

**University of Strathclyde Students' Association**

Report and Financial Statements

Year Ended

31 July 2010

Registered Charity Number SCO05914

# University of Strathclyde Students' Association

## Annual report and financial statements for the year ended 31 July 2010

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## University of Strathclyde Students' Association

### Board of Trustees and Association Information

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#### Board of Trustees and Executive Committee (1 July 2010 - 30 June 2011)

Following a restructuring undertaken during the current year, the Board of Trustees now comprises of an Executive Committee, supported by other Board members including elected student representatives and four independent nominations who are external to the Association. The Board is made up as follows:

##### Executive Committee

President	- Philip Whyte
V. P. Sports, Physical Activities & Wellbeing	- Yousuf Kerr
V. P. Services	- Iain Pullar
V. P. Equality & Diversity	- Charandeep Singh
V. P. Education & Representation	- Graeme Allan
V. P. Activities & Development	- Gill Currah

##### Other members of the Board of Trustees

Vice Chair (Communities Engagement Forum)	- Patrick McGinnis
Vice Chair (Activities Forum)	- Hannah Weall
Vice Chair (Equality & Diversity Forum)	- Darren Young
Vice Chair (Services Forum)	- Rob Harris
Vice Chair (Education & Representation Forum)	- Eilidh Malcolm
Vice Chair (Sports, Physical Activities & Wellbeing Forum)	- Michelle Keating

##### External representatives:

Political Management	- John Anzani
Human Resource Management	- Paul Spencer
Finance & Auditing	- Caroline Whytesic
Volunteer management & Community Engagement	- Winnie Gallacher

#### Executive Committee (1 July 2009 - 30 June 2010)

President	- Philip Whyte
Deputy President	- Amy Davies
V. P. Support & Campaigns	- Kelley Temple
V. P. Operational & Commercial Services	- Iain Pullar
V. P. Student Development	- Gill Currah
Sports President	- Phil Gallagher
Academic Affairs Officer	- Emma Gillan
Equal Opportunities Officer	- Nazia Iqbal
Clubs & Societies Convenor	- Chris Majury
Student Media & Marketing Officer	- Rob Harris
Jordanhill Officer	- Philippa Summers
Postgraduate Officer	- Vacant
Past President	- Neil Campbell

#### Management Staff

Acting Chief Executive	- Ian McCartney
Commercial Manager	- Tony Polden (left 30 September 2009)
General Manager	- John McCusker (left 7 May 2010)

#### Auditors

BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX

#### Bankers

National Westminster Bank, 14 Blythswood Square, Glasgow, G2 4AQ

#### Principal Address

90 John Street, Glasgow, G1 1JH

On behalf of the Board of Trustees, the Executive Committee have the pleasure in submitting its report and the audited financial statements of the Association for the year ended 31 July 2010. The financial statements comply with the Statement of Recommended Practice (SORP) - Accounting and Reporting by Charities as revised in 2005, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006.

### **Structure, Objectives, Governance and Management**

University of Strathclyde Students' Association ("the Association") is constituted under the charter of Strathclyde University. The activities of the Association are governed by its constitution and by-laws. Those elected by ordinary members to the Student Representative Council (SRC), subject to the Constitution and Schedules of the Association, shall represent the Association in all matters affecting its interest and shall administer the finances of the Association.

The policies as laid down in section 4 of the Association's constitution are to achieve the following objectives:

1. The promotion of the general interests of the students and to provide suitable services and amenities for that student body.
2. The running of facilities as club premises for the members of the Association.
3. The provision of a recognised channel of communication between the body of students and the University, other universities, colleges and the public.
4. To represent and advance publicly the views and aspirations of its members towards society in general, whether independently, or in association with organisations with similar views.

The Association general meeting is the most powerful decision making body within the Association. Policy made at an AGM cannot be overturned by a meeting of the SRC or the Executive Committee. Any student can submit a motion to an AGM. As SRC and AGMs cannot meet all the time, an Executive Committee is elected to carry out business on behalf of the student membership, make sure policy decisions are implemented and make decisions on behalf of SRC when it can not meet. The Executive Committee are elected directly by the student body in February each year. It is comprised of six sabbatical full-time (paid) officers and supported by six part-time (unpaid) student representatives, all of whom have different remits. All full-time students can stand for the Executive so there is every opportunity to get involved. Once elected a programme of training activities is done to enhance management and administrative abilities. There are also four external trustees.

Responsibility for day to day matters is delegated to the full time staff, within a clearly understood framework of strategic control.

### **Connected bodies**

The Association has no formal links or associations with other charitable bodies but works in partnership with other Student Unions and the National Union of Students to promote issues important to students and the wider community. The Association maintains close links with the University. Details of related party transactions are given in note 17.

### **Risk Management**

The Executive Committee has assessed the major risks to which the Association is exposed, in particular those related to the operations and finances of the Association, and are satisfied that systems are in place to mitigate our exposure to risk.

### President's Commentary on activities and achievements

In a year where worries abounded as to the size of a potential deficit at year end, showing slight signs of optimism at the accounts presented may seem obscure, however, this needs to be qualified. As detailed below, due to staff restructuring, the Association was required to make a large one off payment, totalling six figures. At the time of making the payment we were clear that it could be met from our reserves and we would treat it as separate from our bottom line result – figuratively if not literally. As such, discounting this payment and operating from behind a veil of ignorance, the Association in effect made a genuine operating surplus. Given all forecasting undertaken pointed to a potential deficit of a sizeable portion, the reality does indeed give rise to the proclaimed optimism, and makes me comfortable that – provided we do question ourselves as per below – that we can meet the long term future with sound financial viability.

Whilst the figures presented certainly provide much to think about over the next few years – not least in terms of commercial operations – they also need to read within a macro level context. Over the past 10 years we have witnessed a halving of total commercial turnover within students' associations nationally from £60m per annum to £30m per annum. The reasons for this is manifold, but not least the changes in student demographics within that period and increasing competition from the high street. A market that was once seen as secure is no longer, and it is clear that with the choices presented to students on a commercial basis we can no longer be safe in the assumption that as our members, they will be loyal only to us. Therefore, it is apparent that there exists a clear and present need to undertake a comprehensive review of all services offered, and moreover, speak to our members on what they want, need and require. This is a process that may produce uncomfortable results, but discomfort does not equate to reluctance of, or resistance to, change.

Upon closer inspection of the year end results shows that much of our bottom line figure stemmed from a one off, exceptional, payment to a former member of staff. During the year we received notification from our former General Manager that he wished to leave the Association and owing to legal obligations, and a wish to reward properly over 20 years of continuous service at the highest level of the organisation, a payment of the magnitude presented was necessary. Whilst this payment created a chasm in our accounts, the process and end point allowed us to undertake a comprehensive review of current staffing structures to align them much more closely with our operating needs and strategic plan. Following the resignation we chose to recruit into a new position of Chief Executive, beneath which we streamlined our individual departments allowing each far more autonomy and control than previously existed. What was a short term cost should ultimately result in long term benefit.

In amongst what was at times a turbulent year, we were able to complete a process which had taken two years – that of our Governance Review. Under the terms of the Education Act 1994 Students' Associations nationally are required to undertake an audit and review of their governance arrangements every 5 years. Whilst we always operated within the terms of the law, all previous reviews had simply tinkered around the edges; however, given as we were operating under a constitution which was as old as the average student, the Executive Committee 08/09 were clear in their commitment to a review which fundamentally changed our structures for the better. As such, under them, a model was chosen by cross campus ballot which placed more power in the hands of our members. The role of the 09/10 Executive was to flesh out these proposals into a fully worked constitution – one which was duly passed, unanimously, by our Annual General Meeting.

One of the greatest changes in governance was in the make up and operation of our Executive Committee. Previously the Executive was composed of 13 members – 6 full-time sabbaticals, and 7 part-time current students. However, as well as providing the political leadership and direction, and having overall responsibility for the operations of USSA, they also served as the Trustee Board. Whilst this in no way raised issues of compliance, it did at times serve to confuse. All too often having a body which met regularly to discuss executive issues, trustee issues would creep into the discussions, giving rise to an executive which focused too much on its role as trustees, and not enough its role as representatives. As such, under the revised constitution both roles were split out and clearly defined bodies created for each. Whilst the full-time officers continue to act as trustees, this role is kept clearly separate from our day to day role as a representative, and it is the latter which now receives the majority of attention. Moreover, along with the 6 full time officers and 6 part time student trustees, we took the decision to bring on board 4 external trustees. This means we have a Board which still retains our central tenant of being student led, but with the addition of professional advice and guidance; this ensures a solidification and amplification of our strategy, vision and compliance.

The past year has similarly been an exciting and vibrant one in terms of our core functions – campaigning, representation, advocacy and lobbying; all for students. The past 12 months witnessed a renewed focus from USSA on serving students as students in terms of these functions. Primarily, this meant ensuring that the bulk of our representative work was centred on the educational experience of students and ensuring that the University was providing the best standards of learning and teaching. We strengthened our evidence-based policy work, ensuring the student voice was always heard at key committees, and ran numerous campaigns throughout the year which highlighted areas of perceived failure. One such notable campaign was the introduction of student-led teaching awards – a practice which is becoming more and more common across the sector. In response to a University vision which placed ever greater importance on research activity, we were determined to ensure that good teaching – the underpinning role of a University – was equally recognised and rewarded. The awards saw students from across the University nominate lecturers who were outstanding and innovative in their own right, culminating in an awards ceremony for all involved.

Throughout the year our campaigning work was often tested to the limit, and forced in response to changes within the university – this forced us to better understand how to undertake effective activities which saw clear wins for our student body. One such example was in response to a mooted course closure within the Department of Music.

Due to a merger of two existing faculties – Education and Law, Arts and Social Sciences – into a single faculty, the university undertook a review of all courses offered, with resulting investment and disinvestment decisions; one course earmarked for disinvestment was that of the BA Applied Music. Whilst we are, and were, not naïve to believe that the sector must for perpetuity run with the status quo, it was clear from the outset that the course was not only popular but also unique. As such there was groundswell of popular opinion against closure, which USSA was able to provide campaign support for. The campaign as a whole lasted around 4 months and included special concerts (including a musical lobby of University Court), online publicity, a petition numbering thousands – including signatories from the course who had gone on to prominence – and numerous media appearances. Due in no small part to the passion for and dedication to the course the campaign was a success and University Senate overturned the decision and resolved to explore alternative modes of delivery, as opposed to outright closure.

In amongst all our work this year the Association received some welcome and fantastic news, that of our achievement of a bronze award in the Students' Union Evaluation Initiative (SUEI). SUEI is a national accreditation scheme which benchmarks unions against each other on the basis of criteria which explore in depth the work of that union; criteria which strike to the heart of the effectiveness of their core activities. Previously USSA had submitted for the award but at the time failed comprehensively in four separate areas. The feedback received, and the fact that the four areas were ones which are central to our function, forced us to examine ourselves and our services in great detail, ask at times uncomfortable questions, and radically alter what we offer and do, and moreover how we offer and do them. Whilst this process was an intense and difficult one – requiring organisational change in a short time – it was one which was of ultimate benefit not simply to us, internally, but our members. It ensured that we focused on the best means of communicating with them, undertook work of importance to them, and delivered services important to them. Moreover, it forced a radical change in the political management of the Association and bettered the formerly fractious relationship between Executive and senior management. However, whilst the feedback we received was heartening it still shows a long way to go in delivering for our members in a way which is optimal. We must never sit back on our laurels, or simply use accreditation as an end point, but rather use it as a means and continue to question ourselves and our methods.

Whilst the past year has undoubtedly been at times difficult on a local scale, it is all too apparent that this is replicated at a national level, bringing with it its own unique hazards. The coalition government's commitment to halving the national deficit over the next four years clearly poses threats to all areas of public spending, but not least Higher Education, which is predicted to see cuts of between 25% - 35% in the upcoming Comprehensive Spending Review. All this poses a distinct threat to the viability of institutions in a number of ways north of the border.

Firstly, the Scottish Office will not be immune from these cuts, and the subvention Holyrood can expect to receive will undoubtedly be one that is affected by fiscal prudence. This means that ultimately the money available to the Scottish Funding Council will in all likelihood be a much reduced pot, putting pressure on HEIs the length and breadth of the country. When student support is already at breaking point and we continue to see those from the lowest socio-economic indicators frustrated in their access of HE then clearly the sector has a number of difficult questions to ask itself. Equally, through the undoubted Barnett consequentials that we can expect to see following government cuts and the outcome of the Browne review into higher education support and funding, it is clear that pressure will be doubly applied to Scottish institutions.

All this makes for uncomfortable reading for both the University and USSA, however, it equally poses a number of opportunities, ones which need to be recognised quickly and followed through on rapidly; something I am confident USSA can do.

### **Reserves policy and risk management**

The Association has a range of restricted and unrestricted reserves. The restricted reserves relate to funds awarded to the Association to be applied for specific purposes as set out in Note 14 to the financial statements. The unrestricted reserves represent the free reserves of the Association. The trustees wish to build these reserves to a position where they cover four months resources expended in order to cover fluctuations in funding and costs.

### **Statement of Trustees' Responsibilities**

The trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that year.

In preparing the financial statements the trustees are required to select suitable accounting policies, as described on pages 12 to 13, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The trustees must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue to operate.

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the Association and to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

BDO LLP have indicated their willingness to continue in office. A resolution proposing their reappointment will be put to the Annual General Meeting.

On behalf of the Executive

Philip Whyte  
USSA President 2010/11

**Independent auditors' report to the trustees of University of Strathclyde Students' Association**

This report is issued in respect of an audit carried out under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements of University of Strathclyde Students' Association for the year ended 31 July 2010 which comprise the Statement of Financial Activities, the Income & Expenditure account, the Balance Sheet, the Cashflow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of trustees and auditors:**

The trustees' responsibilities 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) are set out in the Statement of Executives' Responsibilities.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

We also report to you if, in our opinion, the information given in the Report of the Trustees is not consistent with the financial statements, if the charity has not kept proper accounting records, if the charity's financial statements are not in agreement with these accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any purpose and we hereby expressly disclaim any and all such liability.

**Basis of opinion:**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion:**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 July 2010, and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

**DRAFT**

**BDO LLP**

*Chartered Accountants and Statutory Auditors*

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

Glasgow

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

University of Strathclyde Students' Association

Statement of Financial Activities for the year ended 31 July 2010

	Note	Unrestricted funds 2010 £	Restricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
Grant from University		1,308,732	81,182	1,389,914	1,373,316
Commercial and other services	2	1,406,790	-	1,406,790	1,711,871
Association general and marketing		111,015	-	111,015	123,463
Investment income	3	1,309	-	1,309	24,088
<i>Incoming resources from charitable activities</i>					
Membership and welfare services		6,271	-	6,271	6,513
Sports Union and Clubs		-	68,412	68,412	97,265
<b>Total incoming resources</b>		<b>2,834,117</b>	<b>149,594</b>	<b>2,983,711</b>	<b>3,336,516</b>
<b>Resources expended</b>					
<i>Costs of generating funds</i>					
Commercial trading costs	4	1,757,460	-	1,757,460	1,927,590
Costs of generating other income	4	571,734	-	571,734	459,461
<i>Charitable activities</i>					
Membership and welfare services	4	623,899	-	623,899	574,233
Sports Union and Clubs	4	-	159,024	159,024	242,333
<b>Governance costs</b>	4	<b>7,638</b>	<b>-</b>	<b>7,638</b>	<b>7,800</b>
		<b>2,960,731</b>	<b>159,024</b>	<b>3,119,754</b>	<b>3,211,417</b>
<b>Net (outgoing) / incoming resources</b>		<b>(126,614)</b>	<b>(9,429)</b>	<b>(136,043)</b>	<b>125,099</b>
<b>Fund balance brought forward at 1 August 2009</b>		<b>735,810</b>	<b>58,881</b>	<b>794,691</b>	<b>669,592</b>
<b>Fund balance carried forward at 31 July 2010</b>		<b>609,196</b>	<b>49,452</b>	<b>658,648</b>	<b>794,691</b>

The Statement of Financial Activities includes all recognised gains and losses in both the current and prior year.

All incoming resources and resources expended derive from continuing activities.

The notes on pages 12 to 22 form part of these financial statements.

University of Strathclyde Students' Association

Income and expenditure account for the year ended 31 July 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
<b>Income</b>					
Grant from University		1,308,732	81,182	1,389,914	1,373,316
Commercial and other services	2	1,406,790	-	1,406,790	1,711,871
Association general		89,805		89,805	106,906
Communications		21,210		21,210	16,557
		111,015	-	111,015	123,463
Membership Services		116		116	214
Democratic Services		396		396	449
Information Technology		480		480	-
Facilities		49		49	100
SRC departments		5,230		5,230	5,750
		6,271	-	6,271	6,513
Interest received	3	1,309	-	1,309	24,088
Sports Union		-	68,412	68,412	56,970
Clubs & Societies		-	-	-	40,295
		-	68,412	68,412	97,265
<b>Total income</b>		<b>2,834,117</b>	<b>149,594</b>	<b>2,983,711</b>	<b>3,336,516</b>
<b>Expenditure</b>					
<b>Costs directly allocated to activities</b>					
Commercial and other services		1,390,551	-	1,390,551	1,593,344
Association general		384,035	-	384,035	262,206
Communications		111,495	-	111,495	119,264
		495,530	-	495,530	381,470
Membership services		185,093	-	185,093	155,204
Ask		64,618	-	64,618	73,413
Democratic Services		95,881	-	95,881	100,796
Sabbaticals		138,639	-	138,639	107,341
SRC departments		38,062	-	38,062	37,205
		522,293	-	522,293	473,959
Sports Union		-	129,619	129,619	141,717
Clubs & societies		-	9,648	9,648	56,050
		-	139,267	139,267	197,767
<b>Support costs</b>					
Finance		166,977	5,779	172,756	142,442
Information technology		70,272	2,549	72,820	77,661
Personnel		57,189	2,074	59,263	60,705
Facilities Management		257,919	9,355	267,274	284,069
		552,357	19,757	572,113	564,877
<b>Total expenditure</b>		<b>2,960,731</b>	<b>159,024</b>	<b>3,119,754</b>	<b>3,211,417</b>
<b>(Deficit) / Surplus on activities</b>		<b>(126,614)</b>	<b>(9,429)</b>	<b>(136,043)</b>	<b>125,099</b>
Funds brought forward		735,810	58,881	794,691	669,592
<b>Fund carried forward</b>		<b>609,196</b>	<b>49,452</b>	<b>658,648</b>	<b>794,691</b>

All incoming resources and resources expended derive from continuing activities.

The Income and Expenditure account includes all recognised gains and losses in the current and prior year.

The notes on pages 12 to 22 form part of these financial statements.

University of Strathclyde Students' Association

Balance sheet as at 31 July 2010

	Note	2010 £	2010 £	2009 £	2009 £
<b>Fixed assets</b>					
Tangible fixed assets	8		142,060		129,194
Investments	9		5,828		5,828
<b>Current assets</b>					
Stock	10	26,608		23,570	
Debtors	11	198,661		156,251	
Cash at bank and in hand		485,927		759,932	
			<u>711,196</u>	<u>939,753</u>	
<b>Creditors: amounts falling due within within one year</b>	12	<u>200,436</u>		<u>280,084</u>	
<b>Net current assets</b>			<u>510,760</u>		<u>659,669</u>
<b>Net assets</b>			<u>658,648</u>		<u>794,691</u>
<b>Funds</b>					
Unrestricted funds	13		609,196		735,810
Restricted funds	14		49,452		58,881
			<u>658,648</u>		<u>794,691</u>

The financial statements were approved by the Board of Trustees and authorised for issue on UNDATED DRAFT.

Philip Whyte  
USSA President 2010/2011

The notes on pages 12 to 22 form part of these financial statements.

University of Strathclyde Students' Association

Cash flow statement for the year ended 31 July 2010

	Note	2010 £	2009 £
<b>Net cash outflow from operations</b>	15	(153,361)	(241,117)
<b>Returns on investments and servicing of finance</b>			
Interest received		1,309	24,088
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(121,953)	(64,430)
<b>Decrease in cash for the year</b>	16	<u>(274,005)</u>	<u>(281,459)</u>
 <b>Reconciliation of net cash flow to movement in net debt</b>			
	Note	2010 £	2009 £
<b>Decrease in cash for the year</b>	16	<u>(274,005)</u>	<u>(281,459)</u>
Movement in net funds in the period		(274,005)	(281,459)
Net funds at 1 August 2009		759,932	1,041,391
<b>Net funds at 31 July 2010</b>	16	<u>485,927</u>	<u>759,932</u>

The notes on pages 12 to 22 form part of these financial statements.

**1 Accounting policies**

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice for Accounting and Reporting by Charities ("SORP 2005").

The following principal accounting policies have been applied:

**Incoming resources**

*Commercial trading activities*

Income from commercial trading and other fundraising activities is included in the period in which the goods or services are supplied.

*Grants*

Grant income consists of core funding received from the University of Strathclyde and is included in incoming resources when receivable.

*Investment income*

Investment income, including bank interest is included when receivable, and is stated gross of taxation recoverable.

*Other incoming resources*

Other income, which also includes grants and donations in relation to the clubs and societies of the Association, is recognised in the period in which the Association is entitled to receipt.

**Resources expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis.

Expenditure directly attributable to specific activities is allocated to those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Governance costs are attributable to compliance with the Association's constitutional and statutory requirements.

**Tangible fixed assets**

All expenditure of a capital nature is capitalised under one of the categories below, with the exception of assets purchased by the Sports Union which are written off in the year of acquisition.

Tangible fixed assets are stated at cost less accumulated depreciation, with depreciation calculated over the assets' estimated useful lives as follows:

Equipment	- 33% straight line
Furniture & fittings	- 33% straight line
Building additions/improvements	- 25% straight line

A full year's depreciation is charged in the year of acquisition with the exception of capital work in progress, which is not depreciated until the asset comes into use.

**1 Accounting policies (continued)**

**Leased assets**

Where assets are financed by leasing agreements which give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Depreciation on assets acquired under finance leases is charged to the income and expenditure account to write the assets off over their expected useful lives.

Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the straight line method.

**Investments**

Investments are included at cost price. SORP 2005 requires that investments are carried at valuation however the trustees do not consider there to be a significant difference between the two values.

**Stocks**

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

**Pension costs**

The Association offers three defined benefit pension schemes for certain employees. The main scheme is the University Superannuation Scheme and the others being the Student Union Superannuation Scheme and the Local Government Pension Scheme. The local government scheme and the University Superannuation Scheme are administered by the University of Strathclyde and these are referred to in their financial statements.

All three schemes are defined benefit schemes which operate on 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 the Union. Under the terms of FRS 17, in these circumstances contributions are accounted for as if the schemes were defined contribution schemes based on the actual contributions paid through the year. Further information on each scheme is given in note 7.

**Taxation**

No provision is made in these accounts for corporation tax, as the Association is exempt from such taxes as its activities are recognised as charitable.

**Funds**

Unrestricted funds comprise grants and other incoming resources received or generated for general charitable purposes. They are available for use at the discretion of the Executive Committee in furtherance of the charity's charitable objectives.

The Association general fund represents the free reserves of the charity, which are not designated for particular purposes.

The Sports Union Fund and the Clubs & Societies Fund and the Sub Aqua Fund are restricted to specific activities of the Association as described by the fund name.

**2 Commercial services trading income**

	Unrestricted £	Restricted £	2010 £	2009 £
Bar	909,143	-	909,143	1,018,078
Food	241,601	-	241,601	328,485
Games	93,971	-	93,971	135,901
Entertainment	116,781	-	116,781	153,502
Retail	45,294	-	45,294	75,905
	<u>1,406,790</u>	<u>-</u>	<u>1,406,790</u>	<u>1,711,871</u>

**3 Investment income**

	Unrestricted £	Restricted £	2010 £	2009 £
Bank interest received	1,309	-	1,309	24,088
	<u>1,309</u>	<u>-</u>	<u>1,309</u>	<u>24,088</u>

**4 Total resources expended**

	Basis of allocation	Commercial trading £	Association general & marketing £	Membership & welfare services £	Sports Union £	Clubs £	Governance costs £	Total 2010 £	Total 2009 £
<b>Costs directly allocated to activities</b>									
Cost of Sales		417,108	-	-	-	-	-	417,108	479,164
Staff Related Costs		588,913	342,474	396,748	-	391	-	1,328,526	1,312,772
General Admin & Building Costs		209,547	133,975	104,602	18,610	7,354	-	474,088	507,670
Student Related Costs		44,311	19,081	20,610	-	557	-	84,559	72,036
Commercial & Society Related Costs		130,671	-	334	111,009	1,346	-	243,360	274,898
		1,390,551	495,530	522,293	129,619	9,648	-	2,547,641	2,646,540
<b>Support costs allocated to activities</b>									
Finance	Usage	107,327	22,291	29,721	4,954	826	7,638	172,756	142,442
Information Technology	Usage	47,333	9,831	13,108	2,185	364	-	72,820	77,661
Personnel	Usage	38,521	8,001	10,667	1,778	296	-	59,263	60,705
Facilities Management	Usage	173,728	36,082	48,109	8,018	1,336	-	267,274	284,069
		366,909	76,204	101,606	16,934	2,822	7,638	572,113	564,877
		1,757,460	571,734	623,899	146,553	12,471	7,638	3,119,754	3,211,417

The estimated usage of support costs is based on management's best estimate of how central resources are utilised within the Association. The Trustees intend to review this area during financial year 2010/11 with the aim of establishing a more formal allocation basis for future periods.

**5 Net movement in funds**

	2010 £	2009 £
<b>This is arrived at after charging:</b>		
Auditor's remuneration - audit services	7,638	7,800
Auditor's remuneration - non audit services	1,249	-
	<u>          </u>	<u>          </u>

**6 Emoluments**

	2010 £	2009 £
Wages and salaries	1,236,325	1,296,635
Social security costs	91,150	84,471
Pension costs	124,180	108,733
	<u>          </u>	<u>          </u>
Total emoluments amounted to	1,451,655	1,489,839
	<u>          </u>	<u>          </u>
Average number of employees during year	83	99

No member of staff earned emoluments over £60,000 in the year.

Certain trustees serve as full time sabbatical members of the Executive Committee and, as permitted by the Association's constitution, these individuals are remunerated for their roles. Amounts paid to Trustees in respect of services to the Association totalled £115,786 (2009: £112,142) during the year and are analysed as follows:

Position	2009/10 member	£	Position	2010/11 member	£
President	Phil Whyte	16,096	President	Philip Whyte	1,467
Deputy	Amy Davies	18,620	VPSPAW	Yousuf Kerr	2,334
VPSC	Kelley Temple	18,620	VPS	Iain Pullar	2,927
VPOCS	Iain Pullar	14,636	VPED	Charandeep Singt	2,334
VPSD	Gill Currah	16,751	VPER	Graeme Allan	2,334
Sports	Phil Gallagher	16,096	VPAD	Gill Currah	3,571

Note that three of the incoming trustees who were to officially start on 1 July 2010 received remuneration totalling £2,601 prior to this date for work they performed.

The aggregate amount of expenses reimbursed to trustees during the year was £1,786 (2009: £670). These amounts related mainly to travel and subsistence costs.

## 7 Pension Contributions

### *SUSS Pension Scheme*

The Union participates in the Students Union Superannuation Scheme, a defined benefit scheme whose membership consists of employees of students unions and related bodies across the country. Benefits in respect of service up to 30 September 2003 accrue on a final salary basis with benefits in respect of service from 1 October 2003 onwards accruing on career average revalued earnings basis (CARE). 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 the Union.

The most recent valuation of the scheme was carried out as of 1st October 2007 and reported a market value for the schemes assets of £56.1m, liabilities of £83.4m and a net deficit of £27.3m. Following this valuation, the trustees had until December 2008 to submit a recovery plan to the pensions regulator. The discussions with the regulator tested the robustness of the assumptions and examined the length of the recovery period over 15 years. The regulator accepted the plan but wanted to see a shortened recovery period following the next formal valuation. A valuation review took place at 1st October 2008 and the deficit had increased to £45.6m. Since then, although the funding level had increased from 51% to 53%, the absolute amount of the deficit had increased to £52.6m as of October 2009.

Trustees have advised that in order to meet the target recovery plan, deficit contributions will have to double by October 2011 with an increase in 2010. The next formal review is due to take place in October 2010. For the year from 1 October 2009 to 30 September 2010 a 5% increase was levied on all employers. Contribution rates within the year were 3% employee and 14.3% employer.

Statutory debt SUSS Scheme A Section 75 (s.75) debt on the employer is triggered when a participating employer chooses to leave SUSS or ceases to have any active members in the Scheme (for example because the last active member leaves or retires). In this circumstance, and if there is no possibility of any new members joining the Scheme, then the Trustees require payment of the statutory debt from the employer concerned. A detailed calculation can only be carried out once a statutory debt has been triggered, not least because the calculation must reflect market conditions at the time of the event. However, the Trustees have asked the Scheme Actuary to provide an updated estimate of the statutory debt that would have applied to each employer at 1 October 2009. The updated estimated statutory debt for Strathclyde University Students' Union as at 1 October 2009 is £471,035.

### *USS Pension Scheme*

The USS pension scheme is one of the largest private sector pension funds in the UK with assets at 31 March 2009 of over £21b and total membership of over 264,100, an increase of over 33% in the previous five years.

The last full actuarial valuation was calculated at 31 March 2008. The results of the valuation lists the value of the assets of the scheme at that time of £28,842.6m and the value of the schemes liabilities measured on a prudent basis was £28,135.3m, indicating a surplus of £707.3m. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Since 31 March 2008, with the continuing fall in global investment markets, the actuary has estimated that as of 31 March 2009 the funding level under the new scheme specific funding regime had fallen from 103% to 74%.

The various funding levels quoted above have improved somewhat following increase in investment markets but the Board is fully aware of the funding pressures on the scheme. USS is a long term investor and the fund continues to enjoy positive cash flow with the aggregate of contributions and investment income exceeding benefit payments, and this is expected to continue for many years. Nevertheless, short term falls in the funding level which result in the scheme being underfunded on its technical provisions increase the likelihood that the board will at some point require additional contributions to fund the deficit over and above the current contribution rate. The current contribution rate remains at 22.35% of pensionable salaries. This is split between the employers' contribution rate of 16% with the employees' rate remaining at 6.35% of pensionable salary.

**7 Pension Contributions (continued)****Local Government Pension Scheme**

With 4.6m members, the Local government Pension Scheme is one of the largest public sector schemes in the UK. The LGPS is a nationwide scheme administered locally for participating employers through 99 regional pension funds. The USSA scheme is administered through the Strathclyde Pension Fund and in the year to 31 March 2009 had 91,148 active members, 40,804 deferred members and 59,754 pensioners.

In accordance with Regulation 76 of the Local Government Pension Scheme (Scotland) Regulations 1998, an actuarial valuation was carried out as at 31 March 2008. Results of the valuation were confirmed during March 2009 and a copy of the valuation report was issued to all participating employers. The valuation reported a funding level as at 31 March 2008 of 95% (97% at 31 March 2005). The fund held assets to the value of £9,943m and liabilities of £9,979 reporting an overall funding deficit of £486m. The deficit funding position indicated that the funds objectives were not fully met at the valuation date. However the funding policy seeks to ensure that these are met over the long term. On completion of the actuarial valuation at 31 March 2008 the fund published a Revised Funding Strategy Statement in accordance with regulation 75a of the Local Government Pension Schemes (Scotland) Regulations 1998. In line with this statement, from April 2009, new contribution rates will be introduced. Scheme members will no longer pay a flat rate and instead a five tier contribution system has been introduced. Contributions are based on how much of your pay falls into each tier.

On earnings up to and including £18,000	5.50%
On earnings above £18,000 and up to £22,000	7.25%
On earnings above £22,000 and up to £30,000	8.50%
On earnings above £30,000 and up to £40,000	9.50%
On earnings above £40,000	12.00%

The new contribution system has been introduced to provide more equality between the costs and benefits of scheme membership. The next formal valuation will take place at 31 March 2011 with results being available by 31 March 2012.

**8 Tangible Fixed Assets**

	Equipment £	Building Improvements £	Furniture & Fittings £	Total £
<i>Cost</i>				
At 1 August 2009	1,406,887	2,775,030	403,989	4,585,906
Additions	66,523	46,259	9,171	121,953
At 31 July 2010	1,473,410	2,821,289	413,160	4,707,859
<i>Depreciation</i>				
At 1 August 2009	1,367,717	2,701,583	387,412	4,456,712
Provided for the year	44,241	48,398	16,448	109,087
At 31 July 2010	1,411,958	2,749,981	403,860	4,565,799
<i>Net book value</i>				
At 31 July 2010	61,452	71,308	9,300	142,060
At 31 July 2009	39,170	73,447	16,577	129,194

**9 Fixed asset investments**

	<b>£</b>
<i>Cost</i>	
At 1 August 2009 and 31 July 2010	5,828
<i>Net Book Value</i>	
At 31 July 2010	5,828
At 31 July 2009	5,828

Name of Company	Class of share capital held	Proportion of share capital held	Nature of business
NUS Services Limited	'A' Shares 'B' Shares	0.35%	Purchasing Services

**10 Stocks**

	2010 £	2009 £
Bar	23,761	21,438
Catering	2,847	2,132
	26,608	23,570
	26,608	23,570

**11 Debtors**

	2010 £	2009 £
Trade debtors - excluding University of Strathclyde	15,016	20,883
University of Strathclyde	133,208	23,203
VAT	4,227	6,881
Other debtors and prepayments	46,210	105,284
	198,661	156,251
	198,661	156,251

**12 Creditors: amounts falling due within one year**

	2010 £	2009 £
Trade creditors	57,846	99,699
Club savings	41,335	25,851
Taxation and social security	19,103	22,262
Accruals and deferred income	62,503	112,096
Other creditors	19,650	20,176
	<u>200,436</u>	<u>280,084</u>

**13 Unrestricted funds**

	Balance at 1 August £	Surplus / (Deficit) £	Fund Transfers £	Balance at 31 July £
Association General Fund	735,810	(126,614)	-	609,196
	<u>735,810</u>	<u>(126,614)</u>	<u>-</u>	<u>609,196</u>

**14 Restricted funds**

	Balance at 1 August £	Surplus / (Deficit) £	Fund Transfers £	Balance at 31 July £
Sports Union Fund	45,378	(6,620)	-	38,758
Clubs & Societies Fund	13,503	(2,809)	-	10,694
	<u>58,881</u>	<u>(9,429)</u>	<u>-</u>	<u>49,452</u>

The Sports Union Fund relates to funds held by the Association in relation to the Sports Union. The Association transferred £nil (2009: £85,630) from the Association General Fund to the Sports Union Fund during the year.

The Clubs & Societies Fund represents funding received by the Association to support the various clubs and societies of the Association. Expenditure from this fund is made at the discretion of the Executive Committee based on applications from the clubs and societies. The Association transferred £nil (2009: £9,662) from the Association General Fund to the Clubs & Societies Fund during the year.

**15 Reconciliation of operating profit to net cash flow from operating activities**

	2010 £	2009 £
Net (outgoing) / incoming resources excluding interest	(137,352)	101,011
Depreciation of tangible fixed assets	109,087	141,375
(Increase) / decrease in stocks	(3,038)	6,292
Increase in debtors	(42,410)	(62,977)
Decrease in creditors	(79,649)	(426,818)
	<hr/>	<hr/>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(153,361)</b>	<b>(241,117)</b>
	<hr/> <hr/>	<hr/> <hr/>

**16 Analysis of changes in debt**

	At 1 August 2009 £	Cash flow £	At 31 July 2010 £
<b>Net cash</b>			
Cash at bank and in in hand	750,906	(274,005)	476,901
Cash held on deposit	9,026	-	9,026
	<hr/>	<hr/>	<hr/>
	<b>759,932</b>	<b>(274,005)</b>	<b>485,927</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**17 Related party disclosures**

*Controlling parties*

The Association is controlled by the Executive Committee which is subject to democratic election by the voting membership of the Association. The ultimate control of the Association is vested under the constitution in the membership in General meeting. As such, no single person or entity controls the Association as defined by Financial Reporting Standard 8.

*Related party transactions and balances*

The University of Strathclyde is considered to be a related party by the Association as the Association is chartered under the charter of Strathclyde University. The Association is in receipt of a recurrent grant from Strathclyde University of £1,386,730 (2009: £1,373,316).

Other sales of £9,062 (2009: £27,343) were made to the University of Strathclyde and purchases of £147,244 (2009: £176,020) were made from the University of Strathclyde.

As at 31 July 2010 a balance of £133,208 (2009: £23,203 ) was owed from the University of Strathclyde.

In addition the Association occupies a building owned by the University of Strathclyde on a rent free basis.

The trustees of the Association include the members of the Executive Committee. The sabbatical members of the Executive Committee receive remuneration for their services as provided for within the Constitution. The aggregate amount payable under such contracts in the year was £115,786 (2009: £112,142). Full analysis is given in Note 6.

**18 Contingent Liabilities**

**Pensions**

As explained in more detail in note 7, University of Strathclyde Students' Association has been notified by the Students Union Superannuation Scheme of the estimated employer debt on withdrawal from the Scheme or following the Association ceasing to have any active members (for example because the last active member leaves or retires). The Scheme actuary has calculated an updated estimated statutory debt of £471,035. The Association has no current plans to withdraw from the scheme.

At 31 July 2010 the Association had no other contingent liabilities.

The pages which follow do not form  
part of the audited financial statements

Appendices to the financial statements for the year ended 31 July 2010 (Continued)

Appendix 1 - Analysis of Income & Expenditure by activity

	Total Income £	Cost of Sales £	Staff Related Costs £	General Admin & Building Costs £	Student Related Costs £	Commercial & Society Related Costs £	Total Expenditure £	Net surplus / (deficit) 2010 £	Net surplus / (deficit) 2009 £
Commercial Services	1,406,790	417,108	588,913	209,547	44,311	130,671	1,390,551	16,239	118,527
Conferences	-	-	-	-	-	-	-	-	-
Association General	89,805	-	275,318	108,717	-	-	384,035	(294,230)	(155,300)
Communications	21,210	-	67,155	25,258	19,081	-	111,495	(90,284)	(102,707)
Membership Services	116	-	156,436	12,259	16,398	-	185,093	(184,977)	(154,990)
Ask	-	-	58,041	6,268	309	-	64,618	(64,618)	(73,413)
Democratic Services	396	-	39,823	55,772	287	-	95,881	(95,485)	(100,347)
Sabbaticals	-	-	135,354	2,994	290	-	138,639	(138,639)	(107,341)
SRC departments	5,230	-	7,094	27,308	3,326	334	38,062	(32,832)	(31,455)
Finance	-	-	111,327	60,737	-	692	172,756	(172,756)	(142,442)
Information Technology	480	-	61,948	10,873	-	-	72,820	(72,340)	(77,661)
Personnel	-	-	53,261	6,003	-	-	59,263	(59,263)	(60,705)
Facilities Management	49	-	162,963	104,310	-	-	267,274	(267,224)	(283,969)
<b>Total</b>	<b>1,524,076</b>	<b>417,108</b>	<b>1,717,633</b>	<b>630,047</b>	<b>84,002</b>	<b>131,697</b>	<b>2,980,487</b>	<b>(1,456,411)</b>	<b>(1,171,803)</b>
Sports Union	68,412	-	-	18,610	-	111,009	129,619	(61,206)	(84,747)
Clubs	-	-	391	7,354	557	1,346	9,648	(9,648)	(15,755)
<b>Total</b>	<b>68,412</b>	<b>-</b>	<b>391</b>	<b>25,964</b>	<b>557</b>	<b>112,355</b>	<b>139,267</b>	<b>(70,855)</b>	<b>(100,502)</b>
Grant income	1,389,914	-	-	-	-	-	-	1,389,914	1,373,316
Investment income	1,309	-	-	-	-	-	-	1,309	24,088
<b>Total</b>	<b>2,983,711</b>	<b>417,108</b>	<b>1,718,024</b>	<b>656,010</b>	<b>84,559</b>	<b>244,052</b>	<b>3,119,754</b>	<b>(136,043)</b>	<b>125,099</b>