

Charity number: 1146696

LOUGHBOROUGH STUDENTS' UNION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

LOUGHBOROUGH STUDENTS' UNION

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LOUGHBOROUGH STUDENTS' UNION

TRUSTEES FOR THE YEAR ENDED 31 JULY 2018

Trustee Name	Designation	Year
John Palmer	Lay member & Chair	2016-17 & 2017-18
Andy Doyle	Lay Member	2016-17 & 2017-18
Doug Livingstone	Lay Member	2016-17 & 2017-18 (Resigned 03/06/2018)
Richard Taylor	Chief Operating Officer Loughborough University	2016-17 & 2017-18
Jonathan Ako	Union President	2016-17
George Etherington	Union President	2017-18
Matthew Gill	VP Union Affairs	2016-17
Elliya Gemili	VP Union Affairs	2017-18
Hershil Patel	VP Finance /Student Member	2016-17 (VP) & 2017/18 (Student)
Samuel Hanys	VP Finance/ Student Member	2016-17 (Student) & 2017-18 (VP)
Jonathan Bigger	Student Member	2016-17
Luke Thomson	Student Member	2016-17
Kyren Routledge	Student Member	2016-17
Alex Turnbull	Student Member	2016-17
Kathryn Freeman	Student Member	2016-17
James Bowker	Student Member	2016-17
Ashlea Prescott	Student Member	2017-18
Leo Yang	Student Member	2017-18
Dickens Ngoma	Student Member	2017-18
Rahul Mathasing	Student Member	2017-18
Joseph Scarf	Student Member	2017-18
Edward Radford	Student Member	2017-18

LSU employs Union Directors to work closely with the Trustees and Executive Officers to ensure effective management of the Union:

Andy Parsons, Union Director (Resigned 13/12/2017)
Trevor Page, Union Director (Appointed 18/06/2018)
Paul Barlow, Deputy Union Director
Andrew Meakin, Director of Commercial Services (Resigned 7/12/2018)

Charity registered number

1146696

Principal office

Loughborough Students Union
Ashby Road, Loughborough. Leicestershire. LE11 3TT.

LOUGHBOROUGH STUDENTS' UNION

REFERENCE AND ADMINISTRATIVE DETAILS OF THE UNION, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2018

Independent auditor

Grant Thornton UK LLP
Chartered Accountants
Regent House
80 Regent Road
Leicester
LE1 7NH

Bankers

Natwest Bank Plc
Market Place
Loughborough
LE11 3NZ

Solicitors

Moss Solicitors
80-81 Woodgate
Loughborough
LE11 2XE

LOUGHBOROUGH STUDENTS' UNION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2018

The Trustees present their annual report together with the audited financial statements of Loughborough Students' Union (LSU or the Union) for the year ended 31 July 2018. The Trustees confirm that the Annual Report and financial statements of the Union and the group comply with the current statutory requirements, the requirements of the Union and the group's governing document, the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2015 and the Financial Reporting Standard 102 (FRS102).

The Union and the group also trades under the name LSU.

Structure, governance and management

Constitution

LSU is an unincorporated association and a Students Union formed under the Education Act 1994.

It serves two institutions being Loughborough University and Loughborough College. All registered students of these institutions are members of LSU unless they choose to opt out of membership. LSU holds agreements for its financial and other relationships with each of these institutions as well as codes of practice as provided for under the Education Act 1994.

The LSU constitution is the governing document for LSU and a copy of this is available at www.lsu.co.uk/your-union/constitution/

The Board of Trustees is ultimately responsible for governing the financial, legal and charitable affairs of LSU consulting the relevant students' representative body, whenever appropriate.

The Board consists of the following:

1. Three officers of the Union Executive committee (Ex-Officio)
 - a. President
 - b. Two sabbatical Officers selected by the Executive Committee
2. Chair of Union Affairs Committee, by proxy (non voting)
3. Four Full Members elected in May of each year, for a term of office, which runs from August 1st of the same year, for one calendar year.
 - a. Any full member of LSU may stand for these positions
 - b. Elected in accordance with Standing Order K
 - c. Must not be paid by LSU
 - d. Trustees in this category must be full members of the Union throughout their term of office.
4. Three Full Members elected in May of each year, for a term of office, which runs from August 1st of the same year, for one calendar year.
 - a. Any full member of LSU may stand for these positions, including sabbatical officers.
 - b. Elected in accordance with Standing Order K
 - c. Can be paid by LSU in accordance with Paragraph 22 of this constitution
 - d. Trustees in this category must be full members of the Union throughout their term of office
5. Three Lay Members Elected by Union Affairs Committee
 - a. Cannot have been full members of LSU for at least three years
 - b. Elected for three year terms, with one member retiring each year
 - c. Eligible to serve for a maximum of two consecutive full terms
 - d. Board may nominate suitable people to address skills gap etc.
 - e. Elected in accordance with Standing Order K
6. Chief Operating Officer of Loughborough University (or a nominee as agreed by Union Affairs Committee)

LOUGHBOROUGH STUDENTS' UNION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2018

The Union Director, responsible the day-to-day operational leadership of the Union, will normally be in attendance at Board Meetings but has no voting rights. The Board is supported by members of the Union staff, who will attend as required to service the Board.

The Chair of the Board of Trustees shall be elected by the Board from amongst the Lay Members and shall serve a term of two years and not more than two consecutive terms.

The Board meets at least 5 times per year.

Method of appointment or election of Trustees

The management of the Union and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Constitution.

Policies adopted for the induction and training of Trustees

Arrangements for the induction and training of all Board members are made prior to their first meeting. This includes a full briefing on their legal responsibilities and a review of the LSU's management structure and plans.

Pay policy for senior staff

The Board of Trustees determines pay rates for senior staff. This will be set in accordance with the Union's pay recognized scales.

Organisational structure and decision-making

These financial statements incorporate the results of the Union and Loughborough Student Services Limited (LSS).

LSS was set up to facilitate trading activities with third parties, and has operated with effect from 1 August 2014. Any profits generated are remitted in full to the Union by way of Gift Aid payments.

Legal ownership of LSS rests with the Union senior management team, who hold the shares for administrative convenience. However, as the shares are held on trust for the Union, the economic reality is that LSS is a subsidiary of the Union, and accordingly LSS is treated as a subsidiary of the Union for the purposes of these financial statements.

The Union

The Student Forum's role involves a wide cross section of Union members in guiding the work of the Executive Committee and developing policies and strategies for the Union's general operation.

The Union Affairs Committee acts as a regulating and procedural body for the Union's activities. It appoints some members of the Board of Trustees.

The Executive Committee is made up of elected students, 12 of which are full time. They are responsible for the day to day student leadership of the Union and directing the work of the Union's professional staff through the Union Director.

Risk Management

The Board of Trustees have examined the major strategic, business and operational risks faced by LSU. A risk register has been established and is updated at least annually. Where appropriate, systems or procedures have been established to mitigate the risks, the Union faces. Budgetary and internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers and participants in all activities organised by the Union. These procedures are periodically reviewed to ensure they continue to meet the needs of the Union

LOUGHBOROUGH STUDENTS' UNION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2018

Objectives and Activities

Policies and objectives

LSU's aims are:

- A) Enriching and enhancing the educational experience of its members as people as well as intellectuals, and in particular, to provide opportunities for members to develop their personal maturity, leadership, and communications and other skills.
- B) Enhancing the student community and student wellbeing by providing social, cultural, sporting and recreational activities, and forums for discussions and debate.
- C) Acting as the principal body representing its members' views and interests within their institutions, to the local community and nationally.
- D) To ensure that students experiencing problems with student life can get the support and help they need and seek to minimise the likelihood of these problems occurring.

These objectives should be pursued without regard to age, race, gender, sexual orientation, disability, ethnic origin, religion or creed, independent of any party-political organisation or religious body.

Strategies for achieving objectives

To achieve these aims for over 16,000 students, the LSU Board of Trustees is aided by over 100 permanent staff and 400 part time student staff and volunteers, all of whom are dedicated to helping the Union succeed.

Going Concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Union has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Review of Activities

- A full review of the Union's activities and achievements can be found within its website (www.lsu.co.uk) and the published annual report.
- The Union is entering a period of extreme change as it adjusts to the changing Higher Education environment, and the need to recognize the financial limitations of its situation.
- The current year saw the retirement of the long-standing Union Director, Andy Parsons, and the arrival of his successor, Trevor Page. At the same time the Union re-evaluated its arrangements for VAT, and its view was tested at a VAT tribunal and found to be flawed. This was accompanied by a significant shortfall in the Union's budget forecast for the year. This has resulted in a programme of cost reductions and the opening of a voluntary severance scheme designed to reduce the Union staff overheads.
- Operationally, the Union remains highly effective and popular, winning awards and scoring extremely high in student satisfaction surveys.
- Other highlights include 1,158 Education volunteers; 5,570 voters in the Executive elections; a new peer-to-peer mentoring scheme launched; 20,000 hours of volunteering by 1400 student Action volunteers; £1,158,616 raised for local and national charities; and we won BUCS (again!).
- The future operational picture is uncertain. What is certain is that the Union is the best in the UK and will constantly strive to improve and deliver life shaping experiences to its members.

George Etherington
Union President 2017-18

LOUGHBOROUGH STUDENTS' UNION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2018

Financial Review

LSU ends the year with a deficit in a year in which we have faced significant challenges in both commercial and governance terms.

Commercial income fell from the previous year's levels with pressures on margins and increase in overhead costs. Lower paid staff, many of whom work in the commercial areas, benefitted from Living Wage increases. This has impacted on the Contribution from these areas.

The VAT tribunal result will mean a significant payment of past VAT to HMRC in the next 12 months, and the current (and possibly future) deficits will put significant pressure upon cashflow. It is also anticipated that future grants from the University and the College are likely to be limited in growth due to increased financial constraints nationally.

The Board of Trustees have reviewed their reserves and capitalisation policy. This has had the effect of reducing the Union's asset valuation by approximately £2.7m, whilst increasing the valuation of its land from £0 to £2.4m.

The Union's independent valuation of the land was conducted by GVA and estimated its market value to be £3m rising to £4.5m dependent upon the potential planning permissions it could achieve. The Union will continuously review its land valuation to as events alter and its future ownership strategy takes shape.

The most significant development going forward is the planned rebuilding of the Union's premises in partnership with the University.

LOUGHBOROUGH STUDENTS' UNION

TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2018

Trustees' responsibilities statement

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.


The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Union and the group and of the incoming resources and application of resources 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Union will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Union and the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the provisions of the trust deed and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.. They are also responsible for safeguarding the assets of the Union 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 group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Trustees on 26 February 2019 and signed on their behalf by:


Andy Doyle, Chair


Rory Pears, EO Finance & Commercial Services



INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF LOUGHBOROUGH STUDENTS' UNION

Opinion

We have audited the financial statements of Loughborough Students' Union (the 'charity') for the year ended 31 July 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF LOUGHBOROUGH STUDENTS' UNION

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report on pages 3 to 6, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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' Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the 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.

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement on page 7, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF LOUGHBOROUGH STUDENTS' UNION

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

For an on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands
26 February 2019

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

LOUGHBOROUGH STUDENTS' UNION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2018

		Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:					
Donations and legacies	2	-	1,815,195	1,815,195	1,659,795
Charitable activities	4	1,042,397	1,530,247	2,572,644	2,640,865
Other trading activities:					
Fundraising		-	7,423,521	7,423,521	7,553,611
Trading activities		-	826,866	826,866	826,254
Total income		<u>1,042,397</u>	<u>11,595,829</u>	<u>12,638,226</u>	<u>12,680,525</u>
Expenditure on:					
Raising funds		-	7,097,738	7,097,738	6,984,957
Charitable activities		1,075,306	7,311,832	8,387,137	5,558,154
Total expenditure	5	<u>1,075,306</u>	<u>14,409,570</u>	<u>15,484,875</u>	<u>12,543,111</u>
Net income / (expenditure) before other recognised gains and losses		(32,909)	(2,813,741)	(2,846,650)	137,414
Net movement in funds		(32,909)	(2,813,741)	(2,846,650)	137,414
Reconciliation of funds:					
Total funds brought forward		40,762	822,376	863,138	725,724
Unrealised gain on revaluation of land and buildings		-	2,432,549	2,432,549	-
Total funds carried forward		<u>7,853</u>	<u>441,184</u>	<u>449,037</u>	<u>863,138</u>

All activities relate to continuing operations.

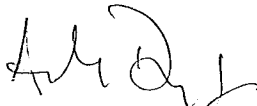
The notes on pages 15 to 29 form part of these financial statements.

LOUGHBOROUGH STUDENTS' UNION

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2018

			2018		2017
	Note	£	£	£	£
Fixed assets					
Tangible assets	8		3,382,007		3,890,343
Current assets					
Stocks		262,476		290,937	
Debtors	9	292,430		366,002	
Cash at bank and in hand		<u>1,340,641</u>		<u>1,031,016</u>	
		1,895,547		1,687,955	
Creditors: amounts falling due within one year	10	<u>(1,580,215)</u>		<u>(1,325,725)</u>	
Net current assets			<u>315,331</u>		<u>362,230</u>
Total assets less current liabilities			<u>3,697,338</u>		<u>4,252,573</u>
Creditors: amounts falling due after more than one year	11		<u>(3,248,301)</u>		<u>(3,389,435)</u>
Net assets			<u>449,037</u>		<u>863,138</u>
Union Funds					
Restricted funds	12		951		40,762
Unrestricted funds	12		(1,984,463)		822,376
Revaluation reserve	12		2,432,549		-
Total funds			<u>449,037</u>		<u>863,138</u>

The financial statements were approved by the Trustees on 26 February 2019 and signed on their behalf, by:


Andy Doyle, Chair


Rory Pears, EO Finance & Commercial Services


The notes on pages 15 to 29 form part of these financial statements.

LOUGHBOROUGH STUDENTS' UNION

UNION BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	8		3,382,007		3,890,343
Current assets					
Stocks		262,476		290,937	
Debtors	9	214,133		531,477	
Cash at bank and in hand		<u>1,339,883</u>		<u>1,030,177</u>	
		1,816,492		1,852,591	
Creditors: amounts falling due within one year	10		<u>(1,808,822)</u>		<u>(1,636,417)</u>
Net current assets			<u>7,670</u>		<u>216,174</u>
Total assets less current liabilities			<u>3,389,677</u>		<u>4,106,517</u>
Creditors: amounts falling due after more than one year	11		<u>(3,248,301)</u>		<u>(3,389,435)</u>
Net assets			<u>141,376</u>		<u>717,082</u>
Union Funds					
Restricted funds	12		951		40,762
Unrestricted funds	12		(2,292,124)		676,320
Revaluation reserve	12		2,432,549		-
Total funds			<u>141,376</u>		<u>717,082</u>

The financial statements were approved by the Trustees on 26 February 2019 and signed on their behalf, by:


Andy Doyle, Chair


Rory Pears, EO Finance & Commercial Services

The notes on pages 15 to 29 form part of these financial statements.

LOUGHBOROUGH STUDENTS' UNION

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2018**

	2018 £	2017 £
	Note	
Cash flows from operating activities		
Net income/(expenditure) for the year	(2,846,650)	137,414
Adjustment for:		
Reduction in useful economic life charge	2,772,199	-
Depreciation charges	516,721	489,500
SUSS charge	105,306	18,924
(Increase) / decrease in stocks	28,461	(70,059)
Decrease / (increase) in debtors	73,572	66,679
(Decrease) / increase in creditors	19,885	(204,365)
Net cash provided by operating activities	<u>669,495</u>	<u>438,093</u>
Cash flows from investing activities:		
Purchase of tangible fixed assets	(348,035)	(385,563)
Proceeds from sale of tangible fixed assets	<u>-</u>	<u>-</u>
Net cash used in investing activities	<u>(348,035)</u>	<u>(385,563)</u>
Cash flows from financing activities:		
Repayments of borrowings	<u>(11,835)</u>	<u>(30,000)</u>
Net cash used in financing activities		
Change in cash and cash equivalents in the year	309,625	22,530
Cash and cash equivalents brought forward	1,031,016	1,008,486
Cash and cash equivalents carried forward	<u>1,340,641</u>	<u>1,031,016</u>

LOUGHBOROUGH STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Charities Act 2011.

Loughborough Students' Union constitutes a public benefit entity as defined by FRS 102.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Union and its subsidiary undertaking, Loughborough Student Services Limited. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Union alone as permitted by SORP.

The Union is a registered charity, number 1146696. For tax purposes the Union has charitable status and as such, under Part 10 of the Income Tax Act 2007, it is not liable to taxation on its income.

1.2 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 Union 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.

Athletic Union general reserve – This represents the cumulative amount by which the Athletic Union has under spent against its budgeted allocation.

Capital fund – This represents the amount by which the net book value of freehold land & buildings included in the balance sheet at the year end exceeded the outstanding loans taken out to fund such expenditure at that date.

Clubs and Societies – This represents the balance held regarding various clubs and societies operated.

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

Charities' Appeal fund – This represents the balance of funds collected under the various Charities Appeals conducted by the Loughborough Students Charities Appeal (also known as Lufbrig or RAG)

Campus scholarship fund – This represents the unspent balance of funds collected under the Loughborough Students' Union Campus Scholarship scheme.

LOUGHBOROUGH STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1. Accounting Policies (continued)

1.3 Income

Income from donations and legacies are recognised at the point at which the Union becomes legally entitled to the funds.

All other income is derived from charitable activities and trading activities. This income is recognised if the following conditions are satisfied:

- the Union has transferred the significant risks and rewards of ownership to the buyer;
- the Union retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of income can be measured reliably;
- it is probable that the Union will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objectives of the union.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the Union's operations, including support costs and costs relating to the governance of the Union apportioned to charitable activities.

1.5 Basis of consolidation

The financial statements consolidate the accounts of Loughborough Students' Union and all of its subsidiary undertakings ('subsidiaries').

LOUGHBOROUGH STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives. During the year management undertook an exercise to reassess the appropriateness of the useful economic lives of owned assets, as a result the revised useful economic lives of each asset class is as follows:

Land	-	Not depreciated
Freehold property	-	5 - 40 years
Fixtures & fittings	-	3 - 10 years

In line with the requirements of FRS 102, management's revision to the useful economic lives of its assets has been applied prospectively.

1.7 Investments

Freehold land & buildings are carried at fair value at the year end less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date. Fair values are determined from market based evidence normally undertaken by professionally qualified valuers. Increases in an asset's carrying amount as a result of a revaluation are recognised as unrealised gains and are accumulated within funds.

1.8 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Union. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Union; this is normally upon notification of the interest paid or payable by the Bank.

LOUGHBOROUGH STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1.11 Pensions

The Union operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Union to the fund in respect of the year.

The Union participates in the Students' Union Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. 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.

The Scheme operates as a pooled arrangement, with contributions paid at a centrally agreed rate. The present value of the Union's share of the defined benefit scheme deficit funding liability is recorded as a liability, with annual movements in the present value unwound through the Statement of Financial Activities.

The scheme was closed to future accrual on 30 September 2011.

1.12 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.13 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.14 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Union anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

LOUGHBOROUGH STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1.15 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.16 Judgments in applying accounting policies and key sources of estimation uncertainty

Amounts included in the financial statements involve the use of judgment and/or estimation.

These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgments and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgments in applying accounting policies

The trustees must judge whether all of the conditions required for income to be recognised in the Statement of Financial Activity in the financial year, as set out above, have been met.

Sources of estimation uncertainty

- Depreciation rates are based on estimates of the useful lives and residual values of the assets involved;
- The valuation of Freehold Land & Buildings is a best estimate of the anticipated fair value of the property in its current condition and use. Management have obtained a valuation from a RICS authorised valuer in determining an appropriate valuation to incorporate into the Balance Sheet;
- Management have obtained professional advice to determine an appropriate best estimate for amounts owed to HMRC in relation to a VAT legal case which has completed through the process of a tribunal. A final settlement with HMRC has yet to be reached and management have used all of the information available to them at the date of signing these accounts to provide an appropriate amount.

LOUGHBOROUGH STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

2. Income from donations and legacies

	Total funds 2018 £	Total funds 2017 £
Membership fees and grants	<u>1,815,195</u>	<u>1,659,795</u>

3. Income generating services

	Sales £	Cost of sales £	GP %	Other direct expenses £	Surplus 2018 £	Surplus 2017 £
Bars	2,016,391	633,922	68.56%			
Entertainment	848,957	290,925	65.73%			
	<u>2,865,348</u>	<u>924,847</u>	<u>67.72%</u>	<u>1,375,054</u>	<u>565,447</u>	710,610
Shops	3,045,083	2,122,232	30.31%	575,717	347,134	404,364
Leisure machines	1,899	-	100.00%	-	1,899	483
Catering	658,183	255,350	61.20%	377,084	25,749	109,045
Car parking	21,254	-	100.00%	3,437	17,817	23,468
Nursery	831,754	74,859	91.00%	723,897	32,997	763
Total	<u>7,423,521</u>	<u>3,377,288</u>	<u>54.51%</u>	<u>3,055,189</u>	<u>991,044</u>	<u>1,248,733</u>

4. Other incoming resources

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Rents and franchises	-	255,771	255,771	226,768
RAG	1,032,397	-	1,032,397	1,158,617
Interest receivable	-	1,062	1,062	121
Income from student activities	10,000	1,273,414	1,283,414	1,255,359
Total	<u>1,042,397</u>	<u>1,530,247</u>	<u>2,572,644</u>	<u>2,640,865</u>

LOUGHBOROUGH STUDENTS' UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

5. Analysis of Expenditure by expenditure type

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Costs of generating funds:					
Income generating services	2,294,639	171,711	3,966,127	6,432,477	6,304,878
Fundraising expenses	37,121	-	628,140	665,261	680,079
Total costs of generating funds	<u>2,331,760</u>	<u>171,711</u>	<u>4,594,267</u>	<u>7,097,738</u>	<u>6,984,957</u>
Expenditure on Union activities:					
Rental	-	4,456	10,359	14,816	42,940
RAG	59,663	-	1,044,451	1,104,114	1,230,150
Interest	-	-	86,965	86,965	91,349
Support Services	993,013	269,562	548,055	1,810,630	1,676,252
Representation & Member Services	228,255	10,249	78,879	317,382	282,458
Membership Relations	276,557	41,507	21,916	339,979	327,657
Student Activities	628,069	18,145	1,294,837	1,941,052	1,907,349
Impairment Costs	-	2,772,199	-	2,772,199	-
Total expenditure on Union Activities	<u>2,185,557</u>	<u>3,116,118</u>	<u>3,085,462</u>	<u>8,387,137</u>	<u>5,558,154</u>
Total resources expended	<u>4,517,317</u>	<u>3,287,830</u>	<u>7,679,729</u>	<u>15,484,875</u>	<u>12,543,111</u>

Summary by fund type

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
RAG	1,066,204	37,910	1,104,114	1,230,150
Loan Interest	-	86,965	86,965	91,349
Support Services	-	1,810,630	1,810,630	1,676,252
Representation & Member Services	9,102	308,280	317,382	282,458
Membership Relations	-	339,979	339,979	327,657
Student Activities	-	1,941,052	1,941,052	1,907,349
Commercial operations	-	14,816	14,816	42,940
Impairment costs	-	2,772,199	2,772,199	-
Total	<u>1,075,306</u>	<u>7,311,832</u>	<u>8,387,137</u>	<u>5,558,154</u>

LOUGHBOROUGH STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

6. Net incoming resources / (resources expended)

	2018 £	2017 £
Depreciation of tangible fixed assets	516,721	489,500
Auditor's remuneration - audit	13,600	16,600
Auditor's remuneration - non audit	13,900	1,350
RAG deficit for the year	<u>71,717</u>	<u>71,533</u>

During the year, Trustees received reimbursement of expenses totalling £2,976 (2017 - £1,565) in relation to their roles as Trustees.

7. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,114,930	3,981,702
Social security costs	221,640	212,111
Other pension costs	180,747	44,709
	<u>4,517,317</u>	<u>4,238,522</u>

The average number of persons employed by the Union during the year was as follows:

	2018 No.	2017 No.
Income generating services	102	104
Union activities	84	80
Campus nursery	<u>31</u>	<u>30</u>
	<u>217</u>	<u>214</u>

The number of higher paid employees was:

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	2
In the band £80,001 - £90,000	-	1
In the band £120,001 - £130,000	1	-

LOUGHBOROUGH STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

8. Tangible fixed assets

Group	Freehold Land & Buildings £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 August 2017	6,148,203	6,293,559	12,441,762
Additions	194,399	153,636	348,035
Revaluations	<u>2,432,549</u>	<u>-</u>	<u>2,432,549</u>
At 31 July 2018	<u>8,775,151</u>	<u>6,447,195</u>	<u>15,222,346</u>
Depreciation			
At 1 August 2017	3,104,807	5,446,612	8,551,419
Charge for the year	246,026	270,695	516,721
Reduction in useful economic life	<u>2,424,318</u>	<u>347,881</u>	<u>2,772,199</u>
At 31 July 2018	<u>5,775,151</u>	<u>6,065,188</u>	<u>11,840,339</u>
Net book value			
At 31 July 2018	<u>3,000,000</u>	<u>382,007</u>	<u>3,382,007</u>
At 31 July 2017	<u>3,043,396</u>	<u>846,947</u>	<u>3,890,343</u>

Freehold Land & Buildings are included in the Balance Sheet at valuation (see note 1.6 and 1.16). The historical cost of Freehold Land & Buildings at the year end date is £567,451 (2017 - £3,043,396).

Included within Freehold Land & Buildings is Land which is not depreciated and is valued at £2,432,549 (2017 - £nil).

Union	Freehold Land & Buildings £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 August 2017	6,148,203	6,293,559	12,441,762
Additions	194,399	153,636	348,035
Revaluations	<u>2,432,549</u>	<u>-</u>	<u>2,432,549</u>
At 31 July 2018	<u>8,775,151</u>	<u>6,447,195</u>	<u>15,222,346</u>
Depreciation			
At 1 August 2017	3,104,807	5,446,612	8,551,419
Charge for the year	246,026	270,695	516,721
Reduction in useful economic lifes	<u>2,424,318</u>	<u>347,881</u>	<u>2,772,199</u>
At 31 July 2018	<u>5,775,151</u>	<u>6,065,188</u>	<u>11,840,339</u>
Net book value			
At 31 July 2018	<u>3,000,000</u>	<u>382,007</u>	<u>3,382,007</u>
At 31 July 2017	<u>3,043,396</u>	<u>846,947</u>	<u>3,890,343</u>

Freehold Land & Buildings are included in the Balance Sheet at valuation (see note 1.6 and 1.16). The historical cost of Freehold Land & Buildings at the year end date is £567,451 (2017 - £3,043,396).

Included within Freehold Land & Buildings is Land which is not depreciated and is valued at £2,432,549 (2017 - £nil).

LOUGHBOROUGH STUDENTS' UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

9. Debtors

	<u>Group</u>		<u>Union</u>	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	151,634	162,855	68,897	79,482
Amounts owed by group undertakings	-	-	-	248,848
Amounts owed by related parties	12,502	18,807	12,502	18,807
Other debtors	46,359	135,083	50,799	135,083
Prepayments and accrued income	81,934	49,257	81,934	49,257
	<u>292,430</u>	<u>366,002</u>	<u>214,133</u>	<u>531,477</u>

**10. Creditors:
Amounts falling due within one year**

	<u>Group</u>		<u>Union</u>	
	2018 £	2017 £	2018 £	2017 £
Loan - Loughborough University	11,833	11,833	11,833	11,833
Trade creditors	331,897	256,712	331,897	256,712
Amounts owed to group undertakings	-	-	229,664	310,692
Amounts due to related parties	51,373	2,019	51,373	2,019
Other taxation and social security	695,815	583,915	694,757	583,915
Other creditors	170,326	206,634	170,326	206,634
Accruals and deferred income	173,254	134,998	173,254	134,998
Defined benefit scheme deficit funding liability	145,718	129,614	145,718	129,614
	<u>1,580,215</u>	<u>1,325,725</u>	<u>1,808,822</u>	<u>1,636,417</u>

Included within other taxation and social security is a provision of £542,106 (2017 - £459,000) in relation to amounts owed to HMRC as disclosed in note 1.16. This amount represents managements best estimate in lieu of a final settlement value having not yet been agreed with HMRC. This was disclosed as a contingent liability in the prior year.

LOUGHBOROUGH STUDENTS' UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

**11. Creditors:
Amounts falling due after more than one year**

	Group		Union	
	2018 £	2017 £	2018 £	2017 £
Loan - Loughborough University	11,833	23,668	11,833	23,668
Defined benefit scheme deficit funding liability	3,236,468	3,365,767	3,236,468	3,365,767
	3,248,301	3,389,435	3,248,301	3,389,435

Included within the above are amounts falling due as follows:

	Group		Union	
	2018 £	2017 £	2018 £	2017 £
Between two and five years				
Defined benefit scheme deficit funding liability	160,795	670,002	160,795	670,002
Other loans	11,833	23,668	11,833	23,668
	172,628	693,670	172,628	693,670
More than 5 years				
Defined benefit scheme deficit funding liability	3,075,672	2,695,765	3,075,726	2,695,765

There is no security over the Loughborough University loan of £23,666 (2017: £35,501). The loan is repayable in annual instalments over five years. No interest is charged on this loan. This was assessed against the requirements of FRS 102 and any deemed interest was concluded to be immaterial, as such no adjustment was made to the carrying amount of the loan.

LOUGHBOROUGH STUDENTS' UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

12. Statement of funds – current year

	Brought Forward at 1 August 2017 £	Income £	Expenditure £	Transfers £	Carried Forward at 31 July 2018 £
Designated funds					
Athletic Union	110,538	-	-	17,322	127,860
Capital fund	2,840,830	-	-	159,170	3,000,000
Clubs & Societies	84,620	-	-	26,475	111,095
	<u>3,035,988</u>	<u>-</u>	<u>-</u>	<u>202,967</u>	<u>3,238,955</u>
General funds					
General Reserve	(2,537,787)	10,768,963	(13,744,308)	(196,065)	(5,709,198)
Trading activities	324,175	826,866	(665,261)	-	485,780
	<u>(2,213,612)</u>	<u>11,595,829</u>	<u>(14,409,570)</u>	<u>(196,065)</u>	<u>(5,223,418)</u>
Total Unrestricted funds	<u>822,376</u>	<u>11,595,829</u>	<u>(14,409,570)</u>	<u>6,902</u>	<u>(1,984,463)</u>
Restricted funds					
Other restricted grants	29,213	10,000	(9,102)	(7,877)	22,234
Charities Appeal (RAG)	5,865	1,032,397	(1,066,204)	-	(27,942)
Campus Scholarship	5,684	-	-	975	6,659
Revaluation reserve	-	2,432,549	-	-	2,432,549
	<u>40,762</u>	<u>3,474,946</u>	<u>(1,075,306)</u>	<u>(6,902)</u>	<u>2,433,500</u>
Total of funds	<u>863,138</u>	<u>15,070,775</u>	<u>(15,484,875)</u>	<u>-</u>	<u>449,037</u>

LOUGHBOROUGH STUDENTS' UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

13. Statement of funds – prior year

	Brought Forward at 1 August 2016	Income	Expenditure	Transfers	Carried Forward at 31 July 2017
Designated funds					
Athletic Union	98,912	-	-	11,626	110,538
Capital fund	2,873,083	-	-	(32,253)	2,840,830
Clubs & Societies	100,866	-	-	(16,246)	84,620
	<u>3,072,861</u>	<u>-</u>	<u>-</u>	<u>(36,873)</u>	<u>3,035,988</u>
General funds					
General Reserve	(2,602,344)	10,646,097	(10,599,104)	17,564	(2,537,787)
Trading activities	178,000	826,254	(680,079)	-	324,175
	<u>(2,424,344)</u>	<u>11,472,351</u>	<u>(11,279,183)</u>	<u>17,564</u>	<u>(2,213,612)</u>
Total Unrestricted funds	<u>648,517</u>	<u>11,472,351</u>	<u>(11,279,183)</u>	<u>(19,309)</u>	<u>822,376</u>
Restricted funds					
Other restricted grants	52,541	49,557	(72,885)	-	29,213
Charities Appeal (RAG)	18,982	1,158,617	(1,191,043)	19,309	5,865
Campus Scholarship	5,684	-	-	-	5,684
	<u>77,207</u>	<u>1,208,174</u>	<u>(1,263,928)</u>	<u>19,309</u>	<u>40,762</u>
Total of funds	<u>725,724</u>	<u>12,680,525</u>	<u>(12,543,111)</u>	<u>-</u>	<u>863,138</u>

LOUGHBOROUGH STUDENTS' UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

14. Analysis of net assets between funds

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Tangible fixed assets	-	3,382,007	3,382,007	3,890,343
Current assets	49,641	1,845,906	1,895,547	1,687,955
Creditors due within one year	-	(1,580,215)	(1,580,215)	(1,325,725)
Creditors due in more than one year	-	(3,248,301)	(3,248,301)	(3,389,435)
	<u>49,641</u>	<u>399,396</u>	<u>449,037</u>	<u>863,138</u>

15. Capital commitments

At 31 July 2018 the Group and Union had no capital commitments (2017: £nil).

16. Pension commitments

The Union is a member of the NUSPS defined contribution (money purchase) pension scheme. The total contributions paid into the scheme by the Union in respect of eligible employees for the year ended 31 July 2018 amounted to £110,748 (2017 - £110,496).

The 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. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the Scheme closed to future accrual.

The most recent Valuation of the Scheme was carried out as at 30 June 2016 and showed that the market value of the Scheme's assets was £101,300,000 with these assets representing 46% of the value of benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £119,700,000.

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

The following assumptions applied at 30 June 2016:

- The investment return would be 5.3% per annum before retirement and 2.3% per annum after retirement
- Pensions accruing on the CARE basis would revalue at 3.2% per annum.
- Present and future pensions would increase at rates specified by Scheme rules with appropriate assumptions where these are dependent on inflation.

LOUGHBOROUGH STUDENTS' UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

The 2016 Valuation recommended a monthly contribution requirement by each Participating Employer expressed in monetary terms intended to clear the ongoing funding deficit over a period of 17 years and increased by 20% from 1 October 2017 and by a further 5% each subsequent year. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the Scheme. Surpluses or deficits which arise at future valuations will also impact on the Union's future contribution commitment. In addition to the above contributions, the Union also pays its share of the Scheme's levy to the Pension Protection Fund.

The scheme is closed to future accrual.

17. Related party transactions

During the year Loughborough Students Union had the following related party transactions:

	2018 £	2017 £
Grants and income received from Loughborough University	2,014,174	1,931,155
Payment of salaries to executive committee members and sabbatical student officers	271,143	248,981
Reimbursed expenses to executive committee members and sabbatical student officers	8,296	10,845
Other Trustees' expenses	2,976	1,565
Payments to Loughborough University	232,603	370,482
Income from Loughborough College	66,450	66,450
Amounts owed to Loughborough University	59,891	62,771
Amounts owed from Loughborough University	12,502	18,588
Building loan from Loughborough University	-	-
Loan repayments to Loughborough University	11,833	41,833
Sales made to Loughborough Student Services Limited	665,261	680,079
Gift aid paid from Loughborough Student Services Limited	161,605	146,056
Income received by LSU on behalf of Loughborough Student Services Limited	(989,694)	(985,666)
Amounts owed by Loughborough Student Services Limited	-	239,847

18. Subsidiaries

Company name	Country	Percentage Shareholding	Description
Loughborough Student Services Limited	England and Wales	100%	Trading activities for the Union

