

	PAPER NO: AC.59(12)	
Board/Committee:	Audit Committee	
Date:	30 October 2012	
Paper title:	Statutory Accounts for London South Bank University Students' Union (numbers only)	
Author:	Rebecca Warren, Students' Union Finance Manager	
Executive sponsor:	Phil Cardew, Pro Vice Chancellor (Academic)	
Recommendation by the Executive:	To note the numbers from the statutory accounts of the Students' Union.	
Aspect of the Corporate Plan to which this will help deliver?	Financial Sustainability	
Matter previously considered by:	N/A	N/A
Further approval required?	Trustees of the Students' Union	On: November 2012
Communications – who should be made aware of the decision?	N/A	

Executive summary

The Audit Committee is asked to receive the numbers from the statutory accounts of the Students' Union, which have been consolidated into the University accounts.

Full accounts, including the written report of the Trustees, will be submitted to the Policy and Resources Committee. Full accounts will be approved and signed by the Trustees of the Students' Union in November.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
Annual Report and Accounts
for the year ended 31 July 2012

London South Bank University Students' Union

Annual Report and Accounts

for the year ended 31st July 2012

DRAFT AS AT 10th OCTOBER 2012

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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR

	Note	Unrestricted Income	Restricted Income	Total £	2011 £
Gross Income					
Voluntary income:					
Block Grant		970,486	-	970,486	970,336
Activities to generate funds:					
Marketing		9,367	-	9,367	12,073
Investment income		10,179	-	10,179	18
Charitable activities for students:					
Student Activities		7,047	4,458	11,505	5,945
Bar and Venue		124,580	-	124,580	143,705
Merchandising		9,017	-	9,017	9,857
Leisure and Gaming		20,849	-	20,849	30,152
Rental Income		-	-	-	12,834
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Total income		1,151,525	4,458	1,155,983	1,184,920
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Resources expended					
Costs of Generating Funds:					
Charitable Activities for students:					
Advice & Representation		510,506	-	510,506	423,043
Communications and Marketing		82,287	-	82,287	94,079
Student Activities		337,945	4,458	342,403	383,282
Bar and Venue		202,217	-	202,217	254,992
Leisure and Gaming		5,472	-	5,472	9,012
Governance		16,671	-	16,671	20,045
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Total expenditure	2-5	1,155,099	4,458	1,159,556	1,184,453
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Net incoming resources for the year		(3,474)	-	(3,474)	467
Fund balances brought forward		559,790	-	559,790	559,323
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Fund balances carried forward		556,216	-	556,216	559,790
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The notes on pages 12 to 18 form part of these accounts

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BALANCE SHEET

		2012		2011	
	Notes	£	£	£	£
Fixed Assets					
Tangible fixed assets	6		7,254		20,100
Investments	7		60		60
			7,314		20,160
Current Assets					
Stocks in bars, shops & other outlets			6,638	5,986	
Debtors & prepayments	8		29,665	11,562	
Cash at bank & in hand			547,129	563,604	
			583,432	581,152	
Current Liabilities					
Creditors: Amounts due within one year	9		(34,530)	(41,522)	
Net Current Assets			548,902	539,630	
Total Assets less Current Liabilities			556,216	559,790	
			556,216	559,790	
Representing Charitable Funds:-					
Unrestricted Income Funds					
Development fund			240,884	240,884	
Designated Governance Review Funds			10,000	10,000	
Accumulated Fund			305,332	308,906	
Total Funds	11		556,216	559,790	

Approved and authorised for issue on behalf of the London South Bank University Students' Union on

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Trustee

The notes on pages 12 to 18 form part of these accounts

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NOTES TO THE ACCOUNTS

1 Accounting Policies

(a) Accounting convention

These accounts are prepared on the historical cost convention in accordance with the Statement of Recommended Practice: 'Accounting and Reporting by Charities' published in March 2005 (SORP 2005) and with applicable UK Accounting & Financial Reporting Standards.

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees Responsibilities on page 11.

(b) Incoming resources

All income and capital resources are recognised in the accounts when the Charity is legally entitled to the income and the amount can be quantified with reasonable certainty. The College grant of free serviced accommodation on the campus is accounted for as income and expenditure of the year at an estimated value to London South Bank University Students' Union by reference to the alternatives available on the commercial market.

(c) Resources expended

Expenditure includes irrecoverable VAT. Charitable expenditure comprises the direct and indirect costs of delivering public benefit. Governance costs are those incurred for compliance with constitutional and statutory requirements, such as the annual audit. Central overhead costs are apportioned to charitable and other projects/activities on a usage basis, pro rata to the total costs of each project or activity undertaken.

(d) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Equipment, fixtures and fittings are included at cost. Depreciation is provided at the following annual rates in order to write the cost of assets off over their estimated useful lives:-

Motor vehicles	over a period of approximately 8 years
Computer equipment	rates ranging from 20% to 33.3% per annum
Equipment, furnishings and other sundry equipment	rates ranging from 15% to 20% per annum

(e) Investments

London South Bank University Students' Union's fixed asset investments are valued at cost, as these assets are not readily saleable and a reliable market value is not readily ascertainable.

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1 Accounting Policies (continued)

(f) Pension costs

London South Bank University Students' Union participates in the Student Union Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The scheme is closed to new contributions. 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 contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to London South Bank University Students' Union. Under the terms of FRS17, in these circumstances contributions are accounted for as if the Scheme were a defined contribution scheme based on actual contributions paid through the year.

London South Bank University Students' Union now also operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(g) Stock

Stock is valued at the lower of the cost and its net realisable value.

(h) Fund accounting

London South Bank University Students' Union administers and accounts for a number of charitable funds, as follows:-

- (i) Unrestricted Funds** representing unspent income which may be used for any activity/purpose at the Trustees' own discretion;
- (ii) Restricted funds** raised and administered by London South Bank University Students' Union for specific purposes as determined by students, such as Club and Societies Accounts, as well as revenue received for purposes specified by the donor and also (if not material enough to require a separate column in the SoFA) any small capital grants received from the College.
- (iii) Custodian Funds** entrusted to London South Bank University Students' Union for safekeeping, but not under its management control, eg, Clubs & Societies Funds and the annual RAG. Such custodian activities are disclosed in the Annual Report, but as the funds are not managed by London South Bank University Students' Union they cannot be included in the accounts.

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NOTES TO THE ACCOUNTS, (continued)

2 Charitable and other Activity costs	Cost of Sales	Staff	Rent and Rates	Other	Total
	£	£	£	£	£
Resources expended					
Charitable Activities for Students					
Advice & Representation	-	284,816	126,707	98,983	510,506
Communications & Marketing	-	50,340	20,405	11,542	82,287
Student Activities	-	128,950	84,984	128,469	342,403
Bar and Venue	34,231	104,933	50,190	12,863	202,217
Leisure & Gaming	2,706	1,170	1,358	238	5,472
Governance	-	3,564	4,138	8,969	16,671
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Total costs	36,937	573,773	287,782	261,064	1,159,556

Included in the above governance costs is the annual audit fee of £8,745 (2011: £8,250).

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NOTES TO THE ACCOUNTS, continued

3 Central Overhead Costs included in Note 2

	Usage	Staff £	Rent & Rates	Other £	Total £
Resources expended					
Costs of Generating funds					
Rental expenditure		-	-	-	-
Charitable Activities for Students					
Advice & Representation	44%	109,150	126,707	22,175	258,032
Communications & Marketing	7%	17,577	20,405	3,571	41,553
Student Activities	30%	73,208	84,984	14,873	173,065
Bar and Venue	18%	43,235	50,190	8,784	102,209
Leisure & Gaming	0%	1,170	1,358	238	2,766
Governance	1%	3,564	4,138	724	8,426
Totals	100%	247,904	287,782	50,365	586,051

Other Costs comprised:-

	£
Depreciation	13,985
Repairs & Renewals	515
Insurances	21,295
Sundry expenses	14,570
	<u>50,365</u>

4 Staff Costs

	2012 £	2011 £
Wages and salaries	495,899	529,995
Social security	34,801	25,950
Pension costs	36,617	27,528
Other staff costs	6,456	12,840
	<u>573,773</u>	<u>596,313</u>

No employee earned over £60,000 per annum.

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NOTES TO THE ACCOUNTS, continued

5 Trustees' Remuneration and Expenses

The Trustees' four sabbatical officers received £82,246 (2011: £78,585) for the year, as authorised in the Union's governing document, for the representation, campaigning and support work they undertake as distinct from their trustee responsibilities. This work includes voicing student opinion with the institution and local community, defending and extending the rights of students through petitions, discussion with MPs and also organising and supporting student volunteers and service provision for them. The total salary and NI costs for the sabbatical officers amounted to £89,359 (2011: £85,500).

There were no other trustee-benefits for the year.

Six members of the Trustees were reimbursed a total of £5,514 for the year in respect of personal travel and subsistence expenses.

6 Tangible Fixed Assets

	Total	£
COST		
At 1 August 2011	252,032	
Additions	1,139	
Disposals	<u>-</u>	
At 31 July 2012	<u>253,171</u>	
DEPRECIATION		
At 1 August 2011	231,932	
Charge for the year	13,985	
Disposals	<u>-</u>	
At 31 July 2012	<u>245,917</u>	
NET BOOK VALUE		
At 31 July 2012	<u>7,254</u>	
<i>At 31 July 2011</i>	<u>20,100</u>	

7 Investments

	2012	2011
	£	£

At Cost

Investment in Nus Services Limited	<u>60</u>	<u>60</u>
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In order to continue receiving retrospective discounts through the central billing system LSBUSU has minority holdings of 60 'A' voting shares in this trading company.

8 Debtors

	2012	2011
	£	£

Trade debtors	19,304	3,858
London South Bank University	3,618	738
Other debtors	4,152	4,343
Prepayments & accrued income	<u>2,591</u>	<u>2,623</u>

	<u>29,665</u>	<u>11,562</u>
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NOTES TO THE ACCOUNTS, continued

9	Creditors: Amounts due within one year	2012	2011
		£	£
	Trade creditors	15,296	18,866
	Social security & other taxes	10,176	9,337
	Other creditors	5,789	2,217
	Accruals & Deferred income	3,269	11,102
		<hr/>	<hr/>
		34,530	41,522
		<hr/>	<hr/>

10	Student Society/Club material funds held were:-	Brought Forward	Income for Fund	Grants for Activities	Carried forward
		£	£	£	£
	Societies:	-	4,458	4,458	-
		<hr/>	<hr/>	<hr/>	<hr/>
	Total	-	4,458	4,458	-
		<hr/>	<hr/>	<hr/>	<hr/>

11 Analysis of Net Assets between Funds

	Unrestricted Funds	Restricted Income Funds	Capital Grant Fund	Total
	£	£	£	£
Fixed Assets	7,314	-	-	7,314
Net current assets	548,902	-	-	548,902
Long term liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	556,216	-	-	556,216
	<hr/>	<hr/>	<hr/>	<hr/>

12 Leasing Commitments

At 31 July 2012 London South Bank University Students' Union had annual commitments under non-cancellable operating leases as detailed below:

	2012	2011
	£	£
Plant and machinery		
Operating leases expiring within one year	-	2,779
Operating leases expiring within two to five years	-	-
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The amount paid during the year in respect of operating leases for plant and machinery was £nil.

13 Control Relationship

Ultimate control of London South Bank University Students' Union rests with its membership, represented by the Trustees.

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NOTES TO THE ACCOUNTS, continued

14 Pension Costs

SUSS

London South Bank University Students' Union participates in the Students' Union Superannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the scheme closed to future accrual.

The most recent valuation of the scheme was carried out as at 1 October 2010 and showed that the market value of the scheme's assets was £67,141,000 with these assets representing 58% of the value of benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £47,869,000.

The assumptions which have the most significant effect upon the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

The following assumptions applied at 1 October 2010:-

- The investment return would be 6.6% per annum before retirement and 4.6% per annum after retirement
- Pensions accruing on the CARE basis would revalue at 3.2% per annum.
- Present and future pensions would increase at rates specified by scheme rules with appropriate assumptions where these are dependent on inflation.

The 2010 valuation recommended a monthly contribution requirement by each Union expressed in monetary terms intended to clear the ongoing funding deficit over a period of 20 years and will increase by at least 3.2% each year. These contributions also include an allowance for cost of the ongoing administrative and operational expenses of running the Scheme. These rates applied with effect from 1 October 2011 and will be formally reviewed following completion of the next valuation due with an effective date of 1 October 2013. Surpluses or deficits which arise at future valuations will also impact on London South Bank University Students' Union future contribution commitment. In addition to the above contributions, the London South Bank University Students' Union also pays its share of the scheme's levy to the Pension Protection Fund.

The contribution rate (excluding deficit contributions) for the period to 30 September 2011 applicable to London South Bank University Students' Union for the majority of members was 7.70% of Earnings for members and 9.60% of Earnings for the London South Bank University Students' Union (17.3%).

NUSPS

Since 1 October 2011, all participating employees have been in a new defined contribution pension scheme, National Union of Students Pension Scheme (NUSPS). Contributions are at a variable up to rate of 6% for the employer and a minimum contribution of 3% for the employee. The Union's cost of contribution in the year amounted to £7,979.

The total contributions paid into the two pension schemes by the London South Bank University Students' Union in respect of eligible employees for the year ended 31 July 2012 amounted to £42,511, including deficit contributions. (2011 - £40,181 but this includes a higher proportion of contributions in respect of future accrual).