

Hull University Union

Annual Report 2013

Our Values: Safety and Security • Equality • Fun • Democracy • Representation • Quality

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Report by the Trustees of Hull University Union

The Trustees of Hull University Union ("the Union") are pleased to present their report and audited financial statements for the year ended 31st July 2013. In this regard the Trustees have considered the requirements of the Statement of Recommended Practice (2005): Accounting and reporting by charities.

Reference and Administrative details of Hull University Union, Its Trustees and Advisers

Trustees

Period 29th June 2012 to 28th June 2013

Michael Evans (Chair)
Magid Mah
Victoria Winterton
Pippa Eveleigh
Christopher Long
Paul Harsent
Kora-lee Holmes
Judith Donovan CBE
Jeff Caplan
Simon Clements
Andrew Gurr
Simon Schofield
Thomas Rawlinson
Nathan Gregory
Jose Garcia Estrada

Period 28th June to 31st July 2013

Andrew Gurr (Chair)
Richard Brooks
Victoria Winterton
Roxy Legane
Jamie Boote
Brittany Tomlinson
Thomas Swainson
Judith Donovan CBE
Jeff Caplan
Simon Clements
Brian Stokes
Thomas Rawlinson
Nathan Gregory
Samantha Arrona

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Chief Executive

Paul Tatton

Registered Office

University House
Cottingham Road
Hull
HU6 7RX

Bankers

Natwest Bank plc
Commercial Banking
PO Box 955
1 Humber Quays
Wellington Street West
Hull
HU1 2BN

Solicitors

Graham and Rosen
8 Parliament Street
Hull
HU1 2BB

Auditors

Haines Watts
Hanover House
117 – 119 Cleethorpe Road
Grimsby
DN31 3ET

Investment Managers

Cazenove Capital Fund Management
12 Moorgate
London
EC2R 6DA

Charity Registered Number:

1141201

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Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The Charities Act 2011 requires the trustees to prepare financial statements for each financial year. The trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, (United Kingdom Accountancy Standards and applicable law). The trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Public Benefit requirement

The trustees have complied with their duty under section 4 of The Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission, which is available directly to all members, when reviewing the charities aims and objectives and in planning future activities.

Structure, Governance and Management

Organisation of the Union

The Union was first registered as a charity on 22nd March 1967 and following a period as an exempt charity under the 1994 Education Act, became registered again in 2011 to comply with the Charity Act 2006. It was constituted as an unincorporated association established by trust, with 6 Student Officer trustees and 4 Student trustees elected by the full membership in cross campus elections and 5 independent trustees.

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All students registered with the University of Hull are eligible to take up full membership. The right not to be a member was provided by the Education Act 1994. No student has exercised that option this academic year. Certain categories of Associate Member are permissible in accordance with the Constitution and Bye-laws, subject to election by Union Council. Associate membership is for one year, renewable. 7 such members were elected during the year.

Union Council may consider any matters affecting the interests of students of the University. Council's major role is to scrutinise and hold to account elected trustees and student officers. The decisions of Council are subordinate to those made by referenda or the Board of Trustees. Union Council was composed of 54 full members elected for one academic year in semester two.

Major policy matters are put before the membership through electronic referenda.

Selection of Independent Trustees

Independent trustees will retire on completion of a three year term. On retiring by rotation, independent trustees may be reselected but their term in office must not exceed 6 years.

Selection of a replacement will be undertaken by the Board who will take into account the talents, skills and experience required by the Charity's strategy at that time. Mike Evans retired from the Board on 28th June 2013. Andrew Gurr took over as Chair. On the 1st August 2013, HUU incorporated as a company limited by guarantee. The new Memorandum and Articles of Association allows for 4 independent trustees. Mike Evans has therefore not been replaced.

Induction and Training of Trustees

A comprehensive formal training programme is given each year to the new student officer trustees as follows:

Week 1 – handover from the outgoing student officer trustees

Week 2 – a comprehensive programme of training covering all aspects of their role including governance, HUU constitution, responsibilities regarding staff, investment management, risk management and services provided to the members.

Week 3 (6 weeks later) – Review of earlier training, strategy development, planning for the year ahead and how to be effective in the University.

Half Day Training sessions on a variety of skills are given throughout the summer vacation complemented by specific role training provided by external trainers including NUS.

New independent and student trustees receive training when they are appointed.

Decision Making

The Board of Trustees

- Approves strategy. Allocates resources to deliver the strategy.
- Determines Union values and reviews as necessary.
- Approves business plans submitted from HUU Services Ltd and student areas.
- Approves 3 year financial forecast, reserves policy and investment policy.

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- Approves annual budgets.
- Approves annual report including financial statements.
- Approves annual capital expenditure plan.
- Decides on Human resources strategy.
- Approves changes to senior staffing levels and responsibilities.
- Approves annual pay increases.
- Approves risk policy.

Senior Management

- Propose and implement agreed strategy for non- student service areas delivery.
- Decide on business plans to be submitted to the Board.
- Propose 3 year financial plan and recommend changes to investment policy.
- Decide commercial services and administration budgets to be submitted to the Board for approval.
- Approve the annual report prior to presentation to the Trustees.
- Decide on capital expenditure proposals to be submitted to the Board for approval.
- Decide on risk management plan for approval by Trustees.
- Decision making on all day to day operational matters.
- Decide on development plans for University House for consideration by stakeholders and approval by the Trustees.

Subsidiary Company

The Union established a wholly owned subsidiary company, HUU Services Ltd, on 14th January 2000. Company number 3906837. The Union and its subsidiary company comprise "the Group". The Union carries out the charitable activities, and the trading activities are carried out through the subsidiary company. The main activities of the trading subsidiary are the operations of the bars, the fundraising events and the retail shop of Hull University Union. The subsidiary has a coterminous year-end of 31st July 2013.

Risk Review

The trustees take seriously their role in assessing the risks that face the Union. A comprehensive risk management policy is in place and is reviewed at regular intervals by the Board. The policy defines:

- The approach to risk management.
- The role of the Board in determining how risk is managed.
- The definition of risk and the responses to it.
- The role of management in risk.
- How risk will be monitored.

The Board has identified major risks under the following areas:

- Achievement of our aims and objectives.

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- Operational performance.
- Meeting expectations of stakeholders.

In the year 2012/13, further good progress was made in mitigating the major risks identified earlier which were all concerned with financial issues mainly the potential decline in commercial income as a result of declining student numbers posed by the significant changes to Higher Education. The achievements section covers the successes in mitigating this risk.

The Charity incorporated on 1st August 2013 and as a result the unlimited liability of the trustees was removed.

A detailed register of these and other risks with less impact on the charity are regularly reviewed and mitigating action monitored by the trustees.

The trustees recognise the dependence on the grant from the University and this is reflected in the reserves policy in the financial review.

Objectives and Activities

The purpose of Hull University Union is the advancement of the education of students at the University of Hull.

It will achieve this by:

- (1) Promoting the interests and welfare of students at the University of Hull during their course of study and representing, supporting and advising Members.
- (2) Being the recognised representative channel between students and the University and any other external bodies.
- (3) Providing cultural, sporting, social and recreational activities, opportunities to volunteer in the community and forums for discussion and debate for the personal development of its Members.

Our vision is that we aspire to be one of the leading Students' Unions in the country which we shall measure by being accredited with and maintaining a Gold Award in the Students' Union Evaluation Initiative (SUEI) by the end of the planning period in 2014.

To underpin our objective, we have an underlying mission of being "your 1st choice every time" referring to our member stakeholders. We provide a large number of varied services and we wish our members to choose us rather than alternative providers.

We are a values driven organisation. Our values are:-

Safety and security	Our premises and services will be open to all members without fear or favour.
Diversity and equality	We shall welcome all members and treat them all equally as a member.
Democracy	Our members will have ownership of the organisation.
Representation	We shall support our members when they need help.

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Quality

We shall aim to do the best we can in everything we are involved in.

Linked to this are our 10 Key Success Themes developed for our strategic plan with individual Key Performance Indicators (KPI's). These are:-

Key Theme	Key Performance Indicator
Education	80% answer "somewhat effective" or "very effective" to the question "the course rep system is effective" benchmarked against March 2010 score of 36%.
Campaigning	80% answer positively to the statement "HUU campaigns and lobbies effectively on our behalf"
Value For Money ("VFM")	A mean score of over 4 on a scale of 1-5 on the statement "HUU provides VFM in our commercial services"
Membership Support	80% answer positively to the statements: It is easy to access support from HUU We trust the impartiality and quality of the advice we receive HUU holds the University to account I choose to use HUU support services
Employability & Life skills	Exceeding the annual target number of members enrolled on the accreditation scheme (Hi Lights).
Having Fun	80% answer positively to the statement "I have fun and enjoy myself when I visit the Union socially"
Student Accommodation	80% answer positively to the statements: " HUU has an effective housing accreditation scheme" " The quality of accommodation is improving year on year".
Consultation	80% answer positively the question "Do you feel my opinions count in the decision making process at HUU?"
Membership	95% answer in the affirmative to the statement "I know I am a member of HUU".
Scarborough	80% of Scarborough students answer positively to the statement " HUU has had a positive impact on my time at University"

These are Target figures. Progress towards meeting them are covered in the Impact Report later in this document. The survey was undertaken in April 2013.

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Achievements and Performance for 2012-2013

Trustee Board

The Board set the following objectives:-

- To secure the medium to long term financial stability of HUU.
- To have a constitution which is fit for purpose and meets the requirements of the Charity Commission.
- To promote continuous improvement in the quality and appropriateness of our work using the SUEI (Students' Union Evaluation Initiative) template for robust planning and review.
- To minimise risk.
- To have satisfied members, stakeholders and staff and monitor through regular surveys.
- To ensure our members, stakeholders and staff are aware of what we are doing and how well we are performing.
- To ensure that our services are effective and provide value for money either for our members or for the resources allocated.

To secure the medium to long term financial stability of HUU.

As mentioned in the risk management section, our major risk is a financial one – declining revenue and increasing costs leading to a major risk that HUU would be unable to meet its ability to deliver services to our membership. Our two main areas of income are the annual grant from the University and our commercial income.

The Annual Grant has been increased significantly to fund agreed additional services. This year saw increases in service provision in our principle areas of Education and Welfare and the first year's operation of our new Julie Watson Membership Services area. Both the University and the Union have strategic plans in place with a number of overlapping themes, particularly an increased focus on an improved student experience.

This financial year has again been very successful for our commercial services. Providing what students want to buy, at VFM prices, tight control of costs and commitment from all our staff have led to this success. The provision of a wide variety of food through the shop and bars and our entertainment programme have been important elements of our success. The sales of Platinum cards exceeded expectations and added to our VFM offering.

To have a constitution which is fit for purpose and meets the requirements of the Charity Commission

A revised constitution to meet the requirements of the Charity Commission was adopted from 1st August 2010. The election of 4 student trustees took place in the March 2011. Shortly after this, our registration with the Charity Commission was confirmed. The 5 Zones, formed as part of the 2009 constitutional review, are still working well with scrutiny of elected Student Officers much more effective.

However approximately 2 years ago, the Trustees decided that it would be appropriate to consider incorporation. This was achieved on 1st August 2013. The 2010 Constitution will be superseded by Articles which are very similar and based on the model articles developed by the NUS in consultation with the Charity Commission. The major change is that the number of Trustees reduces to 14.

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To promote continuous improvement in the quality and appropriateness of our work using the SUEI template for robust planning and review.

We have met our vision' as we are one of only 4 students' unions to receive a SUEI Gold Award. This year saw the majority of our membership services in one open plan area which has made it easier to provide excellent service to the members. Once again we have published an Impact Report which details and quantifies our achievements (available on www.hullstudent.com or by post from our Registered Office).

To minimise risks

See the financial stability section above.

To have satisfied members, stakeholders and staff and monitor through regular surveys

All planned surveys were carried out.

The 10 key themes in the strategic plan were formed to meet the feedback from our members. Progress towards these themes was measured in the Rate Your Union survey. The results are reported in detail in the Impact Report. 89% of members interviewed said the Union had had a positive impact on their time at University and 80% of final year students said they were very satisfied or satisfied in the National Student Survey (NSS) 2013. Once again, these are excellent results.

To ensure our members, stakeholders and staff are aware of what we are doing and how well we are performing.

The Impact Report details our performance particularly in the member led areas. As well as being published on hullstudent.com, it has been distributed to our major stakeholders and staff. Our website, hullstudent.com, has been updated in the summer 2012 to improve our communications with members. Following the withdrawal of our current web hosting company from the market, a new web site was introduced in August 2013. It continues to have a high level of hits. Communication with members was an area for improvement in the SUEI Audit Report. The additional resources allocated to our marketing team has played a large part in improving communications with members.

To ensure that our services are effective and provide value for money either for our members or for the resources allocated.

We continue to have benchmarks for our Commercial and Membership Services which are internally and externally referenced. These benchmarks are reflected in student officer and staff objectives.

Volunteers

Without thousands of hours of voluntary work by members, we could not provide the excellent student experience for which the University of Hull is renowned. The Impact Report gives a flavour of what they are involved in. The experience they gain representing members, organising clubs and societies and working in the community provides valuable experience for future careers.

External Auditors

Following a change to the University's regulations, we were given the responsibility of selecting external auditors rather than use the University's. A selection process was undertaken by the Trustees and Haines Watts were appointed to carry out the 2012-13 accounts audit.

Financial Review

Investment Powers of the Union

The Chief Executive is authorised to make short and medium term investments, consistent with the objectives of the Union stated above. Long term investments are to be made on the advice of a Manager who is regulated under the terms of the Financial Services Act 1986. The Trustees are responsible for appointing a Manager. The terms of such an appointment are to:

- Inform the Manager in writing of the extent of his or her investment powers and seek his or her written acknowledgement;
- Lay down a detailed investment policy and ensure that the Manager has received a copy of the policy and understands the objectives;
- Make proper arrangements for the Manager to report regularly to the Trustees on the performance of the investments; this will normally be on a half yearly cycle;
- Subject to the provisions of the Trust document enabling the Manager to act on behalf of the Trustees in buying and selling of investments. The limits of these delegated powers are to be clearly set out and, in particular, the Manager should not have the authority to depart from the Trustees' investment policy without written approval;
- Allow the Trustees to terminate the agreement with a particular Manager who proves to be unsuitable or whose performance is unsatisfactory.

The Trustees are to carefully consider and evaluate any of the initial investment costs, any annual management fees and commission paid to the Investment Manager, to ensure that such costs are properly justified and reasonable. The Board have appointed an Investment Committee to carry out this work. A review took place in July 2013 and Cazenove was re-appointed.

Any decisions by the Trustees to invest must be centred on the interests of the Union and not of the Trustees. Trustees may not exclude, to the financial detriment of the Union, a particular range or class of investments in order to give effect to some moral, political, social, environmental or ethical belief held by the Trustees but not directly related to the interests of the Union.

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Reserves Policy	Total £000
The reserves at 31 st July 2013 stand at	5,195
Allocated to fixed assets	3,747
	<hr/> 1,488
Represented by	
Net current assets	735
Investments	713
Reserves	<hr/> 1,488
Less designated	
Capital projects authorised for 2012/2013 expenditure	113
Capital projects building improvement contribution fund towards the provision of University House improvements under the terms of the lease	240
	<hr/> 353
Free reserves	<hr/> 1,095
The Trustees have recognised the following free reserves requirement:	
General fund for day to day operation of the Charity	150
Contingency of six months subvention	555
Target free reserves	<hr/> 705

Plans For the Future

Main Objectives for 2013/14

- To secure the medium to long term financial stability of HUU.
- To implement the strategic plan for the period 2011- 14.
- To promote continuous improvement in the quality and appropriateness of our work using the SUEI template for robust planning and review.
- To minimise risk.
- To have satisfied members, stakeholders and staff and monitor through regular surveys.
- To ensure our members, stakeholders and staff are aware of what we are doing and how well we are performing.
- To secure the medium to long term financial stability of HUU.

This academic year is likely to be similar to 2012/13 - challenging as student numbers continue to fall. At the same time, the quality of the "student experience" will become more important to the recruitment and retention of students. As a result we shall continue to:

- Measure the effectiveness of our student services and report regularly to our stakeholders
- Continue to manage our commercial services to provide what our members want in the most cost effective manner possible.

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In order to make more progress on our Strategic Key Theme 7, we shall introduce a students' lettings agency along with a housing accreditation scheme and feedback website for Hull based student accommodation.

Speed of response to customers has been one of the main reasons why we have been successful in bucking the negative trends seen locally and nationally, particularly in the licensed trade. We shall continue to employ innovative solutions as and when they are required.

- To implement the strategic plan for the period 2011 - 14.

The plan has 10 key themes based on our research with the membership (see above). These themes form a "golden thread" running through our zone, department and individual plans. Themes have an appropriate Key Performance Indicator and progress towards meeting them will be reported to the Board, Membership and staff when they are available. Most of the KPI's will be measured in the Annual Rate Your Union Survey for 2013-14.

We shall commence the planning for a new 3 year strategic for 2014-17 starting with research amongst the membership in November 2013

- *To promote continuous improvement in the quality and appropriateness of our work using the SUEI template for robust planning and review.*

Our SUEI Gold Award reaches the end of its 3 year period in July 2014. We plan to take part in the NUS Quality Award which replaces SUEI. We shall use the measurement criteria to focus our quality improvement work in 2013-14

- *To minimise risk.*

The Risk Management Policy and the Major Risk Matrix will be reviewed by the Board. Financial risk is likely to remain a high priority for mitigation as the changes in HE take effect over the planning period.


- *To have satisfied members, stakeholders and staff and monitor through regular surveys.*

A similar programme of surveys to 2012/13 will be carried out to compare performance year on year. We shall include the measurement of the KPI's described above to form a base line for the remainder of the strategic plan period. A key priority will be to measure the improvement of our services.

- *To ensure our members, stakeholders and staff are aware of what we are doing and how well we are performing.*

We will have a comprehensive communications plan in place to inform our members, stakeholders and staff. Operational plans for our five Zones and Scarborough are available on www.hullstudent.com. An Impact Report will be produced quantifying our progress with these plans.

Andrew Gurr



Chairperson

Date

11/11/2013

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HULL UNIVERSITY UNION

Independent Auditor's Report to the trustees of Hull University Union

We have audited the financial statements of Hull University Union for the year ended 31 July 2013 which comprise Group Statement of Financial Activities, the Group and the Parent Charity Balance Sheet, the Group and the Parent Charity Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and [United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)].

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under section 151¹ of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 July 2013, and of the 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
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report⁴ is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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Haines Watts

Haines Watts, Chartered Accountants

Statutory Auditors

117-119 Cleethorpe Road

Grimsby

North East Lincolnshire

DN31 3ET

Consolidated Statement of Financial Activities for the Year ended 31 July 2013

Income and Expenditure	Notes	Total 2013 £000	Total 2012 £000
Incoming resources			
Incoming resources from generated funds			
Voluntary income	2	1,334	1,383
Activities for generating funds			
Trading turnover: HUU Services Limited	3	3,190	3,114
Other service activities	4	46	149
Investment income	5	25	19
Incoming resources from charitable activities		450	456
Total incoming resources		5,045	5,121
Resources expended			
Cost of generating funds			
Fundraising trading: HUU Services Limited	3	2,404	2,316
Other service activities	4	141	239
Charitable activities	6	2,309	2,248
Governance costs	7	71	14
Total resources expended		4,925	4,817
Net incoming/(outgoing) resources		120	304
Other recognised gains and losses			
Gains (Losses) on investment assets and investment asset disposals		64	(3)
Net movement in funds		184	301
Reconciliation of funds			
Total funds brought forward		5,011	4,710
Total funds carried forward		5,195	5,011

The accompanying policies and notes form part of these financial statements.
The Group's activities are all continuing.

Consolidated and Charity balance sheets as at 31 July 2013

	Notes	2013 Group £000	2013 Charity £000	2012 Group £000	2012 Charity £000
Fixed assets					
Tangible assets	10	3,747	3,747	4,014	4,014
Investments	11	713	713	608	608
		<u>4,460</u>	<u>4,460</u>	<u>4,622</u>	<u>4,622</u>
Current assets					
Stock		110	-	168	13
Debtors	12	45	444	87	594
Short term deposits		282	50	109	67
Cash at bank and in hand		516	427	401	159
		<u>953</u>	<u>921</u>	<u>765</u>	<u>833</u>
Liabilities					
Creditors:					
Falling due within 1 year	13	(218)	(186)	(281)	(444)
Provision for liabilities	14	-	-	(95)	-
		<u>735</u>	<u>735</u>	<u>389</u>	<u>389</u>
Net current assets					
		735	735	389	389
Total assets less liabilities representing net assets		<u>5,195</u>	<u>5,195</u>	<u>5,011</u>	<u>5,011</u>
Unrestricted Funds		<u>5,195</u>	<u>5,195</u>	<u>5,011</u>	<u>5,011</u>

These financial statements were approved by the Trustees and were signed on their behalf by:

Andrew Gurr

Chair

Date:



11/11/2013

The accompanying accounting policies and notes form part of these financial statements.

Consolidated cash flow statement for year ended 31 July 2013

	Note	2013 £000	2012 £000
Net cash inflow from operating activities	15	457	853
Interest receivable		22	22
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(125)	(909)
Proceeds on disposal of fixed assets		-	23
Purchase of investments		(104)	(91)
Proceeds on disposal of fixed asset investments		38	95
(Decrease)/Increase in cash and liquid resources in the year		288	(7)

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The accompanying accounting policies and notes form part of these financial statements.

1. Principal Accounting Policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and applicable accounting standards.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Union Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

(b) Consolidation

The consolidated statements include the financial statements of the charity and its subsidiary undertaking HUU Services Limited. The acquisition method of accounting has been adopted. Under this method the assets and liabilities of the trading subsidiary are combined with those of the Charity in the consolidated balance sheet on a line by line basis.

In accordance with paragraph 397 of the Charities SORP 2005, no separate SOFA has been presented for the Charity alone.

(c) Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

(d) Incoming resources

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where the entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for re-sale are included as income when they are sold. Donated facilities are included at the value to the Charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers. Grant income is recognised in the year to which the award relates.

Investment income is included when receivable.

Administration charges and rent income from HUU Services Limited are accounted for when due. Gift Aid income from HUU Services Limited is recognised annually when the calculation has been performed.

Incoming resources from charitable trading activity are accounted for when earned.

(e) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of generating funds are accounted for during the period to which they relate.

Costs of charitable activities are accounted for during the period to which they relate.

Governance costs are accounted for during the period to which they relate.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Cost of generating funds are those generally incurred in services with a target objective and available to non-members. Charitable expenditure costs are those costs incurred directly in support of expenditure on the objects of the Charity. Governance costs are those incurred in connection with the administration of the Charity and compliance with constitutional and statutory requirements.

(f) Pension Scheme

The group participates in two pension schemes providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. The group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and, therefore, as required by FRS17, "retirement benefits", accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the consolidated statement of financial activities represents the contributions payable to the schemes in respect of the accounting year.

(g) Investments

Investments are stated at market value at the balance sheet date.

All gains and losses are taken to the SOFA as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the SOFA.

(h) Fixed Assets and Depreciation

Tangible fixed assets are stated at cost. Depreciation is charged so as to write off cost less the estimated residual value of each asset, over the estimated useful life of the asset at rates of between 100-20%, with the exception of buildings, 2.6% and the stairway, 3%.

Capital purchase items amounting to £2,000 or more individually are charged to fixed assets and depreciated over the life of the asset, relative to its perceived useful life. Items less than £2,000 may be charged to fixed assets if part of a capital project.

The first stage of the Millennium Makeover was completed in August 2002. Depreciation of the buildings part of the works is over 38 years, the life of the lease with extension. Fixtures and fittings for the Millennium makeover have been categorised as either major or minor and depreciation will be for 18 years or 5 years respectively.

(i) Stock

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Stock is stated at the lower of cost and net realisable value. Where necessary provision has been made for obsolete, slow moving and defective stock.

(j) Tax

The Union is exempt from tax on its charitable activities.

(k) VAT

Irrecoverable VAT is charged to the various areas incurring the relative cost applicable to the transaction or the agreed recovery level.

(l) Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

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2. Donations, Legacies and similar Incoming Resources

Grant: University of Hull

A grant of £1,311,791 (2011/12: £1,347,791), is receivable from the University of Hull to enable the Union to pursue its objects. It is a substantial part of total income and the Union is dependent on its continuing receipt.

	2013 £000	2012 £000
University of Hull subvention	1,312	1,348
Others	22	35
Total:	1,334	1,383

3. Trading Subsidiary - HUU Services Limited

	2013 £000	2012 £000
Turnover	3,190	3,114
Cost of sales	(1,532)	(1,439)
Gross profit	1,658	1,675
Admin expenses	(872)	(809)
Rent & fees to parent	(425)	(425)
Gift Aid to parent	(361)	(441)
Net profit	-	-

Hull University Union owns 100% of the issued share capital of HUU Services Limited. Results include gift aid and inter-company balances which are eliminated on consolidation.

Balance Sheet

	2013 £000	2012 £000
Current assets		
Stock	110	155
Debtors	50	270
Cash at bank and in hand	321	284
	481	709
Creditors:		
Amounts falling due within one year	(481)	(614)
Exceptional vat provision	-	(95)
	(481)	(709)
Net current assets	-	-
Net assets	-	-

The parent company HUU made a loss of for the year of £178,043.

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4. Income from Other Service Activities

	Total 2013 £000	Total 2012 £000
Turnover	46	149
Cost of sales	1	(72)
Gross profit	47	77
Admin expenses	(141)	(167)
Net profit/(loss)	(94)	(90)

5. Investment Income

	2013 £000	2012 £000
Dividends	22	20
Interest	1	2
Income from disposal of investment	2	(3)
	25	19

6. Charitable Activity Costs

	Governance 2013 £000	Community 2013 £000	Welfare 2013 £000	Sports 2013 £000	Education 2013 £000
Support costs	50	-	-	38	-
Rent	-	-	-	-	-
Depreciation	-	-	-	-	-
Staff costs	21	89	135	48	59
Office expenses & running costs	2	82	8	123	5
Other	13	86	13	91	6
	<u>86</u>	<u>257</u>	<u>156</u>	<u>300</u>	<u>70</u>

	Scarborough 2013 £000	Admin 2013 £000	Total 2013 £000	Total 2012 £000
Support costs	18	61	169	162
Rent	-	202	202	202
Depreciation	-	217	217	228
Staff costs	92	676	1,122	1,105
Office expenses & running costs	18	65	302	278
Other	10	80	297	273
	<u>138</u>	<u>1,302</u>	<u>2,309</u>	<u>2,248</u>

7. Governance Costs

	2013 £000 Total	2012 £000 Total
Legal fees	2	1
Staff costs (Trustees)	12	1
Office expenses and running costs	45	11
Audit fees	11	-
Other	1	1
	<u>71</u>	<u>14</u>

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8. Staff Costs and Trustees' Remuneration

	2013 £000	2012 £000
Wages & salaries	1,615	1,531
National insurance	103	93
Pension contributions	106	114
Total emoluments	1,824	1,738

There was one employee who earned over £60,000 during the year.

	2013 Number	2012 Number
Average number of full time equivalent employees		
Charitable activities	31	28
Costs of generating funds	35	41
Management and administration of the Union	16	14
Total:	82	83

The Trustees received remuneration from the Union as follows:

2013	2012	2013 £	2012 £
Magid Mah	Aidan Mersh	14,843	14,843
Pippa Eveleigh	Tom Peel	14,843	14,843
Kora-Lee Holmes	Phil Pocknee	14,839	14,839
Victoria Winterton	Matthew Barrow	14,843	14,843
Paul Harsent	Ash Armitage	14,839	14,839
Chris Long	Matthew Brown	14,839	11,053
		89,034	85,260
Richard Brooks	Magid Mah	1,679	1,679
Victoria Winterton	Pippa Eveleigh	1,679	1,679
Brittany Tomlinson	Kora-Lee Holmes	1,679	1,679
Jamie Boote	Victoria Winterton	1,679	1,679
Roxy Legane	Paul Harsent	1,679	1,679
Thomas Swainson	Chris Long	1,679	1,679
		10,074	10,074
		99,108	95,334

The Internal Trustees are remunerated in accordance with a pay scale used by the Union to pay its employees. The amount is not related to the responsibilities of the roles, as it is for other staff members, but merely to reimburse them for cost of living expenses, as they are precluded from other full time work during their period of office. They undertake full time, full year executive managerial activities. Authority for payment is by HUU Constitution.

Trustee expenses	2013	2012
	£	£
Entertaining	384	437
Travel	4,183	1,255
	<u>4,567</u>	<u>1,692</u>

The four external trustees claimed expenses.

9. Pension Schemes

The group is a member of the Universities Superannuation Scheme (USS) providing benefits based on final pensionable pay. Because the group is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 "retirement benefits", the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme. At the last actuarial valuation as at 31st March 2011 the actuary identified the following:

The assets of the scheme at the valuation date were £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a deficit of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings. Since 31st March 2011 the scheme's investments have performed well. However, there is continuing uncertainty in the world's economic markets, which influences the financial markets' view on long term investment prospects. These uncertainties have meant that the value currently placed on the liabilities has increased substantially since the last valuation largely due to the fall in gilt yields, driven down by a combination of quantitative easing and the UK's safe haven status in these difficult economic times. Market based valuations – of both assets and liabilities – have experienced significant volatility over the last five years, and this continues; the £2.9 billion deficit reported at the last full financial assessment in 2011 had increased to £11.5 billion as at March 2013, but had reduced to £7.9 billion at the end of June 2013.

The contribution for the year was £65,192 (2012 - £62,509). The employer contribution rate of 14% of pensionable pay was increased to 16% in October 2009.

The group is also a member of the University of Hull Pension and Assurance (UHPAS) providing benefits based on final pensionable pay. Because the group is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 "retirement benefits", the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme. UHPAS had a deficit, based on technical provisions, at the last tri-annual valuation of £27.6m at 6th April 2012. The next tri-annual valuation will be April 2015. The contribution for the year was £38,477 (2012 - £56,814). It has been agreed that an employer contribution rate of 25.4% of pensionable pay will apply in future years.

HUU has subsequently incorporated on 1st August 2013 and any liability has been transferred to Hull University Union Limited under a flexible apportionment agreement with the trustees of UHPS.

10. Tangible Assets

Group and Union

	Leasehold Land & Buildings	Motor Vehicles	Fixtures & Equipment	Total
	£000	£000	£000	£000
Cost or Valuation				
At 1st August 2012	4,222	-	2,490	6,712
Additions	46	-	97	143
Disposals	-	-	(383)	(383)
Adjustment	(39)	-	(16)	(55)
Balance	4,229	-	2,188	6,417
Depreciation				
1 August 2012	1,189	-	1,509	2,698
Charge in year	23	-	317	340
On additions	1	-	16	17
On disposals	-	-	(383)	(383)
Adjustment	(2)	-	-	(2)
At 31 July 2013	1,211	-	1,459	2,670
Net book value 31 July 2013	3,018	-	729	3,747
Net book value 31 July 2012	3,033	-	981	4,014

11. Fixed Asset Investments

Group and Union

	2013 £000	2012 £000
Market value at 1 August 2012	608	618
Additions	104	91
Disposals	(63)	(95)
Realised and unrealised investment gains (loss)	65	(6)
Market value at 31 July 2013	713	608
UK Equities	261	219
International Equities	83	72
UK Bonds	107	99
International Bonds	19	19
Portfolio Funds	92	83
Hedge funds	70	63
Property	57	53
Other	24	-
	713	608

Investment in HUU Services Limited

HUU Services Limited is a subsidiary, on the basis of dominant control which is registered in England and Wales. The capital and reserves of this company at 31 July 2013 amounted to £2 (2012 £2). HUU Services Limited pays all profits to Hull University Union under Gift Aid arrangements. Consequently its retained profit for the year ended 31 July 2013 amounted to £nil (2012 £nil). See note 3 for further details.

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12. Debtors

	Group 2013 £000	Group 2012 £000	Union 2013 £000	Union 2012 £000
Trade debtors	16	36	13	25
Amounts owed by subsidiary undertaking	-	-	428	557
Other debtors	5	-	2	-
Prepayments	6	26	-	-
Accrued income	18	25	(3)	12
	<u>45</u>	<u>87</u>	<u>443</u>	<u>594</u>

Loans are given to members of staff on a concessionary basis and are interest free. All are repayable within 12 months.

Profit from the subsidiary company is included in amounts owed by subsidiary undertakings and is given by Gift Aid: £361,648 (2012: £440,653).

13. Creditors: amounts falling due within one year

	Group 2013 £000	Group 2012 £000	Union 2013 £000	Union 2012 £000
Trade creditors	72	139	22	83
Amounts owed to subsidiary undertaking	-	-	11	133
Other creditors	33	33	33	31
Taxation and other social taxes	42	(22)	51	64
Accruals	72	131	69	133
	<u>218</u>	<u>281</u>	<u>186</u>	<u>444</u>

14. Provision for liabilities and charges

	VAT £000
As at 1 st August 2012	95
Additions	-
Release of provision	<u>(95)</u>
Balance at 31 st July 2013	<u>-</u>

15. Group Cash Flow Information

	2013 £000	2012 £000
(a) Reconciliation of changes in resources to net inflow from operating activities:		
Net Incoming (Outgoing) resources	184	302
Interest receivable	(22)	(22)
Depreciation	355	375
Decrease/ (Increase) in debtors	42	403
(Increase)/ Decrease in stock	58	2
(Decrease)/ Increase in creditors	(158)	(213)
Loss/(Profit) on disposal of Fixed asset investments	(2)	6
Net cash inflow from operating activities	<u>457</u>	<u>853</u>
(b) Reconciliation of net cash flow to movement in net funds:		
(Decrease)/increase in cash in the period	115	227
Cash (outflow)/inflow from movement in liquid resources	173	(234)
Movement in net funds for the year	<u>288</u>	<u>(7)</u>
Net funds as at 1 st August 2012	510	517
Net funds as at 31 st July 2013	<u>798</u>	<u>510</u>

	1 st August 2012 £000	Cash flow £000	31 st July 2013 £000
(c) Analysis of net funds			
Cash at bank and on hand	249	115	364
Liquid resources	261	173	434
	<u>510</u>	<u>288</u>	<u>798</u>

16. Capital Commitments

Contracts placed or authorised for future capital expenditure not provided in the financial statements are £113k (2012: £16k). These commitments will be funded from cash.

17. Related Party Transactions

The President and Vice President Welfare & Community sit on the University Council and Senate among others.

There are a number of transactions between the University and the Union including provision of a grant (subvention) of £1,311,791 (2011/12: £1,347,791) to enable the Union to continue to achieve its objectives

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and provision of support. However, the Union was by the same terms obliged to pay rent and service charges of £202,000 (2011/12: £202,000) in total.

Balances owing/due at the year end with the University of Hull:

	2013 £000	2012 £000
Due from	13	24
Owing to	2	1

18. Contingent Liabilities

There are no contingent liabilities at 31st July 2013 (2012:£nil).

19. Operating Leases

The group had annual commitments under non-cancellable operating leases as set out below.

	31 st July 2013	31 st July 2013	31 st July 2012	31 st July 2012
Operating leases which expire:	Land and Buildings	Other	Land and Buildings	Other
In less than 1 year	-	-	-	-
Within 2 to 5 years	-	£10,833	-	£10,833
After more than 5 years	£202,000	-	£202,000	-
Total	£202,000	£10,833	£202,000	£10,833

20. Affiliations

The Charity affiliated with the following bodies during 2012/2013

Description	Expenditure (Fees)
BUCS (British Universities and Colleges Sport)	9,042.24
Archery GB	520.00
British Rowing	167.50
British Universities Ice Hockey	500.00
Rugby Football League	195.00
British American Football League	1,504.00
British Universities Skiing Club	700.00
Yorkshire Hockey Association (Ladies)	181.55
Yorkshire Hockey Association (Men)	182.40
England Hockey Association (Ladies)	219.86
England Hockey Association (Men)	219.86
Yorkshire RFU Society of Referees	520.00
Yorkshire Hockey Umpires Association	304.00
English Lacrosse Association	200.00
English Basketball Association	258.00
British Universities Ice Hockey Association	2015.00
Northern English Universities Trampolining	60.00
Hull & East Yorkshire Volleyball	160.00
Hull Archery	15.00
Badminton England	274.00
England Netball Association	541.80
Student Radio Association	142.69
NUS Annual Fees	51,385.35