more.
No trustee received any remuneration from the charity during the year.
The average number of employees

<u>8</u>	<u>9</u>
----------	----------

The charity is supported by a number of temporary and casual staff

8 Pension Schemes

Pension arrangements for staff of the International Society are based on defined benefit schemes with the University Superannuation Scheme (USS) for one senior staff member and the University of Manchester Superannuation Scheme (UMSS) for six of the other staff.

The Society participates in these centralised defined benefit schemes with the assets held in separate Trustee administered funds. It is not possible to identify the Society's share of the underlying assets and liabilities of the schemes. Therefore, the pension contributions are accounted for in the financial statements as if the schemes were defined contribution schemes and pension costs are based on the amounts payable in accordance with paragraphs 8-12 of FRS17. The schemes are subject to triennial valuations by professionally qualified and independent actuaries.

The latest available full actuarial valuation of the USS was carried out as at 31 March 2014 which was carried out using the projected unit method and showed that the assets were sufficient to cover 89% of the benefits that had accrued to members after allowing for expected future increases in earnings. Further details are available on request. The employer contributions made by the Society over the financial year were £7,199 (2017 £13,097) based on an employer's contribution rate of 18%.

The last full valuation of the UMSS was carried out at 31st July 2013 which showed that the funding level had improved to 87%. The employer contributions made by the Society over the financial year were £28,403 (2017 £28,704) based on an employer's contribution rate of 19.75%.

**Notes to the financial statements
for the year ended 31 July 2018
(continued)**

9 Related Party Transactions

The International Society is a registered charity of which Dame Sandra Burslem, Mr Wen Zhou Li (leave of absence), Professor Sir Netar Mallick, Mr Anthony Landes and Ms Angela Murphy are Trustees.

None of the trustees have been paid any remuneration or received any other benefits from employment with the charity or a related entity

Transactions that the International Society had with these organisations during the year consisted of grants received from Manchester University in the sum of £168,968 (2017 £168,968), Manchester Metropolitan University £22,635 (2017 £22,083) and from Salford University in the sum of £11,531 (2017 £11,250). In addition, payments were made to Manchester University in the sum of £78,850 (2016 £76,185) for the following services, property lease and facilities management, telephone and computer services. From April 2016 the UMSS pension scheme management has been provided free of charge.

It has been reported that the charity has close links with MIST and SWC. In the financial year the charity made payments to SWC of £1,240 (2017 £2,016) for services provided in the form of refreshments and £1,829 (2017 £1,823) to MIST for trips for Families group. it charged SWC £60,518 (2017 £70,589) and MIST £2,185 (2017 £3,146) in respect of staffing costs supporting the work of the companies.

Included in debtors is a balance of £63,106 (2017 £64,454) due from MIST and £ 10,000 (2017 £0) due from SWC by way of a donation.

10 Taxation

The International Society is a registered charity and as such its income and gains, falling within s.505 ICTA 88 or s256 TCGA 92, are exempt from corporation tax to the extent that they are applied to its charitable objectives.

The payments received from MIST and SWC are by way of a donation except for payments for staff salaries.

11 Movement in funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Balance brought forward	96,937	-	96,937
Net movement during the year	38,990	-	38,990
Total funds carried forward	<u>135,927</u>	<u>-</u>	<u>135,927</u>

12. Analysis of funds between the net assets

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Debtors	83,391	-	83,391
Cash at bank	61,724	-	61,724
Creditors	(9,188)	-	(9,188)
Total funds carried forward	<u>135,927</u>	<u>-</u>	<u>135,927</u>

