

REGISTER  
OF COMPANIES


THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION  
(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 JULY 2006

REGISTERED COMPANY NUMBER 3934555

FRIDAY



\*APFTNQFZ\*  
A23 15/06/2007 471  
COMPANIES HOUSE

WED

\*A3C1KPZY\*  
A27 30/05/2007 510  
COMPANIES HOUSE

---

**THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION (LIMITED BY GUARANTEE)**

**YEAR ENDED 31 JULY 2006**

---

**INDEX**

	<b>Page</b>
<b>Reference and administrative details</b>	<b>1</b>
<b>Report of the Trustees</b>	<b>2</b>
<b>Auditors' report</b>	<b>4</b>
<b>Statement of financial activities</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Principal accounting policies</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>9</b>

YEAR ENDED 31 JULY 2006

---

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Trustees (and Directors)**

E Woodfield (resigned September 2005)  
J Hudson (resigned September 2005)  
H Bennett (resigned September 2005)  
G Waters (resigned September 2005)  
N Morris (resigned September 2005)  
M Rule (Independent) (resigned September 2005)  
C Kasuba (resigned July 2006)  
L Hayward (appointed September 2005, resigned July 2006)  
D Parkinson (appointed September 2005, resigned July 2006)  
D Langford (appointed September 2005)  
C Yorke (appointed September 2005)  
A Fraguera (appointed September 2005)  
P Jones (Independent) (appointed September 2005)  
M Rayner (appointed August 2006)  
J Austin (appointed August 2006)  
E Gray (appointed August 2006)

**Secretary**

C Kasuba (resigned July 2006)  
E Gray (appointed August 2006)

**Chief Executive**

L Ellis

**Registered Office**

Student Centre  
Cambridge Road  
Portsmouth  
Hampshire  
PO1 2EF

**Company registered number**

3934555

**Auditors**

Mazars LLP  
8 New Fields  
2 Stinsford Road  
Nuffield  
Poole  
BH17 0NF

**Bankers**

Barclays Bank Plc  
Leicester  
LE87 2BB

Abbey  
301 St Vincent St  
Glasgow  
G2 5NB

YEAR ENDED 31 JULY 2006

---

## REPORT OF THE TRUSTEES

The trustees, who are directors for the purposes of company law, have pleasure in presenting their annual report for the purposes of Section 46 of the Charities Act 1993 and Section 234 of the Companies Act 1985, together with the accounts for the year ended 31 July 2006. The trustees have complied with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005, in preparing the financial statements of the charity.

## STRUCTURE GOVERNANCE AND MANAGEMENT

University of Portsmouth Student Union (UPSU) is a charitable company limited by guarantee, incorporated on 14 July 1999. It is exempt from registration with the Charity Commission by virtue of its association with the University of Portsmouth, a Higher Education Institution regulated by HEFCE.

It is governed by a Memorandum and Articles of Association and is controlled by a board of trustees whose members are directors for the purposes of company law and trustees for the purposes of charity law. Decisions are made by simple majority vote.

Six of the charity's trustees are elected sabbatical officers and one is an appointed independent trustee. They are provided with copies of the Charity Commission's guidance to trustees and given an introduction to the activities of the charity by the existing board. Trustees are provided with training as and when required.

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity and its finances. The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

## OBJECTIVES AND ACTIVITIES

The objects of the charity are

- The advancement of education,
- The relief of poverty and distress among persons attending the university,
- The provision of facilities for recreation, and
- The promotion of equality and other exclusively charitable purposes.

In furtherance of these objects, the charity aims to add value to the recruitment and retention of students at the University of Portsmouth and to manage the "student experience". It also aims to increase and widen participation and diversity by the effective organisation of the University of Portsmouth's students using the democratic processes on which the Students' Union is based.

The charity's strategy for achieving its aims is to continue to provide student support and student recreational activities.

## ACHIEVEMENTS AND PERFORMANCE

UPSU has continued to deliver its objectives of providing student support and recreational services throughout the year under review.

UPSU has shown a significant growth in democracy, media, student development, RAG, campaigns, student part-time recruitment, student representation, societies and sports clubs over the past year in accordance with our mission to provide open and fair access for all our members.

There has been increased participation during the year with significant welfare campaigns including breast cancer, sexual health, MIND and Portsmouth Association for the Blind.

## FINANCIAL REVIEW

During the year to 31 July 2006, the charity received income totalling £1,379,187 (2005 £1,168,374) and incurred expenditure totalling £1,273,072 (2005 £1,282,855) giving rise to a net income for the year of

YEAR ENDED 31 JULY 2006

---

£106,115 (2005 deficit £114,481) Included within expenditure were exceptional costs of £15,102 (2005 £79,826) relating to the closure of the charity's subsidiary at the end of the preceding year (see note 6)

The charity's trustees consider that because of its increasing levels of self-generated income, it should maintain a level of reserves at least equivalent to two months' expenditure i.e. approximately £210,000 in order to safeguard the delivery of the charity's services during any unforeseen shortfall in such income. As at 31 July 2006 the level of reserves was £129,041 and the trustees consider that this should be increased over the next three years to the desired level.

The charity's principal funding source remains the University of Portsmouth although significant other income is now derived from fundraising and charges for the provision of services to students. Expenditure continues to be focussed on student support and recreational objectives of the charity.

The charity did not make any grants to other organisations during this or the preceding year.

#### PLANS FOR FUTURE PERIODS

The charity's aims for the future continue to be to add value to the student experience and to increase and widen participation and diversity. It will achieve this by continuing to provide the services currently in place.

#### TRUSTEES' RESPONSIBILITIES

Company law requires the trustees, who are the directors for company law purposes, to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the trustees are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the trustees have taken all steps that they ought to have to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### APPOINTMENT OF AUDITORS

During the year under review, Mazars LLP were appointed as auditors to the charity. A resolution will be proposed at the Annual General Meeting to appoint auditors for the financial year 2006/07.

This report, which has been prepared in accordance with the special provisions of part VII of the Companies Act 1985, applicable to small companies was approved by the Board on *26<sup>th</sup> April 2007* and signed on its behalf

*Elle Gray*  
Secretary

YEAR ENDED 31 JULY 2006

**Independent Auditors' Report to the members of The University of Portsmouth Students' Union**

We have audited the financial statements of The University of Portsmouth Students' Union for the year ended 31 July 2006 which comprise the Statement of Financial Activities, the Charity Balance Sheet and related notes. These financial statements have been prepared the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

As described in the Statement of Trustees' Responsibilities the charity's trustees, who are also the directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charity is not disclosed.

**Basis of audit 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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 state of affairs of the charity as at 31 July 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements

*Mazars LLP*

Mazars LLP  
Chartered Accountants and Registered Auditors  
8 New Fields, 2 Stinsford Road  
Nuffield  
Poole  
Dorset  
BH17 0NF

Date *18 May 2007*

YEAR ENDED 31 JULY 2006

## STATEMENT OF FINANCIAL ACTIVITIES (INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £	Restricted Funds £	2006 Total Funds £	2005 Total Funds (restated) £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income	1	828,382	-	828,382	746,458
Activities for generating funds	2	82,318	-	82,318	74,942
Investment income		3,304	-	3,304	-
Incoming resources from charitable activities					
Student support activities		14,537	-	14,537	14,697
Recreational activities					
Sports and Societies		221,034	122,232	343,266	234,439
Balls		107,380	-	107,380	97,838
<b>Total incoming resources</b>		<u>1,256,955</u>	<u>122,232</u>	<u>1,379,187</u>	<u>1,168,374</u>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds					
Fundraising trading	3	12,588	-	12,588	1,809
Charitable activities					
Student support activities	4	369,413	-	369,413	395,581
Recreational activities	4	628,702	117,498	746,200	724,012
Governance costs	5	129,769	-	129,769	81,627
Exceptional costs	6	15,102	-	15,102	79,826
<b>Total resources expended</b>		<u>1,155,574</u>	<u>117,498</u>	<u>1,273,072</u>	<u>1,282,855</u>
<b>Net income/(deficit) for the year</b>		101,381	4,734	106,115	(114,481)
<b>Funds at 1 August 2005</b>		27,660	753	28,413	142,894
<b>Funds at 31 July 2006</b>		<u>129,041</u>	<u>5,487</u>	<u>134,528</u>	<u>28,413</u>

None of the charity's other activities were acquired or discontinued during the above two financial years

The charity has no recognised gains or losses other than those dealt with in the statement of financial activities

YEAR ENDED 31 JULY 2006

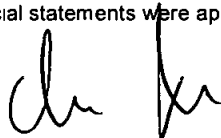
**BALANCE SHEET**

		Unrestricted Funds	Restricted Funds	2006	2005 (restated)
	Note	£	£	£	£
<b>CURRENT ASSETS</b>					
Debtors	10	20,949	-	20,949	45,210
Cash at bank and in hand		254,651	5,487	260,138	64,838
		<u>275,600</u>	<u>5,487</u>	<u>281,087</u>	<u>110,048</u>
<b>CREDITORS - amounts due within one year</b>					
	11	<u>146,559</u>	<u>-</u>	<u>146,559</u>	<u>81,635</u>
<b>TOTAL NET ASSETS</b>					
		<u>129,041</u>	<u>5,487</u>	<u>134,528</u>	<u>28,413</u>
<b>RESERVES</b>					
Unrestricted funds	13	129,041	-	129,041	27,660
Restricted funds	14	-	5,487	5,487	753
		<u>129,041</u>	<u>5,487</u>	<u>134,528</u>	<u>28,413</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

These financial statements were approved by the Board on 2006

Director



26/4/2007

The notes on pages 9 to 14 form part of these financial statements



YEAR ENDED 31 JULY 2006

---

**ACCOUNTING POLICIES****Scope and basis of the financial statements**

The accounts have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting by Charities (SORP 2005) issued in March 2005 and applicable accounting standards

**Prior year adjustment**

During the course of the preparation of these financial statements, the trustees became aware of fundamental errors arising in the accounts for previous years. The first of these was the exclusion in previous years' accounts of the income, expenditure and net assets relating to the sports clubs and societies operated by the Students Union. These are an integral part of the charity's operations and a key element of its delivery of its recreational objects. Their income, expenditure and net assets therefore form part of the overall charity and should be accounted for as such. The second was that in previous years' accounts, income relating to the balls, copy shop and other sundry income sources had been shown net of related expenditure contrary to accepted accounting practice for charities. These items have been adjusted in the comparative figures shown in these accounts. The effect of these adjustments is as follows

- Inclusion of sports clubs and societies

The inclusion of the income and expenditure of the sports clubs and societies in the comparative figures shown for the year ended 31 July 2005 has resulted in increases to these of £234,439 and £264,518 respectively and has resulted in a net increase in the net assets of the Students' Union as at 31 July 2005 of £753

- Grossing up of other income sources

The inclusion in the comparative figures for the year ended 31 July 2005 of the gross income arising from balls, copy shop and other income sources has resulted in an increase of £110,129 to the figure previously shown. The effect on expenditure has been an increase of £111,295

**Incoming resources**

Incoming resources are recognised in the period in which the charity is entitled to receipt once the amount can be measured with reasonable certainty. Income is deferred only where the donor has imposed restrictions on the resources which amount to pre-conditions for use e.g. the receipt in advance of a grant for expenditure in a future accounting period

**Resources expended**

Resources expended are included in the Statement of Financial Activities (SoFA) on an accruals basis and are recognised at the point when a legal or constructive obligation arises

The majority of costs are directly attributable to specific activities but certain shared costs are apportioned to activities in furtherance of the charity's objects. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. In the opinion of the trustees, the use of resources suggests that such costs, with the exception of certain financial administration costs, should be allocated equally between the charity's two main charitable activities. Financial administration costs are apportioned one third to each of the two main charitable activities and governance costs. The costs of sabbatical officers' salaries are allocated to activities according to their roles within the organisation as set out in note 8 to these accounts

**Governance costs**

Governance costs comprise the costs associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity

**Exceptional costs**

Exceptional costs comprise the costs associated with the closure of the charity's subsidiary undertaking

**Pensions**

The costs of pension contributions are charged to the SoFA in the year in which they fall due (See note 13)

YEAR ENDED 31 JULY 2006

---

**ACCOUNTING POLICIES (continued)**

**Cash flow statement**

The financial statements do not include a cash flow statement as the charity has taken advantage of the exemption from preparing such a statement that are available to smaller entities

**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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or raised by the charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the financial statements

YEAR ENDED 31 JULY 2006

## NOTES TO THE ACCOUNTS

## 1 Incoming resources from generated funds – voluntary income

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
Grants receivable	824,511	-	824,511	743,496
Life membership subscriptions	3,871	-	3,871	2,962
	<u>828,382</u>	<u>-</u>	<u>828,382</u>	<u>746,458</u>

## 2. Incoming resources from activities for generating funds

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
Membership services	55,805	-	55,805	73,392
Memorabilia sales	26,513	-	26,513	1,550
	<u>82,318</u>	<u>-</u>	<u>82,318</u>	<u>74,942</u>

## 3. Cost of generating funds

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
Memorabilia costs	12,588	-	12,588	1,809
	<u>12,588</u>	<u>-</u>	<u>12,588</u>	<u>1,809</u>

## 4 Charitable activities

	Charitable Activities £	Support Costs £	Total 2006 £	Total 2005 £
Student support activities	<u>241,861</u>	<u>127,552</u>	<u>369,413</u>	<u>395,581</u>
Recreational activities				
Sports and Societies	481,895	-	481,895	394,518
Balls	94,415	-	94,415	82,588
Other recreational costs	41,040	128,850	169,890	246,906
Total recreational activities	<u>617,350</u>	<u>128,850</u>	<u>746,200</u>	<u>724,012</u>
	<u>859,211</u>	<u>256,402</u>	<u>1,115,613</u>	<u>1,119,593</u>

YEAR ENDED 31 JULY 2006

NOTES TO THE ACCOUNTS (*Continued*)

## 5. Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
Sabbaticals' remuneration	17,844	-	17,844	19,615
NUS affiliation	35,243	-	35,243	38,167
Trustee expenses	5,941	-	5,941	9,060
Legal and professional Administration	15,740	-	15,740	1,555
	55,001	-	55,001	13,230
	<u>129,769</u>	<u>-</u>	<u>129,769</u>	<u>81,627</u>

## 6 Exceptional costs

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
Legal fees	-	-	-	26,284
Loan write-off	-	-	-	6,343
Bar refit costs	-	-	-	21,993
Investment write-off	-	-	-	100
Payroll costs	15,102	-	15,102	25,106
	<u>15,102</u>	<u>-</u>	<u>15,102</u>	<u>79,826</u>

Exceptional costs relate to the closure of the charity's subsidiary undertaking

## 7. Movement in total funds for the year

This is stated after charging

	2006 £	2005 £
Audit fees	-	1,750
	<u>-</u>	<u>1,750</u>

Audit fees for the year under review have been borne by the University of Portsmouth

YEAR ENDED 31 JULY 2006

NOTES TO THE ACCOUNTS (*Continued*)

## 8. Staff costs

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
Gross pay	322,753	-	322,753	-
Employer's national insurance	25,714	-	25,714	-
Pension contributions	16,929	-	16,929	-
	<u>365,396</u>	<u>-</u>	<u>365,396</u>	<u>-</u>

There were no employees earning over £60,000 during the year under review or the preceding year

A total of £5,941 was paid as reimbursement of travel and subsistence expenses to 11 trustees

As authorised under section 5 of the Memorandum of Association, a total of £97,265 was paid in remuneration to nine sabbatical officer trustees as follows

Name	Role	Allocated to	£
C Kasuba	President	governance 100%	16,420
C Yorke	Sports officer	recreational 100%	15,523
J Austin	Sports officer (elect)	recreational 100%	1,564
D Parkinson	Student support officer	student support 100%	15,523
E Gray	Student support officer (elect)	student support 100%	819
L Hayward	Education & representation officer	student support 100%	15,523
M Rayner	Education & representation officer (elect)	student support 100%	847
A Fraguera	Media & publications officer	student support 100%	15,523
D Langford	Student Activities & development officer	recreational 50%, student support 50%	15,523
			<u>97,265</u>

## 9. Taxation

The University of Portsmouth Students' Union is an exempt charity and is eligible for the exemptions from taxation available to charities on their charitable activities. No charge to taxation therefore arises

## 10. Debtors

	Unrestricted funds £	Restricted funds £	2006 £	2005 £
Trade debtors	8,959	-	8,959	12,957
VAT recoverable	8,261	-	8,261	32,253
Other debtors	3,729	-	3,729	-
	<u>20,949</u>	<u>-</u>	<u>20,949</u>	<u>45,210</u>

YEAR ENDED 31 JULY 2006

## NOTES TO THE ACCOUNTS (Continued)

## 11. Creditors – amounts due within one year

	Unrestricted funds £	Restricted funds £	2006 £	2005 £
Trade creditors	32,791	-	32,791	67,651
Other taxation and social security	9,255	-	9,255	10,846
Accruals	100,799	-	100,799	-
Other creditors	3,714	-	3,714	3,138
	<u>146,559</u>	<u>-</u>	<u>146,559</u>	<u>81,635</u>

## 12. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2006 £	2005 £
Cash at bank and in hand	254,651	5,487	260,138	64,443
Other current assets	20,949	-	20,949	45,121
Current liabilities	(146,559)	-	(146,559)	(81,151)
	<u>129,041</u>	<u>5,487</u>	<u>134,528</u>	<u>28,413</u>

## 13 Unrestricted funds

	Opening balance £	Income £	Expenditure £	Transfers £	Closing balance £
General funds	27,660	1,256,955	1,155,574	-	129,041
	<u>27,660</u>	<u>1,256,955</u>	<u>1,155,574</u>	<u>-</u>	<u>129,041</u>

General funds are available for use in furtherance of any of the charity's objects

## 14. Restricted funds

	Opening balance £	Income £	Expenditure £	Transfers £	Closing balance £
Sports and Societies funds	753	122,232	117,498	-	5,487
	<u>753</u>	<u>122,232</u>	<u>117,498</u>	<u>-</u>	<u>5,487</u>

Sports and Societies funds are raised by each club or society for use in furtherance of its particular activity

YEAR ENDED 31 JULY 2006

---

**NOTES TO THE ACCOUNTS (Continued)****15. Related parties**

The University of Portsmouth is, by virtue of the provisions of section 22 of the Education Act 1994, required to take all practical steps to ensure that the charity operates fairly and democratically and accounts for its finances. During the year under review, the charity received grants totalling £824,511 from the University. During the first part of the year the University also acted as agent for the charity in respect of £328,939 of expenditure administered by the University on its behalf.

Costs of £66,201 were accrued at the year end in respect of amounts charged or estimated to be charged by the University in respect of utilities, vehicles and other supplies of goods and services.

**16. Control**

The charity was controlled throughout the year by its trustees.

**17. Pensions**

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 student unions and related bodies throughout the country. Benefits in respect of service up to 30 September 2003 accrued on a "final salary" basis, with benefits in respect of service from 01 October 2003 onwards accruing on a Career Average Revalued Earnings (CARE) basis. 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 01 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. Pensions accruing on the CARE basis would revalue at 3.0% per annum, and
- 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 1 October 2003. This changed the scheme from a final salary basis to Career Average Earnings basis. 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 2006 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 31 July 2006 amounted to £17,028 (2005: £12,330).

YEAR ENDED 31 JULY 2006

---

**NOTES TO THE ACCOUNTS (*Continued*)**

The 2004 valuation recommended the continuation of the contribution rate previously agreed at the time of the introduction of the CARE basis, of 22.5% of Earnings for the majority of members (with higher rates in certain circumstances). However it proposed an increase of 1% of Earnings from 1 October 2006, with a further 1% increase from 1 October 2007, unless there was an increase in the membership in the meantime. In practice, instead of these 1% increases being introduced with effect from 1 October 2006. From that date, the contribution rate is to be expressed in two parts: a rate of 15.7% of Earnings (with higher rates in certain circumstances) paying for future accrual, with additional monthly contributions expressed in monetary terms, with the aim of clearing the historic scheme over a period of 20 or so years. These rates will be reviewed as part of a new valuation being carried out as at 1 October 2006. It is anticipated that this will lead to a shorter period for aiming to clear the deficit being adopted than previously, and so is likely to give rise to higher overall rates from 1 October 2007. Surpluses or deficits which arise at future valuations may also impact on the Union's future contribution commitment.