



A MEETING OF THE BOARD OF TRUSTEES 2014-15 WAS HELD
AT 5PM ON 14 JANUARY 2015 IN THE BOARD ROOM

29 Jan 2015

BT-152-M1

MINUTES

Present: Mark Dunkley (Chair in JP's absence), Rob Whittaker, Luke Thompson, Harish Pesala, Dan Thomas, Liam Peoples, James Bowker, Salome Senthilkumar.
In attendance: Andy Parsons, Louisa Allen.

1. Apologies: JP, KN, JN, MP, RT, IF.
2. Register of interests.
Any updates please notify LA.
Members should note that items discussed at this meeting are commercially sensitive and confidential.
3. To approve the minutes of the previous meeting and to deal with matters arising not elsewhere on the agenda – BT-151-M1.
The minutes were approved.
4. To receive the Audited Accounts, Audit Findings and financial update including November management accounts.



Final accounts
130115.pdf



Final audit findings
130115.pdf



NOV Mgmt Reports
2014-15 .pdf



Financial
Commentary.docx



LSU finances
ToRv2.docx

Audit findings and audited accounts presented by Chris Frostwick of Grant Thornton. Please note the management comments where LSU has responded to the issues raised. CF explained the VAT situation.

Chris highlighted a possible issue in regard to Corporation tax. Some of our undertakings could be viewed by HMRC as non-primary purpose, and we would have to explain our reasons why it is a primary purpose (for example commission on cash machine transactions, which are fairly minimal), or file a tax return on the basis of the former, showing the offsetting costs. The corporate tax issue will be explored further with the Head of Finance by Grant Thornton now the audit is complete. We intend to take a cautious line by putting anything we believe is required through Loughborough Student Services Ltd, the profits of which can be gift-aided back to LSU and is therefore not subject to corporate tax. However, we will need to be part of a VAT group which HMRC are not proceeding quickly with. This issue affects a lot of charities.

There was a lengthy discussion on the VAT position on our claim for Charitable exemption from VAT for certain events. Maximum potential liabilities are currently running at just under £1m. HP asked about the reserves planned to cover the VAT liability. AP responded that the

plan is to build a cash reserve towards that aim, which is reflected in the accounts. It would be very disappointing to lose the entire case. The university has verbally they would help us in the event of our losing the case. The Board reiterated the request to the University to put this assurance in writing.

The first round tribunal is going to be in May, it will be 8 weeks before they inform us of the decision, so by the end of this financial year we should have a better idea of the liability (there is always the opportunity for us, or HMRC, to appeal this decision). If we did lose the entire case, we would be liable for additional VAT costs going forward. Though an appeal would delay the liability pending the outcome we would then be much clearer about the scale of the potential liability and ongoing benefits if any.

Our advisor is currently supporting several other unions with this issue, as are other advisors.

The union has assets in excess of this liability, as a reassurance, and you as Board members are indemnified against these assets.

Looking at the audited accounts, we are in a better position that we are last year with the Net current assets, though we may want to build that to cover fluctuations in trade. The accounts are audited at a point in the year where we have the least in the bank (literally), and this year is the first time we have hit the previous Board set target of £200K in the bank. However, the Net current asset is just under £100K even though the cash position is improving.

HP - are we as the Board equipped to double check the Head of Finance's journal entries. The procedure will be: entries above £5k will be double checked by AP. DT also regularly checks these figures and has the student body perspective.

The Board approved Audited Accounts and they were signed by the acting Chair and VP Finance.

November Management accounts

Financial commentary and financial strategy presented by DT and AP and to note the November management accounts summary.

DT presented the financial commentary. We noted with thanks the extra £50k in financial support from the University under the conditions of avoiding cuts that would damage student facing services and instituting a Union financial review.

The Board noted and approved the agreed terms of reference for the review.

Reviewing the management accounts:-

A contingency reserve has been put in but it may not be sufficient to cover possible trading shortfalls.

Focus on Catering: mostly on target, including the transfer of Nursery catering (which is down due to the shortfall in the number of children in available places) - moving back towards budget.

The issue with the nursery is that we reserve places for students who are parents, which we budget for and buy equipment etc, then for whatever reason those students do not attend university. We can not re-sell those places until later in the year. LP stated that perhaps a waiting list system should be put in place; there are very strict ratios that mean the numbers are extremely tight, so the waiting list might only be 2-3 children. We will include this within the university information when negotiating. JB suggested a deposit system might assist with the shortfall; this can be considered though there are generally mitigating circumstances for most parents who have to withdraw (eg Visa issues).

Our Nursery is a very high 'Good' in Ofsted's terms.

5. To receive and approve a report from the Executive.

RW presented the report.

6. To receive and approve a report from the Union Director - AP.

AP presented his report.



Union

Directorjan15.docx

The transaction fees for contactless payments are cheaper as the banks are trying to get companies to adopt the technology.

JB noted a higher police presence in town recently.

7. To receive an update on the Key Performance Indicators - AP.

AP presented the new structure of the KPIs. Our targets in previous years were slightly too ambitious and we have revised those to 5%, but we have maintained our targets for diverse involvement and involving previously uninvolved students. HP suggested that the KPIs need to link very strongly with the plans - as a driver for those plans. RW reported that the executive do this to some extent and agreed that re-confirming the links will make the drivers stronger. There is some work to be done to draw the 'golden thread' through the plans of the entire organisation. MD noted that ROI is an important factor in deciding where union resources are used. The plan to 2016 will be publicised more.

8. Any items referred to the Board from Union Affairs Committee and vice versa:

No matters arising.

9. Institutions.

- University: no items not already discussed.
- College: Looking at securing the funding for the VP College next year, and perhaps reviewing the grant from the college.

10. Any other business. – None.

11. Date of next meeting – 17 February 2015.