

paper

Subject:	Annual Report and Accounts for the year to July 2019
Produced by:	Tim Cave, Assistant Director of Finance
To:	Union Council
Date:	25 November 2020
Action:	For approval
Paper:	

Overview

The annual report and accounts for the Union and its subsidiaries have been prepared in accordance with legal and regulatory requirements and audited by Crowe U.K. The accounts are the responsibility of, and require approval from, the Board of Trustees.

The accounts are signed by 2 elected Officers on behalf of the Board, the audit report signed by Crowe U.K. and filed with Companies House / the Charity Commission by the end of April filing deadline.

Due to the Covid-19 pandemic, a three month extension for filing the accounts was granted and the accounts include a non-standard 'Going Concern' note indicating material uncertainties around the future finances of the Union.

The accounts are attached for reference.

Summary Result

Key schedules for the Accounts are included in this report

The resulting Consolidated **Net Expenditure on unrestricted activities of £(21)k** is consistent with the management accounts issued in the September Board papers, as follows:-

The Provisional July result at Operating profit	212
Less depreciation on unrestricted assets	(234)
Net additional costs	(12)
Reduction in pension liability (UEA scheme)	<u>13</u>
Consolidated Net Expenditure on unrestricted activities	(21)

The depreciation charge on Fixed Assets is not included in the management accounts as not a performance or cash measure. Depreciation explains the movement on Buildings projects restricted funds.

Balance Sheet

The Union Balance sheet contains large values for Restricted Fund Fixed assets and long-term Pensions liabilities that have little to do with the operation of the Union on a day to day basis.

Note that the larger Pension Liability is subject to triennial revaluation in 2019 which will impact next years report.

Current assets is the main driver of our reserves position (taking account of both cash and cash equivalent assets and liabilities) and this has reduced from £565k to £311k in the year, reflected also in the Cash position of £1,289k. Note also that £235k of this cash is held on behalf of Clubs & Societies. This is normal and about £20k lower than the previous year.

Reserves position

Free reserves are calculated as follows:-

	£'000	£'000
Unrestricted reserves		(1,044)
Add back		
long term pension liabilities		2,469
Trading liabilities of		777
Less		
NBV of Tangible Fixed Assets	(6,350)	
Excluding assets from restricted funds	5,001	
Free Reserves		<u>(1,349)</u> 853

The target level of free reserves has been calculated as three months salary and pensions costs for career staff, which is £584,000 at July 2019. This gives rise to a surplus of £250,000.

The reserves position has deteriorated by £171,000 in the year as the cash generated from grants and Commercial Income was insufficient to meet pensions deficit contributions and capital expenditure requirements in the year.

The budget for the year ended July 2020 is to reduce the reserve position by £20,000 whilst engaging in discussions with the University about a long-term sustainable financial funding position.

Appendices:- Extracts from the Annual Report

- 1. Consolidated Statement of Financial Activities for the year ended 31 July 2019**
- 2. Union and Consolidated Balance Sheet as at 31 July 2019**
- 3. Incoming resources from activities to generate funds**
- 4. Analysis of expenditure on charitable activities**
- 5. Central Overhead Costs**
- 6. Analysis of Staff Costs**

Consolidated Statement of Financial Activities for the year ended 31 July 2019

	Notes	Unrestricted Funds	2019 Restricted Building projects	Restricted Funds Other	Total Funds	2018 Year ended 31 July
		£'000	£'000	£'000	£'000	£'000
Income and Endowments from:						
<i>Donations</i>						
University Grants		412	-	-	412	502
Provision of accommodation		788	-	-	788	788
<i>Charitable activities for students</i>						
Membership fees		-	-	-	-	-
Contributions from Club & society members		-	-	672	582	582
Commercial trading operations	4/5	9,380	-	-	9,380	10,058
<i>Investment income</i>		-	-	-	-	-
<i>Other operating income</i>		139	-	-	139	169
Total Income		10,719	-	672	11,391	12,099
Expenditure on Resources						
<i>Charitable activities for students</i>	7	(1,574)	-	-	(1,574)	(1,492)
Club & society expenses		-	-	(691)	(691)	(558)
Expenditure against grants		-	(400)	(10)	(410)	(475)
Commercial Trading Operations	4/5	(9,179)	-	-	(9,179)	(9,885)
Total Expenditure		(10,753)	(400)	(701)	(11,854)	(12,410)
Decrease in Pension deficit		13	-	-	13	-
Net income / (Expenditure)		(21)	(400)	(29)	(450)	(311)
Funds balances at 31 July 2018 (2017)		(1,023)	5,375	290	4,642	4,953
Fund balances at 31 July 2019		(1,044)	4,975	261	4,192	4,642

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities

Union and Consolidated Balance Sheet as at 31 July 2019
Company No. 09664303

		Group		Union	
		2019	2018	2019	2018
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS:					
Tangible assets	15	6,350	6,740	5,020	5,317
Investments	12	-	-	2,700	2,700
		<u>6,350</u>	<u>6,740</u>	<u>7,720</u>	<u>8,017</u>
CURRENT ASSETS					
Stocks	16	158	133	7	6
Debtors	17	301	423	1,416	1,733
Cash at bank and in hand		1,289	1,566	186	424
		<u>1,748</u>	<u>2,122</u>	<u>1,609</u>	<u>2,203</u>
CURRENT LIABILITIES					
Amounts falling due within one year	18	(1,437)	(1,557)	(2,830)	(3,213)
NET CURRENT ASSETS		<u>311</u>	<u>565</u>	<u>(1,221)</u>	<u>(1,010)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,661	7,305	6,500	7,007
LIABILITIES FALLING DUE AFTER MORE THAN ONE YEAR					
UUEAS Pension deficit	19	(52)	(77)	(52)	(77)
SUSS Pension deficit	19	(2,417)	(2,586)	(2,417)	(2,586)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL NET ASSETS		<u>4,192</u>	<u>4,642</u>	<u>4,031</u>	<u>4,344</u>
RESTRICTED FUNDS					
Club and Society Funds	20	235	254	235	254
Other Grant funding		26	36	26	36
Capital Projects funded by Grant		4,975	5,375	4,975	5,375
UNRESTRICTED FUNDS					
Accumulated Funds		(1,044)	(1,023)	(1,205)	(1,321)
		<u>4,192</u>	<u>4,642</u>	<u>4,031</u>	<u>4,344</u>

The deficit for the financial year dealt with in the accounts of the parent company was £313,000 (2018: £419,000).

Approved by the Trustee Board on behalf of the Union of UEA Students on xx March 2020
and signed on their behalf by

..... Callum Perry

Officer and Chair of Trustee Board

..... Alicia Lopez-Perez

Officer and Chair of Finance Committee

5. Incoming resources from activities to generate funds

The wholly owned subsidiary companies Students' Union Services (East Anglia) Limited, Company No. 01524381 (SUS) and Waterfront Student Union Services Limited, Company No. 02834353, (WF) are incorporated in the United Kingdom and pay all of their taxable profits to the Union under gift aid. The subsidiary companies operate the bars, shops, live entertainment, club nights and all commercial operations carried on by the Union. The registered office of both Subsidiaries is the same as for the Union of UEA Students Limited, which is Union House, University of East Anglia, Norwich, Norfolk, NR4 7TJ.

The summary financial performance of the subsidiary companies is:

	Year ended 31.7.2019		Year ended 31.7.2018		
	SUS £'000	WF £'000	SUS £'000	WF £'000	
Turnover	6,685	1,771	7,330	1,828	
Cost of Sales and Administrative Costs	(5,684)	(1,614)	(6,351)	(1,660)	
Rent and Service Charges allocated from the Union	(998)	(70)	(938)	(99)	
Interest receivable	-	-	-	-	
Profit for the year	3	97	41	69	
Payments under gift-aid to the Union	(183)	(57)	-	-	_____
Retained in subsidiary companies	(180)	40	41	69	_____

The assets and liabilities of the companies were:

	31 July 2019		31 July 2018		
	SUS £'000	WF £'000	SUS £'000	WF £'000	
Fixed Assets	1,226	103	1,368	56	
Current Assets	3,141	874	3,254	1,099	
Current Liabilities	(1,766)	(717)	(1,844)	(935)	_____
	2,601	260	2,778	220	_____
Aggregate share capital and reserves	2,601	260	2,778	220	_____

Notes to the Accounts, continued

7. Analysis of expenditure on charitable activities

	Year ended 31.7.19 £'000	Year ended 31.7.18 £'000		
Representation & Governance costs	346	448		Employment
Internal democracy	10	14		
Postgraduate activities	12	-		
Conferences	8	9		NUS
Affiliation	12	7		
Schools / Teaching awards	3	7		
Campaigns	11	11		Central
overhead costs	426	327		
	822	—		828
	—	—		
Student Support Services costs	142	145		Employment
Miscellaneous Expenses	5	6		
Nightline	1	1		
Stationery & Telephone	1	-		
Professional fees	2	2		Central
overhead costs	113	105		
	—	—	262	259
	—	—		
Sports Association, Clubs and Societies				
Employment costs	230	184		
Individual clubs & societies	56	76		
Postgraduate activities	4	13		
Central overhead costs	194	138		
	484	411		
	—	—		
	—	—		
Total Expenditure on charitable activities	1,574	1,492		
	—	—		

Communications costs support both the charitable activities and the trading Subsidiaries, and are therefore included within central overhead costs.

Governance costs included within Representation & Governance costs are £15,000 (2018: £29,000).

Notes to the Accounts, continued

8. Central Overhead Costs

A fixed proportion of administration staff costs are allocated to the 2 subsidiary companies. A fixed proportion of premises staff and cleaning costs are allocated to Students Union Services (East Anglia) Ltd. This company shares the premises with the Union. The balance of central support costs have been allocated on the basis of staff employed in the relative areas.

2019	%	Staff costs £'000	Premises costs £'000	Other costs £'000	Total £'000
Representation	51.0	193	138	94	426
Student Support Services	13.5	51	37	25	113
Sports Association, Clubs & Societies	23.3	88	63	43	194
Catering operations	12.2	46	33	23	102
Recharged to subsidiary companies		314	646	107	1,067
		692	917	292	1,902
		692	917	292	1,902
2018	%	Staff costs £'000	Premises costs £'000	Other costs £'000	Total £'000
Representation	50.8	147	130	50	327
Student Support Services	16.4	47	42	16	105
Sports Association, Clubs & Societies	21.4	62	55	21	138
Catering operations	11.4	33	29	11	73
Recharged to subsidiary companies		261	652	124	1,037
		550	908	222	1,680
		550	908	222	1,680

9. Total resources expended

The total resources expended includes the following expenses

	Year ended 31.7.19 £'000	Year ended 31.7.18 £'000
Depreciation	627	598
Auditors Remuneration – Consolidated accounts	6	6
Subsidiary companies accounts	16	13

10. Analysis of Staff Costs

Group	Year ended	Year ended
	31.7.19 £'000	31.7.18 £'000
Group		
Salaries and Wages	3,691	3,600
Social Security Costs	198	178
Pension Costs	193	172
Union		
Salaries and Wages	1,422	1,337
Social Security Costs	99	93
Pension Costs	93	87

Included in the above are redundancy settlement costs' including payment in lieu of notice and accrued holiday of £21,080 (2018 - £53,672)

The average number of employees in the year was 677 (2018 - 647). This splits between salaried staff and staff on short term contracts, the majority of whom are students who work varying hours according to demand and availability and are generally limited to 15 hours per week. The average numbers employed across the year in each category were as follows:-

	Group		Union	
	2019	2018	2019	2018
Career Staff	87	82	44	36
Staff on short-term contracts	590	565	130	113
Total	677	647	175	149

The Union has identified as key management personnel the 5 full time sabbatical officers and the senior management team, comprising the Chief of Staff, Director of HR and Shared Services, and Assistant Directors of Social Enterprise, Advocacy and Finance.

The combined remuneration, including payments in lieu of notice, accrued holiday and severance of these key management personnel was £446,000 in the year to July 2019 (2018: £413,000)

The number of higher paid employees in the Union and the group at the end of the period under review was:

	No.	No.
Total emoluments band		
£60,001- £70,000	-	1
£70,001-£80,000	-	-
£80,001-£90,000	1	-
£90,001-£100,000	-	-
£100,001-£110,000	-	-
£110,001-£120,000	-	1

The above employees were members of a defined contributions pension scheme and group contributions during the period were £9,000. (2018: £19,000)