

READING UNIVERSITY STUDENTS' UNION

FINANCIAL STATEMENTS

31st JULY 2019

Registered Charity Number 1158523

READING UNIVERSITY STUDENTS' UNION

FINANCIAL STATEMENTS

YEAR ENDED 31st JULY 2019

CONTENTS

	Page
Trustees and Union Information	1 – 2
Trustees Report	3 – 11
Independent Auditors' Report to the Members	12 – 13
Consolidated Statement of Financial Activities	14
Consolidated Balance Sheet	15
Consolidated Statement of Cash Flows	16
Notes to Financial Statements	17 – 30

READING UNIVERSITY STUDENTS' UNION

TRUSTEE BOARD AND UNION INFORMATION

Charitable Status

Reading University Students' Union ('RUSU') is a company limited by guarantee registered in England and Wales (company number 8840709) which was formally registered as a charity with the Charity Commission in September 2014 (registration number 1158523).

Registered Office/Principle Address

Reading University Students' Union. PO Box 230, Whiteknights. Reading, Berkshire, RG6 6AZ.

The Board of Trustees

The Directors of RUSU are its Trustees for the purposes of Charity Law and throughout this report are collectively referred to as the Trustees. The Trustees serving during the year and since the year end are as follows:

Officer Trustees

To 23.06.19

President (Chair)	Jason Dabydoyal
Education Officer	Lillie-Mae Firmin
Welfare Officer	Daniel Bentley
Student Activities Officer	Alison Perry
Diversity Officer	Nozomi Tolworthy

From 24.06.19

President (Chair)	Molli Cleaver
Education Officer	Florence Bangham
Welfare Officer	Gemma King
Activities Officer	Daisy O'Connor
Diversity Officer	Zeid Sharif

Student Trustees

To 10.06.19

Elizabeth Farquhar (Deputy Chair)
Grace Martin
Callum Cleary-Raphael
Simone Zondagh

From 11.06.19

Lillie-Mae Firmin
Joshua Yelland
William Page
Serhan Wade

External Trustees

Iain Franklin (from 16.09.15)
Mark Stoddart (from 16.09.15)
Robert Dwyer (until 11.06.19)
Frances McConnell (from 03.10.17)
Jack Maddock (from 07.08.19)

READING UNIVERSITY STUDENTS' UNION

TRUSTEE BOARD AND UNION INFORMATION

Auditor

Knox Cropper LLP
65 Leadenhall Street
London
EC3A 2AD

Bank

Barclays
4th Floor
Apex Plaza
Forbury Road
Reading
RG1 1AX

Solicitor

Barrett & Co.
Salisbury House
54 Queens Road
Reading
RG1 4AZ

Reading University Students' Union (RUSU) employs a Chief Executive, Richard Silcock, who supports the Officer Trustees and the Trustee Board. The day-to-day management of the organisation is delegated to the Chief Executive who manages RUSU by implementing the policy and strategy adopted by and within a budget approved by the Trustees and, where appropriate, advises the Trustees in relation to such policy, strategy and budget. During part of the current year the Deputy Chief Executive fulfilled this role.

READING UNIVERSITY STUDENTS' UNION

TRUSTEES REPORT

The Board of Trustees, who act as Directors for the purposes of Company Law, present their Annual Report for the year ended 31 July 2019 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act Purposes. The administrative information is set out on pages 1 and 2, together with the audited accounts for the year.

Structure, Governance and Management

RUSU operates on democratic principles, with policy and campaigns being acted upon by the five Officer Trustees.

During the academic year full members have the opportunity to bring forward ideas for policies and campaigns using the online 'Change It' portal. These submissions are reviewed in the first instance by the Ideas Feasibility Group, discussed at Management Committee and referred to the Trustee Board as necessary.

Policy and Campaigns submissions that are eligible are then put to an online vote. The policy that exceeds quorum and receives the highest number of votes becomes RUSU Policy for two years. The Officer Trustees are mandated to campaign on the winning campaign for at least two years or until the campaign aim is achieved.

Governance

RUSU is constituted under the Education Act and the Regulations of the University of Reading. The primary aim of RUSU is the advancement of education of students at the University of Reading for the public benefit. RUSU is governed by its Memorandum & Articles of Association (Constitution) and supporting Bye Laws.

The Board of Trustees is responsible for the strategic direction, governance and financial sustainability of RUSU. The Board is made up of five Officer Trustees, four Student Trustees and four External Trustees. The Officer Trustees and two of the Student Trustees are elected by and from the students of the University of Reading each year, through a cross-campus secret ballot, and serve in office for one year.

The External Trustees and the remaining two Student Trustees are recruited to the Board and are recommended to the Board by the Appointments Committee. The External Trustees are recruited to the Board to bring a wider perspective and skill set from outside RUSU. A term in office for an External Trustee lasts for up to three years and they may be reappointed for a second term up to a maximum total of six years.

The Student Trustees are appointed for a term in office of one year and they must be registered students for the duration of their term in office. They are selected on the basis of their skills, knowledge and experience, taking into account the demographics of the elected student Board members.

Upon appointment, all trustees receive an induction, which includes their legal obligations and other trustee responsibilities and is tailored according to their knowledge and experience. The Officer Trustees receive a more intensive and in-depth induction and training programme as they have a variety of responsibilities in the Students' Union, University and local community in addition to their unpaid Trustee roles.

READING UNIVERSITY STUDENTS' UNION

TRUSTEES REPORT

The Trustee Board has overall responsibility for the effective governance of the organisation. Trustees are collectively responsible for the following key decisions:

- Management, appraisal and appointment of the Chief Executive
- Approving and monitoring progress towards the annual budget
- Ensuring that the organisation is working towards its strategic objectives
- Monitoring and taking action to mitigate organisational risks
- Reviewing the effectiveness of the Board
- Overseeing the work of its sub-committees

The Board of Trustees is supported in its work by its sub-committees which meet regularly throughout the year. The main committees and their roles are:

The Finance Committee monitors financial performance against agreed budgets and investigates any significant variances. It is also responsible for making recommendations to the Trustee Board relating to the annual budget, major capital projects, investment decisions and the Reserves Policy. The Committee also reviews the annual cost of living award for the permanent staff team.

The remuneration of all staff including key management personnel is linked to an organisational pay scheme. All staff are appraised annually and if they have achieved their objectives they move up to the next salary point unless they have already reached the top of their band. This salary scale is reviewed on a periodic basis by an external consultant to ensure that there is parity between the individual bands and also to benchmark against key external groups.

The Elections Committee oversees the planning, promotion and administration of all elections to representative positions.

The Policy and Procedures Committee reviews and updates all organisational policies and makes recommendations to the Trustee Board.

The Appointments Committee oversees the recruitment of External Trustees, appointed Student Trustees and the Chief Executive as required. Recommendations for appointment are presented to the Board.

The Appeals Committee meets as required to hear appeals relating to the removal from office of an appointed trustee.

The Ideas Feasibility Group was introduced in 2017/2018 to review the campaign and policy proposals submitted by students through the 'Change It!' portal to ensure that they are in the best interests of the organisation and its membership.

More operational decisions are delegated to the Management Committee which consists of the Officer Trustees and members of the Senior Management Team by invitation.

The Trustee Board has overall governance responsibility for the charity with the President acting as line manager for the Chief Executive (senior staff member). The core functions of RUSU alongside its fund-raising activities are managed and run by a team of experienced and dedicated staff who work towards fulfilling the organisation's charitable objects. A number of

READING UNIVERSITY STUDENTS' UNION

TRUSTEES REPORT

departments also employ teams of student staff which alongside providing valuable income and employability skills for students also ensure that our services remain student focused.

Relationship with Subsidiary Companies

Little Learners at RUSU Ltd (company number 03723877) and **RUSU Trading Limited** (company number 08308331) are both limited liability companies wholly owned by Reading University Students' Union. Little Learners at RUSU Ltd operates a day nursery which provides childcare exclusively for students and staff at the University of Reading. RUSU Trading Limited operates a number of services for non-students which are classed as non-primary purpose trading.

Relationship with the University of Reading

Under the Education Act 1994, the University of Reading has a statutory duty to take such steps as are reasonably practicable to ensure that RUSU operates in a fair and democratic manner and is held to account for its finances. A code of practice within the University Calendar governs the formal interaction between the two organisations. RUSU is also required to seek University Council approval, through the Student Experience Committee for any changes to its Memorandum and Articles of Association (Constitution), its budget, audited accounts and Officer Trustee elections report.

Relationship with the National Union of Students

RUSU is a member of the NUS and pays an annual affiliation fee to access training, resources and centrally negotiated purchasing agreements. RUSU, where appropriate works, with the NUS in pursuit of some of its charitable objects mainly related to campaigning on national student issues.

Financial Review

This year RUSU has made an overall surplus of £230k. This is a reduction on the previous year but ahead of the budgeted surplus.

The Student Social Venues and Events continued to perform well both in income and surplus contributing £82k compared with £202k in the previous financial year. This figure represents an excellent result for an area which is in decline nationally and within the student market.

The Business Development department, which focuses on generating new income from the RUSU facilities increased its income level to £299k from £272k. The overall contribution to the surplus was £50k compared to £75k in the previous year. The income for the Marketing and Sponsorship department at £29k is on a par with last year at £32k but higher staff costs resulted in a deficit for the year of £238k compared to £213k in the previous year.

READING UNIVERSITY STUDENTS' UNION

TRUSTEES REPORT

Little Learners Nursery struggled in the financial year and produced a loss for the year of £57k. This was due to a combination of lower income than anticipated and higher permanent staff costs than the previous year. This remains a very difficult industry in which to operate. A combination of a nationally underfunded free nursery places initiative and the fact that parents are increasingly limiting the number of sessions they are contracted to means that it is more difficult for independent nurseries to remain economically viable. During the year the services of a specialist nursery consultant were utilised to make recommendations for improvement. The nursery management team are implementing a combination of these recommendations such as a fee review and a change to the way the rooms are operating to support the movement of children through the different age group rooms in the setting. The nursery is subject to a detailed review at each Finance Committee. As Little Learners is a separate limited company it is charged at full cost for support services provided by the charity and this year the figure was £57k compared to £64k in the previous year. RUSU remains committed to providing high quality childcare on campus but is aware that the nursery needs to be financially viable.

The net cost of Student Activities groups went from £563k to £549k. The support offered in terms of Student Democracy and Representation and Advice Services also increased in cost and capacity due to an increase in staffing.

The Support Services department, which provides the majority of non-student facing activities remained under budget for expenditure and helped the organisation continue to effectively support its members.

Reserves Policy

The RUSU Reserves Policy is reviewed on a periodic basis by the Finance Committee and any recommendations for change are discussed at Trustee Board level. The policy states that RUSU should hold reserves equivalent to three months operating expenses which equates to approximately £550k.

The current level of net current assets is £2,439,142 which does not take into account the Fixed Assets of £773,988 as these are only accessible following the sale of these assets. The inclusion of the overall pension deficit and the outstanding loans to the University reduce the overall net assets to £1,504,453.

The General Reserve amounts to £1,615,543 and Restricted Funds amount to £26,586. Designated Reserves are made up of the following: Student Activity Groups balances, funds set aside for development of the building and the funds tied up in existing fixed assets. There is also a negative designated pension reserve representing the long term pension deficit provision. The current level of the general reserve is on target. This figure is monitored by the Finance Committee and planned expenditure, such as the RUSU contribution toward the costs of the 3sixty development are designated from this excess to ensure that we are able to continually improve the quality of the services and facilities we provide to the membership.

Funding

A significant funding source is the University of Reading which provides a grant payment each year based on student numbers, a Retail Price Index calculation and the inclusion of any additional funds to cover special projects. The total grant for the current year is £1,565,474 and this income is used alongside the surplus from Charitable Activities to provide support, services and extra-curricular activities for Reading students in line with our Charitable Objects. This figure has decreased from the previous year due to a reduction in the funding for the closure of the retail unit.

READING UNIVERSITY STUDENTS' UNION

TRUSTEES REPORT

Investments

The RUSU Investments Policy which was agreed during the 2015/16 financial year and has the following investment objectives:

- To increase the capital value of any investment with a minimum level of risk;
- To ensure that any investment provides a higher return than the main deposit account;
- and
- To ensure that any invested assets are readily available to meet the requirements of the Reserves Policy

Reserves Policy

The policy includes a commitment to investing responsibly to ensure that the student membership is satisfied that the funds are being invested in line with our commitment to ensuring high standards of ethical and environmental behaviour.

The policy is based on negative screening model to exclude companies, such as tobacco, arms and fossil fuels, that RUSU either has policy against or are not in line with our Ethical & Environmental policy.

Pension Liabilities

The defined benefit pension provision is included on the Balance Sheet to comply with the Charities SORP (FRS 102). The overall impact of this inclusion is £1,308,677 compared to a figure of £1,269,818 for the previous year. Despite the inclusion of this substantial amount the considerable level of the accumulated reserves, noted above, ensure that RUSU remains a going concern.

Risk Management

The Board of Trustees reviews the major strategic, operational and reputational risks faced by the organisation on an annual basis or as required. The Risk Management Policy notes the major risks and identifies both their probability and likely impact on the organisation.

The key risk areas highlighted are; Financial, Reputational, Staffing, Infrastructure and the relationship with the University.

Systems and procedures are designed and put in place to mitigate the risks.

Financial and control risks are mitigated through a robust budget management process and supporting Financial Procedures for the authorisation and processing of transactions. Procedures are also in place to ensure the health and safety of staff, volunteers and participants in all activities organised by RUSU. The Trustees believe that all major risks are appropriately addressed. The Risk Register is reviewed by the Policy and Procedures Committee on an annual basis as a minimum.

Aims, Objectives and Activities

The primary aim of RUSU is the advancement of education of students at the University of Reading for the public benefit. RUSU achieves this through:

- promoting the interests and welfare of students of the University of Reading during their course of study and representing, supporting and advising students;
- being the recognised representative channel between students and the University of Reading and any other external bodies; and
- providing social, cultural, sporting and recreational activities and forums for discussions and debate for the personal development of students.

In order to achieve these aims RUSU focuses on its mission and values.

READING UNIVERSITY STUDENTS' UNION

TRUSTEES REPORT

RUSU is a student-led charity which exists to support students and enhance their University experience.

- We are accountable to our members;
- We aim to provide inclusive services and facilities;
- We are a dynamic forward thinking organisation; and
- We act with integrity.

Public Benefit Statement

The Trustees have referred to the guidance contained in the Charity Commission's guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. The three-year Strategic Operating Plan created and approved by the Trustee Board is based on the organisation's Charitable Objects.

RUSU provides a variety of services and activities for students including:

Student Advice

RUSU provides a free and confidential specialist advice service to our members in the areas of housing, money and academic issues. The level of demand continues to increase in all areas with a particular focus on academic issues. The advice team operate an appointments system, drop in sessions and telephone/Skype conversation for students who are not able to visit the centre or are studying abroad.

The team are professionally trained staff and members of a number of professional bodies including: Advice UK, National Association of Student Money Advisers (NASMA), and National Homelessness Advice Service (NHAS).

The Advice Service was initially awarded the Advice Quality Standard (AQS) in 2013 and has maintained this accreditation to date with another successful assessment in December 2017. The AQS is awarded to organisations who give advice to members of the public on legal issues and is reassessed every two years.

During 2018/19 our advisers supported 191 Postgraduate students and 556 undergraduate students and overall the impact of the service meant that students were better off by £125k. 431 students came to our drop in advice sessions.

Advice cases fall in to three main categories:

- 43% Academic of which the majority are related to supporting students through the University appeals process;
- 32% Housing of which the majority are related to helping students sort out disputes with landlords and letting agents; and
- 25% Money of which the majority are related to assisting students with applications for hardship funds and dealing with student finance providers.

Student Activities

RUSU provides support and funding to a diverse mix of activity groups which range from traditional sports and student media to cultural and academic societies. Overall 2,759 students were involved in sports, 4,165 in societies and 135 in volunteering to support 19 projects.

READING UNIVERSITY STUDENTS' UNION

TRUSTEES REPORT

Successes in the sporting field include Badminton Women's 1st, Fencing men's 1st, Fottoball Men's 2nd, Golf Mixed 2nd, Hockey Women's 3rd, Hockey Women's 4th, Netball Women's 3rd, Rugby Union Men's 4th, Squash Men's 3rd and Volleyball Men's 1st teams were all promoted in their British University and Colleges Sports (BUCS) Leagues.

In addition to these groups RUSU also provides opportunities for students to get involved in a variety of community-based activities and to raise money for charity through the Raise and Give (RAG) group. RAG raised a total of £14,887 for their chosen charities of Red Balloon Learning Centre, as the local charity and Student Mind as the national charity.

The Student Activities team also provide support to the appointed Junior Common Room (JCR) Committees who provide recreational activities and support to students living in University of Reading halls of residence.

Representation and Campaigning

RUSU is led by a team of five full-time Officer Trustees who undertake this role after graduating or by taking a sabbatical year during their degree. The Officers listen to the views of the thousands of students on campus and represent the student voice on campus, in the local community and nationally.

Each year the Officer Trustee team develop a list of priorities based on their individual manifestos that represent the core issues for their year in Office. The Officer Trustee priorities for the 2018/19 academic year were:

- Student Engagement: this involved art workshops and/or fayres, debates & discussions, improving Student Voice and main elections, live @Mojo's and support sports events.
- Campus Culture: this involved the breaking down barriers campaign, Campus cohesion campaign such as Lunar New Year celebration, creation of Diversity Digest, the launch of the NeverOk campaign and the Free periods campaign.
- Mental health & wellbeing: this involved the body confidence campaign and the RUSU says Revise/Relax campaign. This year saw the launch of the female intramural netball league.
- Campus Facilities: this involved working with the University Counselling service, reviewing the JCR provision, the idea to create running routes and the desire to refurbish informal study space across campus.
- Local Environment: this involved considering student safety both on and off campus and the 'hello, Neighbour' campaign.

The Officer Trustees are supported in their role by a team of Part Time Officers who represent and campaign for the rights of students who are under-represented or discriminated against.

RUSU also supports the work of 381 undergraduate and postgraduate Course Representatives alongside 32 undergraduate and postgraduate School level Representatives who are elected by their peers each year to work with the University to improve the academic experience.

Outlets and Services

RUSU provides a variety of services from many different outlets in and around the Students' Union building. The main entertainment venues are the 3sixty venue, Café Mondial, Mojoes Bar and the flexible Monterey Lounge space. These venues give RUSU an overall capacity of 2,600 people which enable the venue team to provide a wide range of student focused events from

READING UNIVERSITY STUDENTS' UNION

TRUSTEES REPORT

small activity group sessions to running the largest and most successful night time venue in Reading.

The main building also includes a number of Franchise Spaces including Blackwells bookstore, a hairdresser and a dissertation binding service. These facilities provide a range of services to students and also provide a consistent income stream to support the student facing facilities.

Little Learners at RUSU

RUSU also operates a 106 place nursery which cares for the children of students and University staff. The most recent Ofsted inspection rated the setting, which takes children from 3 months to 5 years, as Good.

Achievements and Performance

Work towards our Strategic Plan 2016-2019, led by the Chief Executive, was worked towards by the staff and management team via departmental plans and individual appraisals.

Future Plans

The year ahead includes a number of challenges and opportunities for RUSU as it continues to improve the quality and range of services it offers to an increasingly diverse membership. A key focus is to create a new Strategic Operating Plan.

The Officer Trustee priorities for the 2019/20 academic year are:

- Engagement: involving embracing different cultures, engaging the whole student community and increasing democratic engagement.
- Wellbeing: involving supporting students mental health, developing student social culture, improving safety on campus, developing student community and improving student experience of accommodation.
- Facilities: involving developing academic spaces, improving outdoor facilities and reducing environmental impact.
- The overall theme is sustainability: RUSU will be environmentally, economically and socially sustainable. RUSU will meet the needs of current students without compromising the needs of future students.

Custodian Activities

RUSU acts as a custodian for several activities

- Funds raised by the student activity groups including Junior Common Rooms. These funds are separately identified in the accounts as designated reserves and the balance at the year-end was £179,882
- Funds raised by students under the Raising and Giving (RAG) initiative for distribution to nominated local and national charities. £14,887 was raised in the year.

Declaration

The Trustees who held office at the date of approval of this trustees' report confirm that they are aware of all the relevant audit information and that there is no relevant audit information which has not been supplied to the charity's auditors.

We wish to thank all staff and volunteers at RUSU for their continued commitment and hard work to make this another successful year for our members.

READING UNIVERSITY STUDENTS' UNION**TRUSTEES REPORT****STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Reading University Students' Union for the purposes of Company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Company law and Charity 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, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to: -

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles of 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 a going concern basis unless it is inappropriate to presume that the Charity will continue to operate.

The Trustees are responsible for keeping proper accounting records which 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 governing document.

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 confirm that, in the case of each of the persons who are Trustees at the date of this report, the following applies:

- So far as each Trustee is aware there is no relevant audit information (information needed by the Charity's auditors in connection with preparing their report) of which the Charity's auditors are unaware; and
- Each Trustee has taken all the steps necessary to make herself/himself aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

This report was approved by the Trustees and signed by order of the Board:

.....
Mark Stoddart- External Trustee

.....
Date

READING UNIVERSITY STUDENTS' UNION**INDEPENDENT AUDITORS REPORT****Opinion**

We have audited the financial statements of Reading University Students' Union (the 'charitable company') for the year ended 31st July 2019 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31st July 2019 and of its group's incoming resources and application of resources 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.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

READING UNIVERSITY STUDENTS' UNION

INDEPENDENT AUDITORS REPORT

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Kevin Lally (Senior Statutory Auditor)
For and on behalf of Knox Cropper LLP, Statutory Auditor
65 Leadenhall Street
London
EC3A 2AD

READING UNIVERSITY STUDENTS' UNION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31st JULY 2019

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2019	Total 2018
		£	£	£	£	£
INCOME AND ENDOWMENTS						
Grant Income						
Annual Grant		1,465,474	-	-	1,465,474	1,442,976
Additional Funding		100,000	-	-	100,000	175,000
Charitable Activities						
Student Social Venues and Events	2	1,937,158	-	-	1,937,158	1,996,872
Student Shops	3		-	-		-
Student Activities (Clubs and Societies)	4	39,222	657,407	48,562	745,191	646,113
Little Learners (Nursery)	5	692,299	-	-	692,299	728,338
Other Trading Activities						
Franchised Space	6	82,744	-	-	82,744	88,000
Business Development	8	299,075	-	-	299,075	272,216
Commercial Trading	9	49,646	-	-	49,646	43,429
Marketing & Sponsorship	7	29,280	-	-	29,280	31,800
Interest Receivable		10,056	-	-	10,056	4,813
Other		3,465	-	-	3,465	832
Total Income		<u>4,708,418</u>	<u>657,409</u>	<u>48,562</u>	<u>5,414,387</u>	<u>5,430,389</u>
EXPENDITURE						
Charitable Activities						
Student Social Venues and Events	2	1,855,139	-	-	1,855,139	1,794,707
Student Shops	3	-	-	-	-	(17,187)
Student Democracy and Representation	10	285,741	-	-	285,741	259,444
Student Activities (Clubs and Societies)	4	604,669	658,351	31,379	1,294,399	1,208,908
Advice Services	12	313,714	-	-	313,714	310,388
Affiliations	11	57,092	-	-	57,092	54,342
Little Learners (Nursery)	5	749,731	-	-	749,731	711,128
Raising Funds						
Franchised Space	6	25,707	-	-	25,707	23,576
Marketing and Sponsorship	7	267,057	-	-	267,057	244,818
Business Development	8	248,762	-	-	248,762	197,344
Commercial Trading	9	47,622	-	-	47,622	49,558
Other						
Movement in Pension Deficit		-	38,859	-	38,859	128,497
Total Expenditure		<u>4,455,234</u>	<u>697,210</u>	<u>31,379</u>	<u>5,183,823</u>	<u>4,965,523</u>
Net Income/(Expenditure)		253,183	(39,803)	17,183	230,563	464,866
Transfers between Funds	26	24,721	(25,870)	1,149	-	-
Net Movement in Funds		<u>277,904</u>	<u>(65,673)</u>	<u>18,332</u>	<u>230,563</u>	<u>464,866</u>
Reconciliation of Funds						
Total Funds brought Forward		<u>1,337,639</u>	<u>(72,004)</u>	<u>8,254</u>	<u>1,273,889</u>	<u>809,023</u>
Funds Carried Forward		<u>1,615,543</u>	<u>(137,677)</u>	<u>26,586</u>	<u>1,504,452</u>	<u>1,273,889</u>

All transactions noted above derive from continuing operations.

A full Comparative SOFA for 2018 is included in note 31.

READING UNIVERSITY STUDENTS' UNION**CONSOLIDATED BALANCE SHEET****AS AT 31st JULY 2019**

		Consolidated				Parent			
		2019		2018		2019		2018	
	Note	£	£	£	£	£	£	£	£
Fixed Assets	15		773,988		503,192		771,668		498,952
Investments	16		-		-		4		4
			<u>773,988</u>		<u>503,192</u>		<u>771,672</u>		<u>498,956</u>
CURRENT ASSETS									
Stocks	17	91,043		76,652		89,793		74,802	
Debtors	18	199,244		173,080		255,200		168,658	
Cash at Bank and In Hand		2,630,025		2,383,178		2,551,314		2,309,564	
		<u>2,920,311</u>		<u>2,632,910</u>		<u>2,896,307</u>		<u>2,553,024</u>	
CREDITORS : Amounts falling due within one year									
	19	(481,170)		(453,395)		(415,327)		(387,182)	
NET CURRENT ASSETS			<u>2,439,142</u>		<u>2,179,515</u>		<u>2,480,981</u>		<u>2,165,842</u>
CREDITORS : Amounts falling due more than one year									
	20	(1,708,677)		(1,408,818)		(1,708,677)		(1,408,818)	
NET ASSETS			<u>£1,504,453</u>		<u>£1,273,889</u>		<u>£1,543,976</u>		<u>£1,255,980</u>
RESERVES									
General funds	26	1,615,543		1,337,639		1,655,066		1,319,730	
Designated Fund	26	(137,677)		(72,004)		(137,676)		(72,004)	
Restricted Fund	27	26,586		8,254		26,586		8,254	
Total Reserves		<u>£1,504,453</u>		<u>£1,273,889</u>		<u>£1,543,976</u>		<u>£1,255,980</u>	

These financial statements were approved by the Board of Trustees on
are signed on their behalf by:

and

.....
N. Fox - Deputy Chief Executive

.....
M. Stoddart - Trustee

Company Number 08840709

READING UNIVERSITY STUDENTS' UNION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st JULY 2019

	Note	2019 £	2018 £
Cash Flows from Operating Activities			
Net movement of funds for the period		230,563	464,866
Adjustments for:			
Depreciation		224,889	155,834
Fixed assets written off		-	-
Loan waived		-	-
Interest received from investments		(10,056)	(4,813)
(Increase)/Decrease in Stock		(14,391)	(2,093)
(Increase)/Decrease in Debtors		(26,164)	51,436
Increase/(Decrease) in Pension Provision		38,859	(116,210)
Increase/(Decrease) in Other Creditors		(7,225)	18,357
Net Cash provided by Operating Activities		436,475	567,377
Cash Flows from Investing Activities			
Interest received from investments		10,056	4,813
Payments to acquire fixed assets		(495,686)	(272,973)
Net Cash provided by Investing Activities		(485,630)	(268,160)
Cash Flows from Financing Activities			
Loan Repaid		(54,000)	(19,000)
Additional Loans in year		350,000	-
Net Cash provided by Financing Activities		296,000	(19,000)
Change in cash and equivalents in the period		246,847	280,217
Cash and equivalents at the start of the period		2,383,178	2,102,962
Cash and equivalents at the end of the period		2,630,025	2,383,179

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st JULY 2019****1. ACCOUNTING POLICIES****Basis of Accounting**

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Practice "Accounting by Charities", the Companies Act 2006 and UK Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The Union is a public benefit entity as defined by FRS 102.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value over the useful economic life of that asset as follows:

Other Equipment	5 – 10 years
Bars	5 – 10 years
Shops	5 – 10 years
Office and Facilities	3 – 10 years
Motor Vehicles	3 years

Stocks

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

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension Costs

The Union participated in the Student Union Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. This scheme is now closed to future accrual. The fund continues to be valued at least every three years by a professionally qualified independent actuary with the rates of contribution payable in respect of the past deficit being determined by the trustees on the advice of the actuary. The scheme operates as a pooled arrangement. As a consequence, no share of the underlying assets and liabilities can be directly attributed to the Union. Under FRS 102 the discounted value of contributions payable in respect of past service deficit have been provided for.

The National Union of Students Pension Scheme (NUSPS), and the National Employment Savings Trust (NEST) are defined contribution schemes and are accounted for in the year in which they are due.

Investments

Investments are stated at cost less any provision for diminution in value.

Taxation

No provision is made in these accounts for tax as the Union is entitled to the exemptions available to charities provided all income is applied for charitable purposes.

Consolidation

The Statement of Financial Activities and Balance Sheet consolidate the results of the two subsidiary companies, Little Learners @ RUSU Ltd and RUSU Trading Ltd.

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****2. STUDENT SOCIAL VENUES AND EVENTS**

	2019	2018
	£	£
INCOME		
Sales	1,674,949	1,732,864
Events	258,747	258,458
Games Machines	3,462	5,550
	<u>1,937,158</u>	<u>1,996,872</u>
EXPENDITURE		
Cost of Sales	888,549	892,271
Direct Staff Costs	516,911	495,562
Other Direct Costs	178,391	116,570
Contribution to Overhead Support	271,288	290,304
	<u>1,855,139</u>	<u>1,794,707</u>
Surplus for Year	<u>£82,018</u>	<u>£202,165</u>

3. STUDENT SHOPS

	2019	2018
	£	£
INCOME		
Sales	-	-
EXPENDITURE		
Cost of Sales	-	(17,187)
Direct Staff Costs	-	-
Other Direct Costs	-	-
Contribution to Overhead Support	-	-
	<u>-</u>	<u>(17,187)</u>
Profit/(Deficit) for Year	<u>£-</u>	<u>£17,187</u>

The shop was closed during 2018.

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****4. STUDENT ACTIVITIES**

	2019	2018
	£	£
INCOME		
Subs and Other Self-Generated Income	657,407	607,991
Other Income	39,222	38,122
Grant Income	48,562	-
	<u>745,191</u>	<u>646,113</u>
EXPENDITURE		
Activity Groups	267,238	235,063
Other Direct Costs	128,366	135,797
Expenditure from Self Generated Income	658,351	610,067
Grant Expenditure	31,379	18,543
Contribution to Overhead Support	209,065	209,438
	<u>1,294,399</u>	<u>1,208,908</u>
Net Cost	<u>£(549,208)</u>	<u>£(562,795)</u>

5. LITTLE LEARNERS NURSERY

	2019	2018
	£	£
INCOME		
Nursery Fees	621,441	642,473
Local Authority Funding	68,147	81,426
Other Income	2,711	4,439
	<u>692,299</u>	<u>728,338</u>
EXPENDITURE		
Permanent Staff Costs	607,462	559,346
Other Costs	84,386	87,674
Support Cost Recharge	57,883	64,108
	<u>749,731</u>	<u>711,128</u>
Surplus/(Deficit) for Year	<u>£(57,432)</u>	<u>£17,210</u>

The Nursery is operated by a subsidiary company, Little Learners, which is 100% owned by Reading University Students' Union.

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****6. FRANCHISE SPACE**

	2019	2018
	£	£
INCOME		
Rental Income	82,744	88,000
	<u>82,744</u>	<u>88,000</u>
EXPENDITURE		
Direct Costs	5,009	3,000
Contribution to Overhead Support	20,698	20,576
	<u>25,707</u>	<u>23,576</u>
Surplus for Year	<u><u>£57,037</u></u>	<u><u>£64,424</u></u>

7. MARKETING AND SPONSORSHIP

	2019	2018
	£	£
INCOME		
	29,280	31,800
	<u>29,280</u>	<u>31,800</u>
EXPENDITURE		
Staff Costs	124,650	112,488
Other Direct Costs	35,578	27,247
Contribution to Overhead Support	106,830	105,083
Expenditure for the Year	<u>267,057</u>	<u>244,818</u>
Deficit for Year	<u><u>£(237,777)</u></u>	<u><u>£(213,018)</u></u>

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****8. BUSINESS DEVELOPMENT**

	2019	2018
	£	£
INCOME		
Freshers Fayre	43,076	27,900
Totum Cards	134,219	129,660
Other Income	121,780	114,656
	<u>299,075</u>	<u>272,216</u>
EXPENDITURE		
Direct Staff Costs	15,615	15,914
Other Direct Costs	187,058	135,641
Contribution to Overhead Support	46,089	45,788
	<u>248,762</u>	<u>197,344</u>
Surplus/(Deficit) for Year	<u>£50,313</u>	<u>£74,872</u>

9. COMMERCIAL TRADING

	2019	2018
	£	£
INCOME	<u>49,646</u>	<u>43,429</u>
EXPENDITURE		
Staff Costs	12,194	12,640
Other Direct Costs	15,193	16,778
Support Cost Recharge	20,235	20,140
	<u>47,622</u>	<u>49,558</u>
Surplus/(deficit) for the Year	<u>£2,024</u>	<u>£(6,129)</u>

10. STUDENT DEMOCRACY AND REPRESENTATION

	2019	2018
	£	£
INCOME	<u>1,878</u>	<u>3,829</u>
EXPENDITURE		
Staff Costs	149,550	128,792
Other Direct Costs	33,391	29,699
Contribution to Overhead Support	104,679	104,782
	<u>287,619</u>	<u>263,273</u>
Net Cost for the Year	<u>£(285,741)</u>	<u>£(259,444)</u>

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****11. AFFILIATIONS**

	2019	2018
	£	£
EXPENDITURE		
NUS Affiliation	48,008	45,722
BUCS Affiliation	9,084	8,620
	<u>£57,092</u>	<u>£54,342</u>

12. ADVICE SERVICES

	2019	2018
	£	£
EXPENDITURE		
Staff Costs	195,682	190,291
Other Direct Costs	6,295	8,494
Contribution to Overhead Support	111,737	111,603
	<u>£313,714</u>	<u>£310,388</u>

13. OVERHEAD SUPPORT COSTS

	Support Staff	Repairs Maintenance and Cleaning	Office Costs	Other Costs	2019	2018
	£	£	£	£	£	£
Student Social Venues and Events	92,150	55,605	49,122	74,411	271,288	290,304
Student Activities	73,627	42,040	37,139	56,259	209,065	209,438
Little Learners	57,883	-	-	-	57,883	64,108
Franchised Space	2,778	5,562	4,914	7,444	20,698	20,576
Marketing & Sponsorship	47,233	18,499	16,342	24,756	106,830	105,083
Business Development	13,892	9,994	8,829	13,374	46,089	45,788
Commercial Trading	2,315	5,562	4,914	7,444	20,235	20,140
Student Democracy & Representation	38,203	20,634	18,229	27,613	104,679	104,782
Advice Services	42,370	21,532	19,021	28,814	111,737	111,603
	<u>£370,451</u>	<u>£179,430</u>	<u>£158,509</u>	<u>£240,114</u>	<u>£948,504</u>	<u>£971,822</u>

Governance costs, including the audit fee of £9,760 (2018: £9,475), are included above under other costs.

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****14. NET INCOMING RESOURCES**

The net incoming resources is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets	224,889	155,834
Operating Lease rentals	200	200
Audit Fees	<u>9,760</u>	<u>9,475</u>

15. TANGIBLE FIXED ASSETS

	Venues	Other	Shop	Office and Facilities	Nursery	Total
	£	£	£	£	£	£
Cost						
At 1 st August 2018	347,211	686,627	40,850	618,198	20,258	1,713,144
Additions	129,604	217,811	-	148,272	-	495,686
Disposals	-	-	-	-	-	-
At 31st July 2019	<u>476,815</u>	<u>904,438</u>	<u>40,850</u>	<u>766,470</u>	<u>20,258</u>	<u>2,208,830</u>
Depreciation						
At 1 st August 2018	204,525	454,876	29,853	504,680	16,018	1,209,952
Charge for the Year	69,697	70,700	1,184	81,388	1,920	224,889
Disposals	-	-	-	-	-	-
At 31st July 2019	<u>274,222</u>	<u>525,576</u>	<u>31,037</u>	<u>586,068</u>	<u>17,938</u>	<u>1,434,841</u>
NET BOOK VALUE						
At 31st July 2019	<u>202,593</u>	<u>378,862</u>	<u>9,813</u>	<u>180,401</u>	<u>2,320</u>	<u>773,988</u>
At 31 st July 2018	<u>142,686</u>	<u>231,751</u>	<u>10,997</u>	<u>113,518</u>	<u>4,240</u>	<u>503,192</u>

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****16. INVESTMENTS**

	2019	2018
	£	£
Subsidiary Companies:		
Little Learners @ RUSU Limited	2	2
RUSU Trading Limited	2	2
	<u>4</u>	<u>4</u>
Total Parent Investments	<u>4</u>	<u>4</u>

Little Learners at RUSU Limited (Company Number: 03723877) operates a nursery. The results of the subsidiary are consolidated in these accounts and are set out in note 5. The net liabilities of the company at the year end amounted to £(39,524).

RUSU Trading Limited (Company Number: 08308331) was incorporated on 27th November 2012 and commenced to trade on 1st August 2015. The company was dormant throughout 2018/19. The net assets of the company at the year end amounted to £2.

17. STOCKS

	Consolidated		Parent	
	2019	2018	2019	2018
	£	£	£	£
Bars	31,666	35,527	31,666	35,527
Merchandise	25,303	29,341	25,303	29,341
Sports Kit	25,181	594	25,181	594
Catering	7,643	9,340	7,643	9,340
Nursery	1,250	1,850	-	-
	<u>91,043</u>	<u>£76,652</u>	<u>£89,793</u>	<u>£74,802</u>

18. DEBTORS

	Consolidated		Parent	
	2019	2018	2019	2018
	£	£	£	£
Trade Debtors	82,534	46,940	75,301	40,140
Other Debtors	51,651	55,452	51,651	55,451
Intercompany Balance	-	-	63,321	2,511
Gift Aid from Subsidiary Company	-	-	-	-
Prepayment and Accrued Income	65,059	70,688	64,927	70,556
	<u>£199,244</u>	<u>£173,080</u>	<u>255,200</u>	<u>£168,658</u>

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****19. CREDITORS:** Amounts falling due within one year

	Consolidated				Parent			
	2019		2018		2019		2018	
	£	£	£	£	£	£	£	£
University Loans		54,000		19,000		54,000		19,000
Trade Creditors		147,629		161,976		125,482		141,039
University Creditor		-		2,957				2,957
Other Creditors including Taxation:								
PAYE Social Security	33,089		35,355		33,089		35,355	
VAT				-				-
Other Creditors	68,232		56,162		42,782		34,668	
Pension Liability		-		-		-		-
Holiday Pay accrual	15,714		21,233		15,714		21,233	
Accruals and Deferred Income	162,505		156,712		144,259		132,930	
		278,604		269,462		234,909		224,186
		<u>481,170</u>		<u>£453,395</u>		<u>£415,327</u>		<u>£387,182</u>

20. CREDITORS: Amounts falling due after one year

	Consolidated		Parent	
	2019	2018	2019	2018
	£	£	£	£
Pension Provision	1,308,677	1,269,818	1,308,677	1,269,818
University Loans	400,000	139,000	400,000	139,000
	<u>£1,708,677</u>	<u>£1,408,818</u>	<u>£1,708,677</u>	<u>£1,408,818</u>

The Union currently has two interest free loans with the University which are repayable in instalments. £139,000 is repayable in instalments until 2031 and £315,000 is repayable in instalments until 2029.

21. STAFF COSTS AND KEY MANAGEMENT PERSONNEL

	2019	2018
	£	£
Permanent Staff		
Gross Salaries	1,168,815	1,126,826
Employers N.I.	97,462	91,952
Employers Pension	44,430	40,470
Part Time Students	244,552	248,005
Total Staff Costs	<u>1,555,259</u>	<u>1,507,253</u>

The average number of permanent staff in the year was 81 (2018: 72)

The average number of temporary student staff in the year was 98 (2018: 106)

One employee earned more than £60,000 in the year (2018: 1) whose salary was in the band £60,000 to £70,000. Employer pension contributions amount to 6% of gross salary which is in line with amounts paid for other employees. Key management personnel consist of 6 managers who earn a combined salary of £312,702 (2018: 6 managers, £297,397).

Travel expenses paid to trustees during the period amounted to £36 (2018:£nil).

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****22. PENSIONS**

The Union participated 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 30th September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1st October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30th September 2011 the scheme closed to future accrual.

The most recent valuation of the scheme was carried out as at 30th June 2016 and showed that the market value of the scheme's assets was £101.3m with these assets representing 46% 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 £119.7m.

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 2016 valuation recommended a contribution requirement by each Union expressed in monetary terms intended to clear the on-going funding deficit over a period of 17 years and will increase by at least 5% each year. These contributions also include an allowance for cost of the on-going administrative and operational expenses of running the scheme. These rates applied with effect from 1 October 2017. In accordance with FRS 102 provision has been made for the discounted value of contributions receivable. Surpluses and deficits which arise at future valuations will also impact on the Unions future contribution commitment. In addition to the above contributions, the Union also pays its share of the schemes levy to the Pension Protection Fund. The discount rate applied was 2.6%.

The total contributions paid into the scheme in respect of the funding deficit for the period ended 31st July 2019 amounted to £nil (2018: £244,707) as the Union took advantage of a discount being offered by the SUSS in 2017 and have paid three years of contributions up front.

From 1st October 2011 the Union has participated in the National Union of Students Pension Scheme, NUSPS, which is a defined contribution scheme. This scheme was closed to new entrants on 31st January 2014. From 1st February 2014 new staff are automatically enrolled in the National Employment Savings Trust (NEST). Contributions to these schemes are accounted for in the year in which they are due and amounted to £44,430 (2018:£40,470).

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****23. COMMITMENTS UNDER OPERATING LEASES**

At 31st July 2019 the company had total commitments under non-cancellable operating leases as set out below:

	2019		2018	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
<i>Operating Leases which expire :</i>				
Within 1 year	200	-	200	-
After more than 5 years	1,700	-	1,500	-
	<u>£1,900</u>	<u>£-</u>	<u>£1,700</u>	<u>£-</u>

The above amount relates to the lease on the nursery building which was renewed during the year and runs until March 2024 and the lease on the Student Union building which runs until 2036. Other accommodation is provided free of charge by the University. Were the Union to pay for additional space it uses for its operations this charge would increase by up to £675,000.

24. DONATIONS

The Union made no donations to external bodies during the year except where collections were made on behalf of various charities and lodged with the Union prior to payment to the charity.

25. RELATED PARTY TRANSACTIONS

The Union is in receipt of a recurrent grant from the University of Reading of £1,565,474 (2018: £1,617,976). The Union also received a loan during the year of £350,000 from the University which is being repaid over a period of 10 years.

In addition, the Union occupies its building under a lease from The University of Reading for a charge of £100 per year until 25th March 2036 under an agreement whereby the Union maintains the building in a good state of repair.

The trustees of the Union are the members of the Trustee Board. The Officer Trustees of the Trustee Board receive remuneration for their services as provided for within the Constitution (see note 21).

READING UNIVERSITY STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31st JULY 2019

26. UNRESTRICTED FUNDS

	General Reserve	-----Designated Reserves-----			
		Student Activities Balances	Capital Equipment	Future Project Fund	Pension Reserves
Balance Brought Forward	1,337,639	180,826	340,952	426,036	(1,019,818)
Income	4,708,418	657,408	-	-	-
Expenditure	(4,455,234)	(658,351)	-	-	-
Transfers:					
Capital Expenditure Funding	23,284	-	(23,284)	-	-
Future Project Fund	2,586	-	-	(2,586)	-
Volunteering Project	(1,149)	-	-	-	-
Pension Payment	-	-	-	-	-
Additional Pension Liability	-	-	-	-	(38,859)
Balance Carried Forward	1,615,543	179,882	317,668	423,450	(1,058,677)

Funding of Capital Expenditure

The Capital Equipment Fund represents the Unions investments in fixed assets. All capitalised assets acquired from general funds or other designated funds (eg Future Project Fund) are represented by the Capital Equipment Fund and appropriate transfers are made. Fixed assets depreciation is charged against this fund. To the extent loans which have financed fixed asset acquisitions are repaid, a transfer is made from general funds to the capital fund.

Pension Reserve

The Pension Reserve represents the pension provision in respect of the SUSS Scheme (£1,269,818) less an estimate of £250,000 which has been deducted from the General Reserve. See note 22 for details of the pension liability and note 30 for further information on the additional liability.

27. RESTRICTED FUNDS

	Balance B/F	Income	Expenditure	Transfers	Balance C/F
Activities Balances	6,914	48,562	(30,230)	-	25,245
Volunteering	1,340	-	(1,149)	1,149	1,340
Other	-	-	-	-	-
	<u>£8,254</u>	<u>£48,562</u>	<u>£(31,379)</u>	<u>1,149</u>	<u>£26,586</u>

28. CONTROLLING PARTY

The Union is controlled by the Trustee Board, 7 members of which are subject to democratic election by the voting membership of the Union. The ultimate control of the Union is vested under the constitution in the membership in General meeting. As such no single person or entity controls the Union. The Trustee Board also contains 4 externally appointed Trustees.

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****29. CAPITAL COMMITMENTS**

At the year end the Union had committed to building refurbishment works and other capital projects totalling £nil (2018: £426,036).

30. CONTINGENT LIABILITY

During the year, the organisation was made aware of a possible increase in the liability for the SUSS pension deficit. The outcome of this contingent liability is not yet known, and it cannot be quantified at this stage. As a result, it is not considered necessary to provide any additional liabilities in the accounts for the year ended 31 July 2019.

READING UNIVERSITY STUDENTS' UNION**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31st JULY 2019****31. COMPARATIVE SOFA 2018**

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2018
	£	£	£	£
INCOME AND ENDOWMENTS				
Grant Income	1,617,976	-	-	1,617,976
Charitable Activities				
Student Social Venues and Events	1,996,872	-	-	1,996,872
Student Shops	-	-	-	-
Student Activities (Clubs and Societies)	38,122	607,991	-	646,113
Little Learners (Nursery)	728,338	-	-	728,338
Other Trading Activities				
Franchised Space	88,000	-	-	88,000
Business Development	272,216	-	-	272,216
Commercial Trading	43,429	-	-	43,429
Marketing & Sponsorship	31,800	-	-	31,800
Interest Receivable	4,813	-	-	4,813
Other	832	-	-	832
Total Income	<u>4,822,398</u>	<u>607,991</u>	<u>-</u>	<u>5,430,389</u>
EXPENDITURE				
Charitable Activities				
Student Social Venues and Events	1,794,707	-	-	1,794,707
Student Shops	(17,187)	-	-	(17,187)
Student Democracy and Representation	259,444	-	-	259,444
Student Activities (Clubs and Societies)	580,298	610,067	18,543	1,208,908
Advice Services	310,388	-	-	310,388
Affiliations	54,342	-	-	54,342
Little Learners (Nursery)	711,128	-	-	711,128
Raising Funds				
Franchised Space	23,576	-	-	23,576
Marketing and Sponsorship	244,818	-	-	244,818
Business Development	197,344	-	-	197,344
Commercial Trading	49,558	-	-	49,558
Movement in Pension Deficit	-	128,497	-	128,497
Total Expenditure	<u>4,208,416</u>	<u>738,564</u>	<u>18,543</u>	<u>4,965,523</u>
Net Income/(Expenditure)	613,982	(130,573)	(18,543)	464,866
Transfers between Funds	(833,938)	841,234	(7,296)	-
Net Movement in Funds	<u>(219,956)</u>	<u>710,661</u>	<u>(25,839)</u>	<u>464,866</u>
Reconciliation of Funds				
Total Funds Brought Forward	<u>1,557,595</u>	<u>(782,665)</u>	<u>34,093</u>	<u>809,023</u>
Funds Carried Forward	<u>£1,337,639</u>	<u>£(72,004)</u>	<u>£8,254</u>	<u>£1,273,889</u>