

Charity Registration No. Exempt Charity

Company Registration No. 3934555 (England and Wales)

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
DIRECTORS REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2005



UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	D Lanford	(Appointed 6 September 2005)
	L Haywood	(Appointed 6 September 2005)
	C Yorke	(Appointed 6 September 2005)
	C. Kasuba	
	D Parkinson	(Appointed 6 September 2005)
	A Fraguela	(Appointed 6 September 2005)
	P Jones (Independent)	(Appointed 6 September 2005)
Secretary	C. Kasuba	
Charity number	Exempt Charity	
Company number	3934555	
Principal address	Cambridge Road Portsmouth Hampshire PO1 2EF	
Registered office	Cambridge Road Portsmouth Hampshire PO1 2EF	
Auditors	Morley and Scott St Andrews House, 4400 Parkway Whiteley Fareham PO15 7FJ Hampshire	

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

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UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 2005

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

Objects of the charity

The University of Portsmouth Students' Union was established by Memorandum and Articles of Association on 14th July 1999. The University of Portsmouth Students' Union's objects are the advancement of education, the relief of poverty and distress among persons attending the University, the provision of facilities for recreation, the promotion of equality and any other exclusively charitable purpose.

Review of activities

The charity commenced trading on the 1st May 2002, when the assets of the University of Portsmouth Student Union, an unincorporated association, were donated. Since that date the University of Portsmouth Students' Union has occupied premises, in Cambridge Road, Portsmouth.

Directors

The Directors who served during the year were:

E Woodfield	(Resigned 6 September 2005)
J. Hudson	(Resigned 6 September 2005)
H Bennett	(Resigned 6 September 2005)
G. Waters	(Resigned 6 September 2005)
N. Morris	(Resigned 6 September 2005)
C. Kasuba	
M. Rule (Independent)	(Resigned 6 September 2005)

Six of the directors are elected sabbatical officers and one is an appointed independent director. The directors are the trustees of the charity.

Review of financial position

The University of Portsmouth Students' Union's major source of income is from the University of Portsmouth. Other income is derived from marketing and the provision of services to students.

UPSU Trading Limited was put into administration on 4 August 2005, however there are no financial implications for the Charity.

Reserves policy

The University of Portsmouth Students' Union receives grants and membership for each academic year; it is not the policy of the University of Portsmouth Students' Union to carry significant reserves as each years' income is for the provision of services to students in that year.

A refit fund of £92,415 has been set aside in a separate bank account from the grant received for future unspecified expenditure. The University of Portsmouth remains a signatory to this bank account.

Risk factors

The directors have assessed the major risks to which the University of Portsmouth Students' Union is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

The University of Portsmouth Students' Union is limited by guarantee, each member is limited to £1. The members are students at the University of Portsmouth.

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

DIRECTORS REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

The University of Portsmouth is the major source of income, in the form of grants, for the charity. During the year, grants totalling £743,495 were received by the charity.

UPSU Trading Limited, a company wholly owned by the charity, operated the commercial trading within the students' union during the year. On 4 August 2005, UPSU Trading Limited was put in administration. The trading operations are now managed by University of Portsmouth Enterprises Limited, a company controlled by the University of Portsmouth.

Auditors


In accordance with section 385 of the Companies Act 1985, a resolution proposing that Morley and Scott be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board of Directors

C. Kasuba

Director

Dated:



03.04.06

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

STATEMENT OF DIRECTORS RESPONSIBILITIES

Law applicable to charities in England and Wales requires the Directors to prepare accounts for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year (unless the charity is entitled to prepare accounts on the alternative receipts and payments basis).

In preparing accounts giving a true and fair view, the Directors should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- *state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts;*
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Directors are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ensure that the accounts comply with the applicable law. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

We have audited the accounts of University of Portsmouth Students' Union for the year ended 31 July 2005 set out on pages 6 to 13. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the charity's directors, as a body, in accordance with Section 43 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described on page 3, you are responsible as directors for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards. We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Directors Report is not consistent with the accounts, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Directors Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the charity's state of affairs as at 31 July 2005 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

Morley and Scott 28th April 2006

Morley and Scott
Chartered Accountants
Registered Auditor
St Andrews House,
4400 Parkway
Whiteley

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF UNIVERSITY OF PORTSMOUTH STUDENTS' UNION**

Fareham
PO15 7FJ
Hampshire

Dated:

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2005

	Notes	2005 £	2004 £
<u>Incoming resources</u>			
Activities in furtherance of the charity's activities	2	823,806	912,858
Total incoming resources		823,806	912,858
<u>Resources expended</u>			
Charitable expenditure			
Clubs & Societies		160,696	236,982
Student representation		238,496	225,582
Student activities centre		307,470	236,194
Safety buses and student travel		30,391	29,409
Management and administration		90,163	79,361
Exceptional costs		79,826	-
Total resources expended	3	907,042	807,528
Net (expenditure)/income for the year/ Net movement in funds		(83,236)	105,330
Fund balances at 1 August 2004		110,896	5,566
Fund balances at 31 July 2005		27,660	110,896

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

BALANCE SHEET AS AT 31 JULY 2005

	Notes	2005		2004	
		£	£	£	£
Fixed assets					
Investments	6		-		100
Current assets					
Debtors	7	45,121		233,517	
Cash at bank and in hand		63,690		929	
		<u>108,811</u>		<u>234,446</u>	
Creditors: amounts falling due within one year	8	<u>(81,151)</u>		<u>(123,650)</u>	
Net current assets			<u>27,660</u>		<u>110,796</u>
Total assets less current liabilities			<u>27,660</u>		<u>110,896</u>
Income funds					
Unrestricted funds			<u>27,660</u>		<u>110,896</u>
			<u>27,660</u>		<u>110,896</u>

The accounts were approved by the Board on 25/4/06.

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Director

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

1 Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention.

The accounts have been prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

1.2 Incoming resources

Incoming resources are valued using normally accepted accounting principles.

1.3 Investments

Investments are valued at their historic cost.

1.4 Pensions

The University of Portsmouth Students' Union participates in the Students' Union Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. The fund is valued at least every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. 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 University of Portsmouth Students' Union. Under the terms of FRS 17, in these circumstances contributions are accounted for as if the scheme were a defined contribution scheme based on actual contributions paid throughout the year.

2 Activities in furtherance of the charity's activities

	2005	2004
	£	£
Grants receivable for charitable activities	743,496	857,854
Membership and fees	80,310	55,004
	<u>823,806</u>	<u>912,858</u>

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

3 Total resources expended

	Total 2005 £	Total 2004 £
Charitable expenditure:		
Clubs & Societies	160,696	236,982
Student representation	238,496	225,582
Student activities centre	307,470	236,194
Safety buses and student travel	30,391	29,409
Support costs:		
Management costs	90,163	79,361
Exceptional costs	79,826	-
	<u>907,042</u>	<u>807,528</u>

Management and administration costs includes payments to the auditors of £1,750 (2004- £Nil) for audit fees. In previous years the audit fee was invoiced to UPSU Trading Limited. Last year audit fees of £3,750 and other fees of £12,576 were invoiced.

The University of Portsmouth Students' Union incurred exceptional costs arising from UPSU Trading Limited.

The exceptional costs comprise:

Legal Fees £26,284

Loan Write-off £6,343

Bar Refit Costs £21,993

Write-off Investment £100

Salaries £25,106.

4 Directors

The University of Portsmouth Students' Union employs 6 full time elected sabbatical officers.

5 Employees

Number of employees

There were no employees during the year.

There were no employees whose annual emoluments were £50,000 or more.

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

6 Fixed asset investments

	£
Market value at 1 August 2004	100
Disposals at opening book value	(100)
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Market value at 31 July 2005	-
	<hr/> <hr/>
Historical cost:	
At 31 July 2005	-
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Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
UPSU Trading Limited	United Kingdom	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	£	£
UPSU Trading Limited	87,390	(102,110)
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The principal activity of the UPSU Trading was the operation of commercial activities within the students' union.

7 Debtors	2005	2004
	£	£
Trade debtors	12,765	1,354
Amounts owed by connected undertakings	150	-
Other debtors	32,206	227,898
Prepayments and accrued income	-	4,265
	<hr/>	<hr/>
	45,121	233,517
	<hr/> <hr/>	<hr/> <hr/>

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

8 Creditors: amounts falling due within one year	2005	2004
	£	£
Bank overdrafts	-	4,755
Trade creditors	67,408	7,663
Taxes and social security costs	10,605	6,865
Sports and Societies intercompany account	-	20,617
Other creditors	3,138	83,750
	<hr/>	<hr/>
	81,151	123,650
	<hr/> <hr/>	<hr/> <hr/>

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

9 Pension costs

The University of Portsmouth Students' Union participates in the Students' Union Superannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. 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 University of Portsmouth Students' Union. Under the terms of FRS 17, in these circumstances contributions are accounted for as if the scheme were a defined contribution scheme based on actual contributions paid through the year.

The most recent valuation of the scheme was carried out as at 1 October 2004 and showed that the market value of the scheme's assets were £32,522,000 with these assets representing 51% of the benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £30,594,000.

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

The following assumptions applied:

The investment return would be 7.0% per annum before retirement and 5.5% per annum after retirement;

Salaries would increase at 5.0% per annum, equivalent to 2% per annum above inflation;

Present and future pensions would increase at rates specified by scheme rules with appropriate assumptions where these are dependent on inflation.

In view of the funding position of the Scheme the Trustees amended the Scheme Rules with effect from 1st October 2003. This changed the scheme from a final salary basis to a Career Average Earnings basis (CARE). The valuation referred to above does not recommend any increase in contributions at this stage although in certain circumstances a 1% increase may be payable from 1 October 2006 and a further increase of 1% from 1 October 2007.

The contribution rate for the year ended 31 July 2005 applicable to the University of Portsmouth Students' Union for the members is 8.25% of Pensionable Earnings for the employees and 14.25% of Pensionable Earnings for the University of Portsmouth Students' Union, (22.5% in aggregate).

Surpluses or deficits which arise at future valuations may impact on the University of Portsmouth Students' Union's future contribution commitment. The next formal actuarial valuation is due as at 1 October 2007 when the above rates will be reviewed.

The contributions paid into the scheme in respect of eligible employees for the year ended 31st July 2005 amounted to £12,330 (2004: £11,277).

UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

10 Related parties

During the year, expenses of £197,364 (2004: £175,589) were recharged by UPSU Trading Limited to the University of Portsmouth Students' Union.

The following expenses recharged were:

Finance & HR £27,445 (2004: £31,399)

Central Costs £77,863 (2004: £67,259)

Building costs £18,465 (2004: £20,728)

Trading Operations £54,666 (2004: £42,101)

Security £18,925 (2004: £14,102)

At the year end, UPSU Trading Limited owed £Nil (2004: £177,867) to the University of Portsmouth Students' Union. The balance of £6,343 was written off as UPSU Trading Limited was put into administration on 4 August 2005.

11 Post balance sheet events

On 4 August 2005, the subsidiary UPSU Trading Limited was put into administration. The trading operations of UPSU Trading Limited are now administered by University of Portsmouth Enterprise Limited, a company controlled by the University of Portsmouth.