

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 JULY 2007

REGISTERED COMPANY NUMBER 3934555

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

YEAR ENDED 31 JULY 2007

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YEAR ENDED 31 JULY 2007

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees (and Directors)

D Langford (resigned July 2007)
C Yorke (resigned July 2007)
A Fraguela (resigned July 2007)
P Jones (Independent, appointed September 2005)
M Rayner (appointed August 2006, resigned July 2007)
J Austin (appointed August 2006, resigned July 2007)
E Gray (appointed August 2006)
A Harries (appointed August 2007)
K King (appointed August 2007)
S Leach (appointed August 2007)
B Norman (appointed August 2007)
A Machin (appointed August 2007)

Secretary

E Gray (appointed August 2006)

Chief Executive

L Ellis

Registered Office

Student Centre
Cambridge Road
Portsmouth
Hampshire
PO1 2EF

Company registered number

3934555

Auditors

HWCA Ltd
T/a HW Chartered Accountants
Cawley Priory
South Pallant
Chichester
West Sussex
PO19 1SY

Bankers

Barclays Bank Plc
Leicester
LE87 2BB

Abbey
301 St Vincent St
Glasgow
G2 5NB

YEAR ENDED 31 JULY 2007

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 2007. 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, People & Planet, Orchid and The CP Centre.

FINANCIAL REVIEW

During the year to 31 July 2007, the charity received income totalling £1,458,391 (2006 £1,379,186) and incurred expenditure totalling £1,434,610 (2006 £1,273,072) giving rise to a net income for the year of

YEAR ENDED 31 JULY 2007

£23,781 (2006 £106,114) Included within expenditure were exceptional costs of £43,134 (2006 £15,102) relating to the closure of a subsidiary company at the end of the year ended 31 July 2005 (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 2007 the level of reserves was £150,526 (2006 £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.

Towards the end of the financial year, the charity established a wholly-owned subsidiary company which will undertake sales of memorabilia and advertising with effect from 1 August 2007. This company will make a donation to UPSU of any potentially taxable profits arising from these activities.

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, HW Chartered Accountants (HWCA Ltd) were appointed as auditors to the charity. A resolution will be proposed at the Annual General Meeting to reappoint them as auditors for the financial year 2007/08.

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 9/11/08 and signed on its behalf

Secretary

Elle Gray

YEAR ENDED 31 JULY 2007

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 2007 which comprise the Statement of Financial Activities, Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company'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

The trustees (who are also the directors of The University of Portsmouth Students' Union for the purposes of company law) responsibilities for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Trustees is consistent with the financial statements.

In addition we 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 other transactions is not disclosed.

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

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

We planned and controlled 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 that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 July 2007, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Trustees is consistent with the financial statements.



HWCA Limited
Chartered Accountants & Registered Auditors

Date 14 January 2008

Cawley Priory
South Pallant
Chichester
West Sussex
PO19 1SY

YEAR ENDED 31 JULY 2007

STATEMENT OF FINANCIAL ACTIVITIES (INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £	Restricted Funds £	2007 Total Funds £	2006 Total Funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	1	837,796	-	837,796	828,382
Activities for generating funds	2	101,780	-	101,780	82,318
Investment income		5,114	-	5,114	3,304
Incoming resources from charitable activities					
		295,974	217,727	513,701	465,182
Total incoming resources		<u>1,240,664</u>	<u>217,727</u>	<u>1,458,391</u>	<u>1,379,186</u>
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising trading	3	21,733	-	21,733	12,588
Charitable activities	4	1,019,175	215,431	1,234,606	1,115,613
Governance costs	5	135,137	-	135,137	129,769
Exceptional costs	6	43,134	-	43,134	15,102
Total resources expended		<u>1,219,179</u>	<u>215,431</u>	<u>1,434,610</u>	<u>1,273,072</u>
Net income for the year		21,485	2,296	23,781	106,114
Funds at 1 August 2006		129,041	5,487	134,528	28,413
Funds at 31 July 2007		<u>150,526</u>	<u>7,783</u>	<u>158,309</u>	<u>134,527</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 2007

BALANCE SHEET

	Note	Unrestricted Funds £	Restricted Funds £	2007 £	2006 £
CURRENT ASSETS					
Debtors	10	11,972	-	11,972	20,949
Cash at bank and in hand		258,331	7,783	266,114	260,138
		<u>270,303</u>	<u>7,783</u>	<u>278,086</u>	<u>281,087</u>
CREDITORS - amounts due within one year					
	11	119,777	-	119,777	146,559
TOTAL NET ASSETS		<u>150,526</u>	<u>7,783</u>	<u>158,309</u>	<u>134,528</u>
RESERVES					
Unrestricted funds	13	150,526	-	150,526	129,041
Restricted funds	14	-	7,783	7,783	5,487
		<u>150,526</u>	<u>7,783</u>	<u>158,309</u>	<u>134,528</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 9/11/08

Ben Norman

Director

The notes on pages 8 to 13 form part of these financial statements

YEAR ENDED 31 JULY 2007

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

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)

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 2007

NOTES TO THE ACCOUNTS

1 Incoming resources from generated funds – voluntary income

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Grants receivable	835,141	-	835,141	824,511
Life membership subscriptions	2,655	-	2,655	3,871
	<u>837,796</u>	<u>-</u>	<u>837,796</u>	<u>828,382</u>

2. Incoming resources from activities for generating funds

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Membership services	57,072	-	57,072	55,805
Memorabilia sales	44,708	-	44,708	26,513
	<u>101,780</u>	<u>-</u>	<u>101,780</u>	<u>82,318</u>

3. Cost of generating funds

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Memorabilia costs	21,733	-	21,733	12,588
	<u>21,733</u>	<u>-</u>	<u>21,733</u>	<u>12,588</u>

4. Costs of charitable activities

	Charitable Activities £	Support Costs £	Total 2007 £	Total 2006 £
Student support activities	<u>349,858</u>	<u>119,859</u>	<u>469,717</u>	<u>369,413</u>
Recreational activities				
Sports and Societies	513,063	-	513,063	481,895
Balls	90,349	-	90,349	94,415
Other recreational costs	<u>35,707</u>	<u>119,859</u>	<u>155,566</u>	<u>169,890</u>
Total recreational activities	<u>639,119</u>	<u>119,859</u>	<u>758,978</u>	<u>746,200</u>
Other charitable activities	5,911	-	5,911	
	<u>994,888</u>	<u>239,718</u>	<u>1,234,606</u>	<u>1,115,613</u>

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NOTES TO THE ACCOUNTS (*Continued*)**5. Governance Costs**

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Sabbaticals' remuneration	18,369	-	18,369	17,844
NUS affiliation	51,826	-	51,826	35,243
NUS card costs	16,726	-	16,726	-
Trustee expenses	5,010	-	5,010	5,941
Legal and professional Administration	3,588	-	3,588	15,740
	39,618	-	39,618	55,001
	<u>135,137</u>	<u>-</u>	<u>135,137</u>	<u>129,769</u>

6 Exceptional costs

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Pension costs	43,134	-	43,134	-
Payroll costs	-	-	-	15,102
	<u>43,134</u>	<u>-</u>	<u>43,134</u>	<u>15,102</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

	2007 £	2006 £
Audit fees	6,185	-
	<u>6,185</u>	<u>-</u>

Audit fees for the previous year were borne by the University of Portsmouth

YEAR ENDED 31 JULY 2007

NOTES TO THE ACCOUNTS (*Continued*)

8. Staff costs

	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Gross pay	423,805	-	423,805	322,753
Employer's national insurance	33,890	-	33,890	25,714
Pension contributions	11,851	-	11,851	16,929
	<u>469,546</u>	<u>-</u>	<u>469,546</u>	<u>365,396</u>

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

A total of £5,010 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 £104,614 was paid in remuneration to eleven sabbatical officer trustees as follows

Name	Allocated to	£
C Yorke	Governance	16,907
J Austin	Recreational	15,983
A Fraguera	Support/Recreational	16,298
E Gray	Support	15,983
D Langford	Support/Recreational	16,298
M Rayner	Support	15,983
S Leach	Recreational	2,294
B Norman	Support/Recreational	886
A Machin	Support	1,683
K King	Support	940
A Harries	Support	1,359
		<u>104,614</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 £	2007 £	2006 £
Trade debtors	4,763	-	4,763	8,959
VAT recoverable	6,180	-	6,180	8,261
Other debtors	-	-	-	3,729
Prepayments	1,029	-	1,029	-
	<u>11,972</u>	<u>-</u>	<u>11,972</u>	<u>20,949</u>

YEAR ENDED 31 JULY 2007

NOTES TO THE ACCOUNTS (*Continued*)

11. Creditors – amounts due within one year

	Unrestricted funds £	Restricted funds £	2007 £	2006 £
Trade creditors	35,685	-	35,685	32,791
Wages and social security	13,315	-	13,315	9,255
Accruals	56,399	-	56,399	100,799
Other creditors	-	-	-	3,714
Loan from UoP	14,378	-	14,378	-
	<u>119,777</u>	<u>-</u>	<u>119,777</u>	<u>146,559</u>

12. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2007 £	2006 £
Cash at bank and in hand	258,331	7,783	266,114	260,138
Other current assets	11,972	-	11,972	20,949
Current liabilities	(119,777)	-	(119,777)	(146,559)
	<u>150,526</u>	<u>7,783</u>	<u>158,309</u>	<u>134,528</u>

13 Unrestricted funds

	Opening balance £	Income £	Expenditure £	Transfers £	Closing balance £
General funds	129,041	1,240,664	(1,219,179)	-	150,526
	<u>129,041</u>	<u>1,240,664</u>	<u>(1,219,179)</u>	<u>-</u>	<u>150,526</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	5,487	217,727	(215,431)	-	7,783
	<u>5,487</u>	<u>217,727</u>	<u>(215,431)</u>	<u>-</u>	<u>7,783</u>

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

YEAR ENDED 31 JULY 2007

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 £835,141 (2006 £824,511) from the University.

Costs of £28,065 (2006 £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 1 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 1 October 2004 and showed that the market value of the scheme's assets was £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.

Until 1 October 2006, the contribution rate for the year ended 31 July 2007 applicable to the University of Portsmouth Students' Union was 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).

With effect from 1 October 2006, the contribution basis changed so that the element of contributions aimed at clearing the Scheme's funding shortfall is separated out as a monthly monetary figure rather than a percentage. Contributions from that point onwards are therefore as follows: 8.25% of Pensionable Earnings for the employees and 7.7% of Pensionable Earnings plus £856 per month (£894 from 1 October 2007) for the University of Portsmouth Students' Union.

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, this valuation was not available as at the date on which these financial statements were approved.

YEAR ENDED 31 JULY 2007

NOTES TO THE ACCOUNTS (*Continued*)

The contributions paid into the scheme in respect of eligible employees for the year ended 31 July 2007 amounted to £20,429 (2006 £17,028). An additional sum of £43,134 was paid in respect of past pension liabilities relating to the charity's former subsidiary company.