



CONSOLIDATED FINANCIAL STATEMENTS

For the year ended

31 July 2017

University of Birmingham Guild of Students

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University of Birmingham Guild of Students

REFERENCE AND ADMINISTRATION DETAILS

Charity Name: University of Birmingham Guild of Students

Charity Registration No: 1137548 (Registered in England & Wales)

Company Registration No: 06638759 (Registered in England & Wales)

Registered Office: Guild of Students, University of Birmingham
Edgbaston Park Road
Birmingham, B15 2TU

Trustee Board

		Appointed	Resigned
Ms Alison Griffin	Chair	8 th Jul 13	-
Miss Eleanor Keiller	Vice Chair – 2016/17 and 2017/18 President (Officer across two financial years)	18 th Jul 16	-
Mr Brandon Hattiloney	2016/17 Representation & Resources Officer	18 th Jul 16	14 th Jul 17
Mr Christopher Wilkinson	2016/17 Education Officer	18 th Jul 16	14 th Jul 17
Miss Natalie Cox	2016/17 Activities & Development Officer	18 th Jul 16	14 th Jul 17
Mr Ross Strong	2015/16 & 2016/17 Welfare Officer (Officer across two financial years)	20 th Jul 15	14 th Jul 17
Miss Isabel Nicholds	2016/17 Housing & Community Officer	18 th Jul 16	14 th Jul 17
Miss Georgina Freeman	2016/17 Sports Officer	18 th Jul 16	14 th Jul 17
Mr Ryan Bennett		7 th Jul 17	-
Miss Claire Boothman		2 nd Dec 15	-
Miss Laura Brindley		18 th Aug 17	-
Miss Tanya Chadha		7 th Mar 16	-
Mrs Christine Davies		15 th Sept 14	-
Mr Richard Evans		30 th Oct 13	-
Mr Christopher Granger		1 st Jan 15	-
Mr Jeevan Jones		7 th Jul 15	6 th Jul 17
Mr Daniel Longhorn		7 th Jul 15	6 th Jul 17
Miss Farah Fahd Mahmoud		2 nd Dec 15	-
Mr Robert Saunders		30 th Oct 13	-
Mr Lyndon Williams		11 th Jan 16	-

2017/18

Miss Jessica Levy	2017/18 Representation & Resources Officer	17 th Jul 17	-
Mr Adam Goldstone	2017/18 Education Officer	17 th Jul 17	-
Miss Shannon Farmer	2017/18 Activities & Development Officer	17 th Jul 17	-
Miss Henrietta Green	2017/18 Welfare Officer	17 th Jul 17	-
Mr Kris Ali	2017/18 Housing & Community Officer	17 th Jul 17	-
Miss Helena Bailey	2017/18 Sports Officer	17 th Jul 17	-

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REFERENCE AND ADMINISTRATION DETAILS

Senior Management Team

Mrs Joanne Thomas	Chief Executive
Mr Adam Sheridan	Director of Engagement
Miss Emily Badger	Director of Operations
Mr Michael Garrett	Director of Support & Development (leave date – 19 th Aug 17)
Miss Sarah Edmunds	Director of Support & Development (start date – 4 th Oct 17)
Mr Nicholas Bailey	Finance Manager

Non-Trustee Sabbatical Officer

		Appointed	Resigned
Miss Rose Bennett	2016/17 & 2017/18 Post Graduate Officer (Officer across two financial years)	18 th Jul 16	-

Auditors Mazars LLP, 45 Church Street, Birmingham, B3 2RT

Bankers HSBC, 130 New Street, Birmingham, B2 4JU

Solicitors **Governance, Charity Law & General**
Bates, Wells & Braithwaite London LLP
10 Queen Street Place, London, EC4R 1BE

HR
QDOS Legal Services Ltd
Windsor House, Troon Way Business Centre
Humberstone Lane, Thurmaston, Leicester, LE4 9HA

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

The Trustee Board presents their Annual Report for the period ended 31 July 2017 which includes the administrative information set out on pages 1-2, together with the audited accounts for the year.

Structure, Governance and Management

The University of Birmingham Guild Of Students (the Guild) is constituted under the Education Act 1994 as a Charity with internal regulations and rules approved by University Council, the governing body of the University.

The Guild's charitable objectives under the Act, to further and enhance the University's educational purposes by providing representation, support and promotion of social intercourse for the students of the University, are supplemented by the further object of supporting members to develop their own charitable activities as active participants in civil society.

The Guild of Students became incorporated into a Company Limited by Guarantee (CLG) in July 2008 and registered as a Charity in August 2010.

The Guild is administered by its Trustee Board of eighteen members comprising of seven Sabbatical Trustees; four Student Trustees; six external Trustees and a University Trustee, who are regarded as the Charity Trustees of the Guild for the purposes of the Charities Act. At the year-end 2017, there were 17 trustees in post and the vacant post was filled in August 2017.

In addition, there is a further sabbatical officer, who is not a Trustee at this time, known as the Postgraduate Officer. The sabbatical officers group, together with the part-time, non-sabbatical officers (referred to as Guild Officer Group), are elected annually by a cross-campus secret ballot of the Guild's membership.

The eight posts of President, Activities and Development, Education, Housing & Community, Post Graduate, Representation & Resources, Sport, and Welfare Officers are full time posts remunerated as authorised by the Education Act and cannot exceed two years duration for each holder.

The Guild operates on democratic principles, working for and with our members, the students of the University of Birmingham. The voice of students is represented by the democratic process known as 'Your Ideas' and 'Officer Question Time'. The 'Officer Question Time' holds the Guild Officer Group to account, and 'Your Ideas' proposes and debates ideas that set policy and can mandate the Guild Officers to undertake certain projects.

The Trustee Board, assisted by sub-committees, where appropriate has delegated the day-to-day running of the Guild to the Chief Executive. As Charity Trustees, all Trustees receive a comprehensive training programme into their legal and administrative responsibilities at the start of their term of office, with ongoing guidance as and when required for issues arising during their term.

The Trustee Board meets six times per year to receive reports from sub-committees, Officers, Senior Management and the Chief Executive, to review the Guild's performance and administration. In 2016/17 the Trustee Board met six times.

The Guild of Students also employs a number of core staff to provide continuity, consistency and knowledge in the management of its many activities. The staff team are accountable to the Chief Executive for the performance of their duties.

The Guild of Students incurred costs of £3,055 (2016: £2,957) within the year relating to Professional Indemnity insurance cover of £5m (2016: £5m). This policy included cover for the trustees, directors, officers, employees, student group committee members as well as other volunteers associated with Guild activities.

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Relationship with the University of Birmingham

The relationship between the University and the Guild is established in the Charter, Statutes, Ordinances and Regulations of the University and detailed in the Memorandum of Understanding, which is approved by both organisations.

The Guild receives a block grant from the University, and occupies a building owned by the University which is leased back to the Guild of Students at an agreed rent.

There is no reason to believe that this or equivalent support from the University will not continue for the foreseeable future, as the Education Act 1994 imposes a duty on the University to ensure the financial viability of its student representative body. The University plays an important role within the Guild, having representatives on the Trustee Board and sub-committees.

Risk Management

The Trustee Board has examined the main strategic business and operational risks faced by the Guild. A risk register has been established and is updated annually at least, where appropriate systems or procedures have been established to mitigate the risks the Guild 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 across all activities organised for the Guild. These procedures are periodically reviewed to ensure that they continue to meet the needs of the Guild. The key risk areas identified are:

Risk	Mitigating/Control Measures
Financial SUSS Pension deficit payment – significant increases in future years	<ul style="list-style-type: none">• Estimated increases planned into long term financial forecast• Cash-flow planning to take advantage of advance discount offers as they fall due
Operational Loss of any aspect of Guild services due to disaster	<ul style="list-style-type: none">• Guild and departmental contingency plans in place that are regularly tested in conjunction with University Emergency Planning Officer• Guild attends best-practise seminar delivered by Guild insurers
Reputational/Operational Guild is no longer perceived as relevant to members and does not respond to changes in students lifestyle and needs	<ul style="list-style-type: none">• Timely and relevant research is conducted on a regular basis to inform strategic and operational decisions.• Regular reports are reviewed by trustees, including members' satisfaction and performance against key targets.
Reputational Student led groups/Officer Team acting in such a way that it harms the reputation of the Guild and/or University	<ul style="list-style-type: none">• Regular training provided to key stakeholders regarding responsibilities, press and PR and organisational processes.• Proactive support provided by staff team in dealing with media issues and other problems that arise.
Operational Health & safety matters across a broad range of activities and failure to follow approved processes such as risk assessments	<ul style="list-style-type: none">• Training and support is provided for high risk areas by the Guild team.• High risk areas are scrutinised more thoroughly by the Guild with effective support from University colleagues.

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Aims, Objectives and Activities

The Guild has clear objects which are stated in its Articles of Association, which are:

The furtherance and the enhancement of the educational purposes of the University of Birmingham including but not limited to;

- (i) The promotion of social intercourse between students of the University of Birmingham and the furtherance of the common interests of such students; and;
- (ii) The support of such societies that shall from time to time be recognised by the Guild.

In pursuit of these objectives, the Guild will ensure the diversity of its membership is recognised, valued and supported and as such has established student support and development departments and quality services for use by its members, to support its work with the University and other organisations on behalf of students.

These include the Guild Advice, Jobs, Skills & Volunteering; Student Groups; Student Voice; the Student Mentors; the Community Wardens; Guild Lettings; Venues and Catering services.

The Guild continues to represent students on relevant local, national and international issues. Students are able to mandate the Guild to lobby and campaign in areas important to its members. The Guild also supports the work of the National Union of Students (NUS).

On a local level, Guild Officers continue to attend many University committees and working groups to enhance the student experience at Birmingham and ensure that the student voice is heard and responded to at all levels of the University. Through the Student Representation Scheme and the Guild Officer Group, student representatives now sit on and contribute to over 100 University committees and academic programme forums. Guild Officers also regularly meet with the local authority, local Primary Care Trusts, local residents, the Police and other providers of public services used by students in Birmingham.

To further enhance the student experience, the Guild attracts a diverse membership to get involved in the Guild, the University and the local community by actively promoting the benefits of volunteering in student-led activities. When reviewing our objectives and planning our activities, the Guild gives due consideration to the Charity Commission's general and relevant supplementary guidance on public benefit.

Achievements and Performance

2016/17 was an award winning year, with the Guild being recognised as 'Excellent' by the National Union of Students (NUS) Quality Students Union accreditation scheme. This was supported by achieving further awards including Investors in People Silver, Green Impact Excellence and Best Bar None Gold.

The Guild is also in the final year of its 2014 – 2017 strategic plans. The table below provides an update on projects and activities completed in 2016/17 towards the delivery of the strategic plan.

Objectives/Commitments	Outcomes/Achievements in 2016/17:
Theme 1	Improving the Academic and Learning Experience
Implement a new Student Representation Scheme	During the 2016/17 academic year, 1,200 Student Reps volunteered their time – an increase of 377 from 2015/16. Following an enhanced training programme, 45% of Student Reps were trained this year, up from 16% in 2015/16. A considerable programme of enhancements was introduced this

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100 changes implemented each year as part of the Student Representation Scheme	<p>year, including the Regional Rep Conference, community building events and Rep inclusion in the Outstanding Teaching Awards Scheme.</p> <p>In 2016/17, an impressive 377 changes were made through the Student Representation System. This is an improvement on the previous year, where 265 wins were recorded. Examples of Student Rep changes include implementing podcasts and online teaching materials, part-time students granted different assignment submission deadlines and wide-scale implementation of lecture capture recording.</p>
80% satisfaction with the Student Representation Scheme	<p>Satisfaction with the Student Representation Scheme increased by 12%, reaching 78%, against a target of 80% for 2016/17. 81% of Reps would also recommend the Scheme to current or prospective students.</p>
Theme 2	Representing the Student Voice
<p>Change the democratic structure and Officer Team models so that they represent the student voice effectively</p> <p>80% of students say that 'the Guild represents them and provides a voice to the University'</p> <p>12,000 students voting in Officer Team Elections</p>	<p>The 2nd year of the Your Ideas democratic model saw 119 student-submitted ideas voted on by over 2000 students, covering topics such as Affordable Graduations and Library study space.</p> <p>5 Officer Question Time meetings were held, and over 3000 people viewed the final Officer Question Time of the year via the newly introduced live stream.</p> <p>The Officer Team have strengthened their links to the regional One City group of Officers from BCU, Aston, UCB and Newman. Key campaigns this year have included voter registration (youth turnout in Selly Oak up 20%), study space and the Brexit Manifesto, which received national press coverage.</p> <p>The Guild received 80 initial nominations for candidates in the 2017 Guild elections, with 63 candidates on the final ballot. 8,507 individuals voted in the Guild Elections, a record breaking figure marking an increase of 1,000 votes on Elections 2016. New initiatives were introduced alongside an enhanced suite of voter incentive, which data shows to have had a positive impact on the turnout of students. A record 4,316 voters participated in the NUS National Conference Delegate Elections.</p> <p>56% of students believe that the Guild provides them with a voice to the University, up from a previous record of 47%. 70% of students now recognise representation as a core activity of the Guild of Students and Annual Survey data from 2016 indicated that over three quarters of students believe the Guild represents their academic interests.</p>
Theme 3	Developing Skills and increasing Employability
12,000 students in student groups and societies	<p>The Guild offered students a broad choice of groups and associations during the 2016/17 academic year, with almost 11,000 unique students involved in groups and a total of 293 groups. Efforts to engage hard to reach students in groups</p>

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8,000 students volunteering	continued, with a particular focus on international and postgraduate students.
350 student staff articulating skills	The Guild's Jobs, Skills & Volunteering department recorded 7,585 volunteers during 2016/17 against a target of 8,000 in the strategic plan. This represents an increase of 1,500 volunteers' year on year, thanks to an enhanced programme of micro volunteering opportunities, development of community volunteering links and supporting volunteering groups.
2,500 students finding part-time work	Over 360 student staff were able to articulate the skills gained from working at the Guild, against a target of 350.
	In total, 2,400 students secured part-time or vacation work through the Guild's job service, enabling Birmingham students to earn over £3m in wages. Over 8,000 students visited Jobs & Volunteering Fairs across the academic year.
Theme 4	Giving better value for money
15,000 students using and visiting our venues and commercial services and attending events and activities	A total of 14,500 students visited commercial events during the academic year. Events during the welcome period of 2016 continued to prove popular with students, with 4,600 'Freshers Fest' tickets sold.
	Over 61,000 event tickets were sold throughout the whole year including over 39,000 'Fab & Fresh' and 18,000 Sports Night tickets. The introduction of a new Societies Night event also saw 1,500 students attend our venues.
	Our flagship Graduation Ball event saw a record number of tickets, with 4,190 tickets sold – an increase of 600 tickets compared to last year. We also hosted our first ever Postgraduate Ball, with a full capacity of 360 tickets selling out on the first day of sales.
£600k financial contribution from Guild commercial services	£563k in surpluses was contributed by Guild commercial services during 2016/17, compared to £605k achieved in 2015/16. The reduction was a result of the delayed opening of the Street Kitchen catering outlet.
13,000 Joe's Plus cards sold	The Guild's main commercial food/drinks outlet, Joe's Bar, saw 9,046 Joe's Plus loyalty cards sold during the 2016/17 academic year, generating savings for students of over £28.6k on food and beverages within the Guild bar. The bar itself secured a prestigious NUS Services 'Best Bar None Awards' Gold Award.
Theme 5	Increasing Engagement & Participation
80% of students find Guild communications relevant and interesting	Digital channels and targeted messaging have remained at the heart of our communications strategy this year, and we were delighted to see our communications recognised as innovative and sector leading by the Quality Students' Union auditor.
	A total of 22,300 individuals logged into our redeveloped and mobile optimised website this year. The total website 'users' has

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<p>Communicate in a targeted way to increase engagement and participation and overall satisfaction</p>	<p>also increased to over 251,000 – an improvement of 5% year on year.</p> <p>We have continued to develop our targeted communications messaging, including both attitudinal segmentation and targeted demographic messaging, including the introduction of a fortnightly Postgraduate Update. Email open rates now average over 35% (target 25%) and student satisfaction with both their relevance and interest has increased to 68% and 58% respectively.</p> <p>Much emphasis has been placed on developing the Guild's social media platforms this year, and student satisfaction with social media has increased to a notable 63% (previously 33%).</p> <p>A renewed focus has been placed on officer and student created content, in the form of social media posts, email layout, blogs and quick video updates. Over half of students now recognise their Officer Team, up from 22% in 2014/15 and student awareness of Officer achievements doubled this year.</p>
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Future Plans

As we finalise the 2014-17 strategic plan, the Guild of Students continues to focus on delivering an ever more representative, inclusive and exciting experience for students, striving to make the most of their time in Birmingham. We are now looking towards a new strategic plan which will hopefully build on the success of the previous years' achievements; and allow us to understand our student demographic better, increase our digital and social media popularity and presence and continue to give students value for money across all areas.

We will also be looking to work more closely with students in terms of feedback to improve all areas of the Guild, and continue to use our market insight as a driving force for these changes. The new 2018-2021 strategic plan has commenced its development. For the remainder of 2017 extensive consultation with key stakeholders will take place, as well as extensive reviews of existing data within the organisation. This will be used to support the development of the new plan, which we expect to deliver greater focus on how we support postgraduate and international students, as well as improving the quality of the undergraduate experience and services offered.

Financial Review

Income and Expenditure

For 2016/17, the Guild reports Net Expenditure of £1.171m compared to Net Income of £160.1k in 2015/16. However, this is after accounting for a pension deficit adjustment/charge within the year totalling £1.352m. This consisted of two elements: firstly an increase to deficit payments required over the next sixteen year period based upon an actuarial revaluation conducted in June 2016 and secondly, a revision to the discount factor applied in calculating the net present value of estimated repayments required during that period.

The Guild would have reported Net Income for the year of £180.5k had the pension adjustment not been required. However, this figure includes all student groups activity (including Residents' Associations) that report Net Income of £128.0k in 2016/17 compared to net expenditure of £33.6k in 2015/16.

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Credits, charges and transfers to both the restricted and designated reserves are reported in greater detail below in the Reserves Policy section and also in notes (21) and (22).

Total Income increased by £295k (5.3%) from £5.60m to £5.89m in comparison to 2015/16. The increase was spread across the following areas;

- Income from donations and legacies (grants receivable from University) increased by £96.0k (4.0%) consisting of a £46.6k increase to elements of the Block Grant and a £49.4k increase in Residents' Associations grants;
- Income from charitable activities increased by £190.7k (6.6%) consisting of a £42.8k increase to Student Advice, Support & Community funding including the new Global Buddies project and 'Not On' campaign; a £45.5k increase to income generated from Student Development & Employability activities (mainly student groups) and an increase of £101k to income generated from charitable trading activities. The latter was primarily delivered via catering with the introduction of University Meal Plan within Joes Bar and the opening of the new Street Kitchen outlet.

Total expenditure & charges increased by £1.626m from £5.435m to £7.062m compared to 2015/16. However, expenditure for general activities increased by £274.6k after discounting the additional £1.352m pension deficit charge within the year. The most significant element of this was a £267.6k increase for expenditure relating to charitable activities.

Note (7) to the financial statements breaks down expenditure on charitable activities (including support cost allocations) into the following activities and movements:

- Expenditure relating to Student Representation incorporating the Officer Team and Student Voice department increased by £39.1k (5.6%) to £732.8k. Additional costs included consultancy for the Officer Team review and promotional activities for Officer Elections.
- Expenditure relating to Advice, Support & Community increased by £103.4k (19.1%) to £644.2k. This included £38.3k costs attributable to the new Global Buddies project, a £14.5k increase towards additional Guild Advice staffing costs and a £22.1k increase towards the delivery of the Student Mentor Scheme due to extra pre-sessional work.
- Expenditure relating to Student Development and Employability decreased by £5.8k to £1.962m. Additional costs incurred for the delivery of Jobs, Skills & Volunteering were offset by a reduction to expenditure within Residents' Associations activity.
- Expenditure incurred within charitable trading activities increased by £135.3k (7.7%) to £1.882m. £89.7k of this increase directly related to the costs incurred for the new Street Kitchen outlet that opened in February 2017, whilst Venues costs increased by £19.3k and the costs of delivering Graduation Ball increased by £15k.

The expenditures highlighted above take account of support cost allocations totalling £1.935m. As highlighted in note (8) to the financial statements, total support costs increased by £25.3k compared to £1.909m incurred in 2015/16. The direct costs of the HR and Administration department, Finance department and Senior Management Team all increased compared to 2015/16 whilst the costs of professional/legal fees, the Communications and Marketing department and Facilities (buildings) all decreased compared to 2015/16.

Fixed Assets

As highlighted in note (13), the net book value of 'Total Fixed Assets' increased by £87.4k to £607.2k. New asset purchases totalled £321.3k (2016: £107.2k) whilst depreciation charges amounted to £233.9k (2016: £223.2k). Purchases relating to central building works totalled £205.4k (2016: £54.6k) and mainly consisted of building works for the new Street Kitchen catering outlet, with smaller investments for sundry committee room/office refurbishments. Equipment purchases totalled £115.9k

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(2016: £52.6k) and again, the vast majority of this investment related to the Street Kitchen catering outlet (£76.0k) and an upgrade to equipment within the Joes Bar kitchen (£22.1k). The remaining £17.8k equipment purchases related to general IT equipment upgrades and network improvements.

Net Current Assets & Cash-Flow

Total Net Current Assets decreased by £83.4k to £1.823m during the year primarily consisting of an increase to current assets of £228.2k but also an increase to creditors due within one year by £311.6k.

The main reason for the uplift to current assets was an increase to debtors by £208.4k arising from accrued income for Residents Associations grants and Meal Plan sales, both receivable from University of Birmingham.

As reported within the Statement of Cash Flows on page 20, total cash balances only increased by £10.0k across the year to £2.125m held at year-end. Cash generated from operating activities totalled £322.0k for the year although £312.0k of this was used to finance investing activities (fixed asset purchases net of interest received on investments).

Within the cash balances of £2.125m held at year-end, it is important to highlight that £672.4k consisted of student group balances, including £336.4k Guild societies and sports clubs, £273.8k Residents' Associations and £62.1k University sports club custodian funds. The latter custodian funds are reported as creditors to the Guild (totalling £68.6k) whilst the Guild's student groups are reported as both designated and restricted funds (see notes (21) and (22)).

As highlighted in note 18, creditors falling due within one year increased by £311.6k to £811.4k at year-end. A key component of this increase is the recognition of SUSS pension deficit commitments payable in 2017/18 totalling £176.5k. For the previous year, this payment was not recognised as a short term creditor due to the Guild making a lump sum advance payment in 2014/15 for the three year period covering 2014/15, 2015/16 and 2016/17.

All other short term creditor balances increased by a combined £135.1k compared to last year-end including an increase to year-end accruals of £67.2k, an increase to USB sports club balances of £21.0k and an increase to deferred income of £19.6k.

Further detail regarding movements to stock, debtor and creditor balances is reported in notes (15), (16) and (18).

Provision for Liabilities and Net Liabilities

Since 2015/16 (and restated for 2014/15), the Guild has been required to adopt Financial Reporting Standard 102 (FRS102). Under FRS102, a contractual agreement under a multi-employer defined benefit pension scheme to fund a past deficit should be accrued for as a liability discounted to net present value.

As highlighted in note (20), during the year the total liability provision is estimated to have increased by £1.352m from £2.745m recorded as at 31 July 2016 to £4.097m calculated as at 31 July 2017. The £4.097m liability is split between creditors falling due within one year (£176.5k) and the longer term provision (£3.920m).

The £1.352m increase within the year arises from two factors. Firstly an actuarial revaluation was conducted as at 30 June 2016 and this highlighted a significant increase to the deficit. As a result deficit payments due were increased by 20% from 1 October 2017 with annual repayments then assumed to increase by 5% annually. In addition, the payback period was extended from 30 September 2031 to 30 June 2033.

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Secondly, the Guild has revised assumptions regarding the discount factor applied to calculate the net present value of deficit repayments required. For 2015/16, the Guild used 3.2% whilst this has been revised down to 1.85% for 2016/17. The revised discount factor better reflects current market conditions forecast for investments over the next sixteen year period.

The £1.352m increase is therefore split between the increased repayments required (£911k) and discount factor adjustments (£440.9k).

Custodian Funds

AU Sports Clubs who hold a 'social' account with the Guild are classified as Custodian Funds held on behalf of University of Birmingham and are treated as Creditors.

At year-end, the closing balance of funds held on behalf of AU Sports Clubs was £68.6k compared to a closing balance of £47.6k held at the end of 2015/16, an increase of £21.0k. Of the £68.6k balance at year-end, £62.1k is reported within cash and £6.5k with trade debtors.

Guild Services Ltd

As highlighted in note (14), Guild Services Ltd is a wholly owned trading subsidiary of the parent charity, University of Birmingham Guild of Students. Guild Services Ltd engages in trading activities not directly associated with the charitable objects of the parent charity for the purposes of generating income that is donated back to the parent charity to fund charitable activities.

Currently Guild Services Ltd operates a Lettings Agency to assist University of Birmingham students in finding suitable private accommodation in the local area as well as engaging in commercial student related marketing activities directed towards our members.

For 2016/17, Guild Services Ltd generated income of £253.2k (2016: £242.4k) and incurred costs of £202.1k (2016: £193.8k). At 31 July 2017, a gift-aid payment of £51.2k (2016: £48.6k) is due to be made from Guild Services Ltd to University of Birmingham Guild of Students.

Future Finances

The budget for 2017/18 financial year was approved by the Guild's Trustee Board in July 2017. This reports Net Income of £44.0k for the year. After allocating budgeted expenditure and charges to both restricted and designated reserves of £235k, the net impact is a budgeted increase of £279k to unrestricted reserves (prior to designations and student group activity).

The Guild will be in receipt of a block grant totalling £2.276m for 2017/18 and will receive additional funding of £808.7k to fund Student Mentors, Community Wardens, Residents' Associations and Global Buddies schemes.

The Guild has budgeted for capital expenditure purchases of £95.4k within 2017/18 for on-going investments to include IT equipment and sundry building works such as committee room refurbishment. However, the Guild will also be planning the next large scale building investment during the year and some additional capital expenditure may be incurred during the latter part of 2017/18. The Guild has set aside a designated reserve of £550k for this work whilst University have also currently committed £1m to the investment.

During the 2017/18 budget process and University block grant application, the Guild has updated its financial three year forecast and will be further developing the financial plan over the coming months. The forecast has been reviewed by trustees during the year and included an analysis of cash flow forecasts and future capital requirements.

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From October 2017, the Guild will also be required to restart monthly contributions towards the SUSS pension deficit following the completion of the three year advanced payment made in October 2014 to the period ending September 2017.

Investment Policy

In accordance with the Guild's Investment Policy, the primary objective is to continue to invest surplus cash to best advantage with minimum risk, although it is anticipated that the Guild will be able to generate greater returns in future years through implementation of the policy. During the year, the Guild has taken a prudent stance, with funds being deposited with high street banks. Investment returns in the year reflect the stated policy.

Remuneration Policy

The Guild's last comprehensive review to remuneration was conducted in 2009/10 although is periodically reviewed to ensure it remains fit for purpose. In 2009/10, the pay-scale was originally aligned to the Higher Education Single Pay Spine although the Guild did not formally adopt the HE scale. Whilst the Guild has issued annual cost of living/inflationary increases that vary from the HE scale uplifts each year, the Guild's pay-scale has remained very much in line with movements reflected in the HE scale.

Annual cost of living/inflationary increases are applied to the scale each year after taking account of general economic conditions, funding, affordability and benchmarking against similar organisations and stakeholders. For the last three financial years, the Guild has applied a 1% increase to core pay-scales but has applied 1.75% for next financial year 2017/18.

During 2009/10, the Guild also adopted the Local Authority Employers Job Evaluation scheme that remains in place today. All new positions created are evaluated prior to recruitment and all current job roles are also evaluated periodically either as they become vacant or when variations to responsibility levels are made to roles. This process applies to all core staff posts (including senior managers) with the exception of the Chief Executive role. The latter would require a separate review prior to recruitment that would take account of various stakeholder input and benchmarking analysis. In 2016/17, an external consultant undertook some provisional market testing including providing benchmark data for the Chief Executive and Director positions and this information will be considered in the future.

In addition, staff are able to increment within a pay-scale grade on an annual basis in line with standard organisational policies and subject to outcomes measured in an employee's annual Development & Performance Review. Up until 2017, a small number of staff could accelerate more quickly through a pay-grade each year subject to excellent/exceptional contribution, demonstrating a wide range of competencies and achievement of objectives to a high standard. However, following consultation and feedback from staff, a revised reward and recognition scheme will be trialled in 2017/18. The additional acceleration through pay-grades has been removed from any new model implemented as part of this consultation process. The full-time Officer Team elected annually are paid against a specific pay-scale grade/point.

With reference to student staff positions, historically the Guild has tracked against National Minimum Wage (21 and over rate) for all student staff regardless of age. However, the Guild's ambition is to implement higher levels of pay in line with published Living Wage rates of pay.

In 2015/16, 2016/17 and 2017/18, the Guild has awarded greater increases to 'bridge the gap', adopting a step approach to attaining the equivalent of Living Wage levels of pay. There are currently two levels of student staff pay referred to as 'basic' and 'senior assistant' rates of pay.

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

Reserves Policy

At 31 July 2017, the Guild's free reserves (being general funds excluding that represented by fixed assets and the SUSS pension deficit) stood at £390.8k. After taking account of general funds including fixed assets, but excluding the SUSS pension deficit, total unrestricted reserves stood at £757.9k (as shown in note (23)). This is fractionally higher than the range £650k - £750k specified within the Guild's current Reserves Policy.

For 2016/17, the Guild has designated a further £43.6k to the second building infrastructure reserve to set aside funds to contribute towards the next large scale building improvement project (to include Mermaid Square and the Debating Hall). The reserve reports a balance of £550k as at 31 July 17 and it is anticipated the project will commence from summer 2018.

In addition, a charge has been made to the strategy designated reserve of £47.8k within the year reducing the reserve balance to £49.6k as at 31 July 17. The charge related to additional staff resource utilised during the year to help deliver strategic goals. It is expected that the remaining balance will be utilised in full during 2017/18 as the Guild completes the 2014-17 strategy and launches the new strategy covering the period 2018-2021.

Historical designated reserves held to fund both building refurbishment and IT Strategy implementation costs will be eroded as assets are depreciated. By 31 July 2017, the Guild was mid-way through implementation of the IT Strategy (£167.6k spent to date) whilst all of the original building refurbishment expenditure has been made.

As a result of recognition of the Guild's SUSS pension deficit arising from FRS102 implementation in 2015/16, a negative unrestricted pension fund balance of £4.097m is recognised as at 31 July 17. Refer to the accounting policies section and note (20).

Auditors

Mazars LLP has indicated its willingness to continue in office.

Statement as to Disclosure of Information to Auditors

The members of the Trustee Board who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustee Board members have confirmed that they have taken all the steps that they ought to have taken as Trustee Board members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Small Company Provisions

The report of the Trustee Board has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption provided by Part 15 and Section 414B(b) of the Companies Act 2006.

On behalf of the Trustee Board


Alison Griffin
Chair of Trustee Board

23 October 2017

University of Birmingham Guild of Students

TRUSTEES RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The trustees (who are also directors of University of Birmingham Guild of Students for the purposes of company law) 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 Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are also responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

University of Birmingham Guild of Students

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY OF BIRMINGHAM GUILD OF STUDENTS

Opinion

We have audited the financial statements of University of Birmingham Guild of Students (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows 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 FRS 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 group's and of the parent company's affairs as at 31 July 2017 and of the group's income and expenditure 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 Companies Act 2006.

Basis for opinion

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 company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company'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.

Other information

The trustees (who are also directors for the purposes of Company Law) are responsible for the other information. The other information comprises the information included in the Report of the Trustee Board, 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

University of Birmingham Guild of Students

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY OF BIRMINGHAM GUILD OF STUDENTS

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustee Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustee Board has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustee Board.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees are responsible for the preparation of the financial statements and for being satisfied that they 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 group's and the parent company'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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

University of Birmingham Guild of Students

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY OF BIRMINGHAM GUILD OF STUDENTS

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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.



Ian Holder (Senior Statutory Auditor)

For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

Date: 4 December 2017

University of Birmingham Guild of Students

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account)

For the year ended 31 July 2017

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
INCOME						
Donations	2	2,147,729	31,607	340,661	2,519,997	2,423,965
Income from charitable activities	3	2,052,421	636,487	406,002	3,094,910	2,904,193
Income from other trading activities	4	266,304	-	-	266,304	265,626
Investment income	5	9,329	-	-	9,329	1,739
TOTAL INCOME		4,475,783	668,094	746,663	5,890,540	5,595,523
EXPENDITURE						
Expenditure on raising funds	6	352,591	-	220	352,811	345,827
Expenditure on charitable activities	7	4,058,160	598,813	700,209	5,357,182	5,089,548
Pension Deficit charges	20	1,351,916	-	-	1,351,916	-
TOTAL EXPENDITURE		5,762,667	598,813	700,429	7,061,909	5,435,375
NET INCOME/ (EXPENDITURE)	12	(1,286,884)	69,281	46,234	(1,171,369)	160,148
Transfers between funds	23	119,443	(119,443)	-	-	-
NET MOVEMENT IN FUNDS		(1,167,441)	(50,162)	46,234	(1,171,369)	160,148
Reconciliation of Funds						
Total funds brought forward		(1,994,797)	1,280,264	395,722	(318,811)	(478,959)
TOTAL FUNDS CARRIED FORWARD		(3,162,238)	1,230,102	441,956	(1,490,180)	(318,811)

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities.

The Consolidated Statement of Financial Activities (including income and expenditure account) for the year ended 31 July 2016 are reported in note (1).

The accounting policies and notes on pages 21 to 45 form an integral part of these financial statements.

University of Birmingham Guild of Students

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 31 July 2017

Company registration number: 06638759

		Group		Guild	
	Note	2017 £	2016 £	2017 £	2016 £
FIXED ASSETS					
Tangible assets	13	607,153	519,772	607,153	519,772
Investments	14	-	-	25,000	25,000
		<u>607,153</u>	<u>519,772</u>	<u>632,153</u>	<u>544,772</u>
CURRENT ASSETS					
Stocks	15	35,903	26,087	35,903	26,087
Debtors	16	473,754	265,353	590,711	327,470
Investments	17	1,520,233	769,127	1,520,233	769,127
Cash at bank and in hand		604,332	1,345,409	363,525	1,190,303
		<u>2,634,222</u>	<u>2,405,976</u>	<u>2,510,372</u>	<u>2,312,987</u>
CREDITORS: Amounts falling due within one year	18	(811,382)	(499,762)	(763,577)	(482,818)
		<u>1,822,840</u>	<u>1,906,214</u>	<u>1,746,795</u>	<u>1,830,169</u>
NET CURRENT ASSETS					
Provisions for Liabilities: SUSS Pension Deficit	20	(3,920,173)	(2,744,797)	(3,920,173)	(27,44,797)
NET LIABILITIES	23	(1,490,180)	(318,811)	(1,541,225)	(369,856)
FUNDS					
Restricted funds	21	441,956	395,722	441,956	395,722
- Unrestricted - General		934,475	750,000	883,430	698,955
- Unrestricted - Pension	20	(4,096,713)	(2,744,797)	(4,096,713)	(2,744,797)
- Designated	22	1,230,102	1,280,264	1,230,102	1,280,264
		<u>(1,490,180)</u>	<u>(318,811)</u>	<u>(1,541,225)</u>	<u>(369,856)</u>

The financial statements were approved by the Trustee Board and authorised for issue on 23 October 2017 and signed on their behalf by:

These accounts are prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006. Net Expenditure for the parent company for the year 2016/17 is £1,171,369.


Alison Griffin
Chair of Trustee Board

The accounting policies and notes on pages 21 to 45 form an integral part of these financial statements.

University of Birmingham Guild of Students
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 July 2017

	2017 £	2016 £
Net cash generated from/(used in) operating activities	322,028	478,110
Cash flows from investing activities		
Interest received	9,329	1,739
Purchase of tangible fixed assets	(321,328)	(107,178)
Net cash used in investing activities	(311,999)	(105,439)
Net increase/(decrease) in cash & cash equivalents in the year	10,029	372,671
Cash & cash equivalent at the beginning of the year	2,114,536	1,741,865
Total cash & cash equivalents at the end of the year	2,124,565	2,114,536

Reconciliation of net movement in funds (operating surplus) to net cash generated from/(used in) operating activities

	2017 £	2016 £
Operating (Deficit)/Surplus	(1,171,369)	160,148
Depreciation	233,947	223,174
Interest received	(9,329)	(1,739)
(Increase)/Decrease in stocks	(9,816)	5,108
(Increase)/Decrease in debtors	(208,401)	29,382
Increase in creditors & pension liability provision	1,486,996	62,037
Net cash generated from/(used in) operating activities	322,028	478,110

Analysis of changes in net funds

	At 1 August 2016 £	Cash flow £	At 31 July 2017 £
Short term investment	769,127	751,106	1,520,233
Cash in hand and at bank	1,345,409	(741,077)	604,332
	2,114,536	10,029	2,124,565

The cash balance of £2.125m includes £672.4k cash relating to student groups consisting of £336.4k Guild societies and sports clubs, £273.5k residents associations and £62.1k University sports club custodian funds (see notes (18), (21) and (22)).

University of Birmingham Guild of Students

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1st January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

University of Birmingham Guild of Students meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

JUDGEMENTS AND ESTIMATIONS

Management has not made any significant judgements and estimations in the process of applying the accounting policies except for the revised estimation of the SUSS pension liability as detailed below within accounting policies (pensions) and within note (20).

There are no areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Estimations included within the 2016/17 financial statements are based upon the latest information available following an actuarial revaluation conducted as at 30 June 2016, and it is reasonable to assume the estimations will not change for the next three year period.

FINANCIAL INSTRUMENTS

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

GOING CONCERN

Since 2015/16 (and restated for 2014/15), the Guild has been required to report estimated repayments into the SUSS pension deficit discounted to a net present value. This has resulted in the Guild reporting a net liability position within the Statement of Financial Position (Balance Sheet) that was estimated to be £318.8k brought forward as at 1 August 2016. Furthermore, the Guild has estimated a significant increase to the pension deficit during 2016/17 increasing the Balance Sheet net liability position to £1.49m as at 31 July 2017.

However, this liability is payable on an incremental basis over a sixteen year period to 30 June 2033 and there is no reason to believe the Guild cannot meet its annual commitments to repay the liability. Actuarial revaluations will take place every three years and it is also possible that the total pension deficit for SUSS can reduce during that period.

The trustees have prepared detailed budgetary and cash flow information for the financial year 2017/18 and robust financial & cash flow forecasts are also prepared for the following three year period to 31 July 2021. This enables trustees to plan effectively for financial issues and capital investments during the planning period and this is reviewed, updated and extended by one year annually.

The Guild benefits from significant annual grant funding from University of Birmingham and this funding is reviewed annually by both Guild and University representatives. The Guild realised an increase to its block grant by £250k per annum in 2014/15 and this was consolidated into the recurrent grant from 2016/17 onwards. In addition, the Guild and University has agreed a further increase of £122.3k (5.7%) for 2017/18 increasing the recurrent grant to £2.28m. This excludes additional funding receivable to deliver core services such as the Student Mentor Scheme, Wardens Scheme and Residents' Associations, all of which are supported by three year service level agreements. The trustees have no reason to believe that the equivalent level of funding will not continue in future years.

University of Birmingham Guild of Students

ACCOUNTING POLICIES

Furthermore, the Guild currently benefits from significant cash resources of £2.12m as at 31 July 2017 and much lower short term creditors of £811.4k. This enables the Guild to report net current assets of £1.82m as at 31 July 2017.

On the basis of this information, the trustees believe the charity and group remain in a position to continue operating and have the capacity to meet all liabilities as they fall due.

BASIS OF CONSOLIDATION

The financial statements consolidate the results, assets and liabilities of the University of Birmingham Guild of Students and trading subsidiary, Guild Services Limited on a line by line basis. The University of Birmingham Guild of Students is the sole Corporate Director of Guild Services Limited and all shares are owned by the Company Limited by Guarantee. In accordance with FRS102 – Consolidated and separate financial statements – Guild Services Limited is considered to be under the control of the Guild. In addition, advantage has been taken of the FRS102 exemption from disclosure of certain intra group transactions.

A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by section 408 of the Companies Act 2006 and the SORP.

FIXED ASSETS and DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation. The cost of minor additions or those costing below £500 are not capitalised.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Central and building services	- over 2 to 10 years
Other equipment	- over 2 to 5 years

'Central/building services' capital investment and depreciation only relates to refurbishments works undertaken within the building, and do not include the physical building which is owned by University of Birmingham and leased to the Guild.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items. Stock is recognised on a first in, first out basis.

INCOME

The Guild receives donations in the form of a block grant from the University and this is credited to the financial statements in respect of the period to which each grant relates.

Donations including grants receivable and other voluntary income are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income from the sale of goods is recognised within income from charitable activities when all of the following conditions are satisfied:

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

University of Birmingham Guild of Students

ACCOUNTING POLICIES

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions or relates to primary purpose charitable trading. Such income is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income from other trading activities relates to the sale of marketing services, franchise agreements and lettings agency services and is recognised in the period the activities relate to on a receivable basis.

Investment income is recognised on a receivable basis.

All income arose within the United Kingdom.

EXPENDITURE

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that result in the payment being unavoidable.

- Expenditure on raising funds are those costs incurred in attracting donations, and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with student representation, student advice, support and community, student development and employability and charitable trading and include both the direct costs and support costs relating to these activities.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources (see note (8) for further details).

LEASED ASSETS

All leases are operating leases and the annual rentals are charged to expenditure on a straight line basis over the lease term.

PENSION COSTS

The Guild participates in the Students' Union Superannuation Scheme (SUSS), 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.

Whilst the scheme operates as a pooled arrangement, under FRS102, a contractual agreement under a multi-employer defined benefit pension scheme to fund a past deficit should be accrued for as a liability discounted to net present value. As at 31 July 2017, the liability to the Guild was calculated as amounting to £4,096,713.

The Guild also participates in both the National Union of Students Pension Scheme (NUSPS) and government NEST scheme. Both NUSPS and NEST are defined contribution schemes and are accounted for under the terms of FRS102 based upon actual contributions paid during the year.

University of Birmingham Guild of Students

ACCOUNTING POLICIES

INVESTMENTS

Investments are stated at the original investment value. The Trustee Board value the 100% shareholding in the trading subsidiary, at its original investment value. It is the Trustee Board's opinion that the market value is not materially different to the original investment value.

Short term investments relate to money market investments.

FUNDS STRUCTURE

The Guild has a number of restricted income funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose.

All other funds are unrestricted income funds. The Trustees intend to use part of the unrestricted funds to finance building refurbishment plans and have set up a designated fund to reflect this.

TAXATION

The University of Birmingham Guild of Students is a registered charity and is exempt from incurring taxation on its charitable activities.

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

1 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDING 31 JULY 2016

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2016 £
INCOME					
Donations	2	2,096,129	30,000	297,836	2,423,965
Income from charitable activities	3	1,952,059	558,487	393,647	2,904,193
Income from other trading activities	4	265,626	-	-	265,626
Investment income	5	1,739	-	-	1,739
TOTAL INCOME		4,315,553	588,487	691,483	5,595,523
EXPENDITURE					
Expenditure on raising funds	6	345,607	-	220	345,827
Expenditure on charitable activities	7	3,774,620	561,694	700,234	5,089,548
TOTAL EXPENDITURE		4,120,227	561,694	753,454	5,435,375
NET INCOME/ (EXPENDITURE)	12	195,326	26,793	(61,971)	160,148
Transfers between funds		(182,894)	182,894	-	-
NET MOVEMENT IN FUNDS		12,432	209,687	(61,971)	160,148
Reconciliation of Funds					
Total funds brought forward		(2,007,229)	1,070,577	457,693	(478,959)
TOTAL FUNDS CARRIED FORWARD		(1,994,797)	1,280,264	395,722	(318,811)

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities.

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

2	DONATIONS	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
	Grants receivable					
	University					
	- Block grant	1,876,416	-	-	1,876,416	1,841,510
	- Other	271,313	-	5,436	276,749	265,004
	- Residents Associations	-	31,607	335,225	366,832	317,451
		<u>2,147,729</u>	<u>31,607</u>	<u>340,661</u>	<u>2,519,997</u>	<u>2,423,965</u>
3	INCOME FROM CHARITABLE ACTIVITIES	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
	Student Representation	1,658	-	-	1,658	174
	Student Advice, Support & Community	-	-	379,499	379,499	336,743
	Student Development & Employability (Incl. Student Groups)	19,845	636,487	26,503	682,835	637,380
	Charitable Trading	2,030,918	-	-	2,030,918	1,929,896
		<u>2,052,421</u>	<u>636,487</u>	<u>406,002</u>	<u>3,094,910</u>	<u>2,904,193</u>
4	INCOME FROM OTHER TRADING ACTIVITIES	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
	External trading income	253,206	-	-	253,206	242,382
	Rental and Commission income	13,098	-	-	13,098	23,244
		<u>266,304</u>	<u>-</u>	<u>-</u>	<u>266,304</u>	<u>265,626</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

5	INVESTMENT INCOME	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
	Bank interest receivable	9,329	-	-	9,329	1,739
		<u>9,329</u>	<u>-</u>	<u>-</u>	<u>9,329</u>	<u>1,739</u>
6	EXPENDITURE ON RAISING FUNDS	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
	External trading costs	157,843	-	-	157,843	144,108
	Rental & License fee costs	2,910	-	-	2,910	3,492
		<u>160,753</u>	<u>-</u>	<u>-</u>	<u>160,753</u>	<u>147,600</u>
	Support Costs (Note 8)	191,838	-	220	192,058	198,227
		<u>352,591</u>	<u>-</u>	<u>220</u>	<u>352,811</u>	<u>345,827</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

7 EXPENDITURE ON CHARITABLE ACTIVITIES	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Student Representation:					
Direct costs					
Officer Team	248,620	-	-	248,620	238,314
Student Voice	198,276	-	-	198,276	179,151
Support costs (note 8)	285,778	-	154	285,932	276,225
	<u>732,674</u>	<u>-</u>	<u>154</u>	<u>732,828</u>	<u>693,690</u>
Student Advice, Support & Community:					
Direct costs					
Advice	90,926	-	1,358	92,284	77,765
Global Buddies	-	-	38,349	38,349	-
Mentor Scheme	-	-	221,195	221,195	199,133
Community Wardens	-	-	69,398	69,398	63,992
Housing & Community	-	-	2,583	2,583	2,855
Vale Fireworks	-	-	17,627	17,627	14,868
Support costs (note 8)	142,360	-	60,401	202,761	182,190
	<u>233,286</u>	<u>-</u>	<u>410,911</u>	<u>644,197</u>	<u>540,803</u>
Student Development & Employability:					
Direct costs					
Student Groups Dept, RA's & Student Groups	228,662	598,813	277,344	1,104,819	1,142,006
Job, Skills & Volunteering	169,118	-	-	169,118	133,962
Support costs (note 8)	676,480	-	11,497	687,977	691,756
	<u>1,074,260</u>	<u>598,813</u>	<u>288,841</u>	<u>1,961,914</u>	<u>1,967,724</u>
Charitable trading:					
Direct costs	1,431,503	-	-	1,431,503	1,298,259
Support costs (note 8)	450,003	-	300	450,303	448,237
	<u>1,881,506</u>	<u>-</u>	<u>300</u>	<u>1,881,806</u>	<u>1,746,496</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

7 EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Governance Costs					
Audit Fees	10,000	-	-	10,000	13,485
Legal/Professional Fees	3,120	-	-	3,120	7,719
Other direct costs	7,614	-	-	7,614	6,827
Support costs (note 8)	115,700	-	3	115,703	112,804
	<u>136,434</u>	<u>-</u>	<u>3</u>	<u>136,437</u>	<u>140,835</u>
Total Expenditure on Charitable Activities	<u>4,058,160</u>	<u>598,813</u>	<u>700,209</u>	<u>5,357,182</u>	<u>5,089,548</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

8 SUPPORT COSTS

EXPENDITURE ON RAISING FUNDS

EXPENDITURE ON CHARITABLE ACTIVITIES

	Generating voluntary income £	Fundraising Trading £	Student Represent- ation £	Student Advice, Support & Community £	Student Development & Employability £	Charitable Trading £	Governance £	Total 2017 £	Total 2016 £
HR, Administration & Reception	93	4,187	34,889	34,517	76,402	44,918	24,307	219,313	178,017
Finance Department	2,116	8,573	9,005	16,817	54,339	71,014	23,635	185,499	178,550
Professional/Legal costs	1,839	7,452	11,268	29,458	59,063	74,632	1,964	185,676	190,921
Communications & Marketing	-	1,756	65,548	65,841	109,442	41,553	11,705	295,845	304,369
Facilities/Buildings costs	123,722	8,187	92,106	27,105	317,153	179,899	1,848	750,020	775,408
Senior Management costs	5,210	28,923	73,116	29,023	71,578	38,287	52,244	298,381	282,174
	132,980	59,078	285,932	202,761	687,977	450,303	115,703	1,934,734	1,909,439

Support costs are allocated on the following bases:

HR, Administration and Reception – based upon number of employees associated with each activity.

Finance Department – based on total transaction values for each activity.

Professional/Legal costs – based on total transaction values for each activity.

Communications and Marketing – based on number of items of equipment requiring support and number of promotional campaigns conducted.

Facilities/Building costs – based on space occupied.

Senior Management Costs – based on proportion of time spent.

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

9 REMUNERATION OF SABBATICAL OFFICERS

Gross salary payments and employer pension contributions made during the year to Sabbatical Officers totalled £165.7k compared to £147k in 2015/16. However, the trustee status of Sabbatical Officer teams has varied. The breakdown is as follows:

	2017 £	2016 £
Sabbatical Officers - Trustee status		
Gross salary payments	145,609	144,167
Employers pension costs	444	557
Sabbatical Officer/Trustee Remuneration within the year	146,053	144,724
Sabbatical Officers – Non-trustee status		
Gross salary payments	19,519	2,277
Employers pension costs	137	18
Sabbatical Officer/Non-Trustee Remuneration within the year	19,656	2,295
 Total Sabbatical Officer Remuneration	 165,709	 147,019

The trustee status of the Sabbatical Officer teams has varied in recent years as follows:

	Trustee	Non-Trustee
2014/15 Sabbatical Officer Team	4	3
2015/16 Sabbatical Officer Team	7	-
2016/17 Sabbatical Officer Team	7	1
2017/18 Sabbatical Officer Team	7	1

During the financial year, the 2016/17 Sabbatical Officer Team were in post for the period 1 August 2016 – 14 July 2017. The 2017/18 Sabbatical Officer Team started their induction on 19 June 2017 and formally took office from 17 July 17.

In 2016/17 financial year, the following trustees received remuneration:

2016/17 Team - N Cox, G Freeman, B Hattiloney, E Keiller, I Nicholds, R Strong & C Wilkinson.
2017/18 Team – K Ali, H Bailey, S Farmer, H Green, A Goldstone, E Keiller & J Levy.

In 2015/16 financial year, the following trustees received remuneration:

2015/16 Team – B Chapman, R Claustres, J Mably, I Lenga, D Lindlar, R Sorrentino & R Strong
2016/17 Team - N Cox, G Freeman, B Hattiloney, E Keiller, I Nicholds, R Strong & C Wilkinson.

No remuneration was paid to any other trustees.

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

10 TRUSTEE BOARD AND SABBATICAL OFFICER TEAM PERSONAL EXPENSES

Two external members of the Guild's Trustee Board were reimbursed for travel expenses, totalling £44 within the year (2016: £69 - 2 external trustees). This expenditure is reported within Governance Costs, shown in note (7).

In addition, the 2016/17 Sabbatical Officer Team (7 trustees only) were reimbursed a total of £2,371 (2016: £2,941) in respect of personal travel and subsistence expenses, in accordance with their role as elected Sabbatical Officers.

Similarly, two of the seven 2017/18 Sabbatical Officer trustees were reimbursed £180 (2016: £231 - 3 Officers) towards the end of the financial year. These costs are included within the total costs of Student Representation and are recorded within the costs of charitable activities in note (7).

A number of external trustees have not claimed travel expenses to attend board and sub-committee meetings during 2016/17 and have personally chosen to waive their expenses. The value of these expenses is unknown.

The Guild of Students also incurred costs of £3,055 (2016: £2,957) within the year relating to Professional Indemnity insurance cover of £5m (2016: £5m). This policy included cover for the trustees, directors, officers, employees, student group committee members as well as other volunteers associated with Guild activities. A proportion of this cost has been allocated as a Governance Cost, reported in note (7).

11 STAFF COSTS

	2017 Number	2016 Number
The average weekly number of persons employed, excluding the Officer Team and Trustee Board shown in notes (9) and (10), during the year was as follows:		
Permanent Staff (average / full time equivalent)	79 / 72	76 / 68
Student Staff (average / full time equivalent)	298 / 45	280 / 38
	<u>377 / 117</u>	<u>356 / 106</u>

	2017 £	2016 £
The aggregate payroll costs of these persons were as follows:		

Wages & Salaries	2,449,388	2,215,381
Social security costs	157,432	145,060
Pension costs – contributions within year	51,350	46,599
Pension costs – deficit charges	1,351,916	85,340
	<u>4,010,086</u>	<u>2,492,380</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

The following number of employees received remuneration above £60,000 within the year:	2017 Number	2016 Number
£60,000 - £69,999	1	-
£70,000 - £79,999	-	-
£80,000 - £89,999	1	1
	<u>2</u>	<u>1</u>

For the employee paid in the range, £60,000 - £69,999, employer pension contributions totalled £2,814 (2016: £2,384). For the employee paid in the range £80,000 - £89,999, employer pension contributions totalled £5,169 (2016: £4,972). Both contributions were paid into National Union of Students Pension Scheme (NUSPS).

Key management personnel are considered to be the Guild's Senior Management Team reported on page 2. This consists of the Chief Executive, three Director positions and Finance Manager. Gross salary costs including employer pension contributions totalled £296.2k for 2016/17, compared to £279.5k for 2015/16.

During 2016/17, the Guild made termination payments totalling £20,987 to three employees as part of the Guild's performance management framework. This compares to no payments made in 2015/16. Statutory payments totalled £9,601 and non-statutory payments totalled £11,386.

12 NET MOVEMENT IN FUNDS

	2017 £	2016 £
Is stated after charging:		
Auditors remuneration:		
- audit services	10,000	10,650
- other services	2,210	4,790
	<u>12,210</u>	<u>15,440</u>
Depreciation:		
- owned assets	233,947	223,174
	<u>233,947</u>	<u>223,174</u>
Operating lease rentals:		
- plant and machinery	8,611	10,806
- land and buildings	118,849	115,175
	<u>127,460</u>	<u>125,981</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

13	TANGIBLE FIXED ASSETS	Central Building Refurbish £	Equipment £	Total £
	GROUP & GUILD			
	Cost:			
	At 1 August 2016	2,149,768	1,445,167	3,594,935
	Additions	205,398	115,930	321,328
	Disposals	-	-	-
	At 31 July 2017	2,355,166	1,561,097	3,916,263
	Depreciation:			
	At 1 August 2016	1,742,528	1,332,635	3,075,163
	Charge for the year	148,261	85,686	233,947
	Disposals	-	-	-
	At 31 July 2017	1,890,789	1,418,321	3,309,110
	Net book value:			
	At 31 July 2017	464,377	142,776	607,153
	At 31 July 2016	407,240	112,532	519,772

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

14	INVESTMENTS	Group £	Guild £
	Cost:		
	At 1 August 2016	-	25,000
	Disposal	-	-
	At 31 July 2017	-	25,000
	Net book value:		
	At 1 August 2016	-	25,000
	Disposal	-	-
	At 31 July 2017	-	25,000

An analysis of the above investments is set out below. At 31 July 2017 the Guild held investments in the following companies which are incorporated in the United Kingdom:

Name of Company	Main Trading Activity	Equity Held
Guild Services Limited	Provision of external marketing services & property lettings agency	100%

UNLISTED INVESTMENTS	Unlisted investments £	Investment in subsidiary £	Total £
Cost			
At 1 August 2016	-	25,000	25,000
Disposal	-	-	-
At 31 July 2017	-	25,000	25,000
Net book value			
At 1 August 2016	-	25,000	25,000
At 31 July 2017	-	25,000	25,000

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

14 INVESTMENTS (continued)

The results and assets of Guild Services Limited are as follows:

	2017 £	2016 £
Turnover	253,206	242,382
Operating profit	51,154	48,552
Interest receivable	2	50
Taxation	-	-
Donation under Gift aid distribution	(51,156)	(48,602)
Retained profit	-	-
Net current assets and shareholders' funds	76,045	76,045

Guild Services Limited is a registered company in England and Wales under number 2080761.

For the year ended 31 July 2017, Guild Services Limited was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies and its members have not required the company to obtain an audit of its financial statements for the year in question in accordance with Section 476.

15 STOCKS

	Group		Guild	
	2017 £	2016 £	2017 £	2016 £
Bars	33,854	25,270	33,854	25,270
Catering – combined outlets	2,049	817	2,049	817
	<u>35,903</u>	<u>26,087</u>	<u>35,903</u>	<u>26,087</u>

Total expenditure for bars and catering stocks purchased in 2016/17 is £430,464 (2016: £378,633).

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

16

	Group		Guild	
DEBTORS: Amounts falling due after more than one year	2017 £	2016 £	2017 £	2016 £
Prepayments (General)	1,428	302	1,428	302
	<u>1,428</u>	<u>302</u>	<u>1,428</u>	<u>302</u>

	Group		Guild	
DEBTORS: Amounts falling due within one year	2017 £	2016 £	2017 £	2016 £
Trade debtors	68,539	56,768	46,134	52,052
Other debtors	17,289	16,978	17,289	16,978
Owed by subsid. undertakings	-	-	142,762	68,564
Prepayments (General)	177,950	149,619	177,950	149,619
Accrued Income	208,548	41,686	205,148	39,955
	<u>472,326</u>	<u>265,051</u>	<u>589,283</u>	<u>327,168</u>
	<u>473,754</u>	<u>265,353</u>	<u>590,711</u>	<u>327,470</u>

17 SHORT TERM INVESTMENTS

	Group		Guild	
	2017 £	2016 £	2017 £	2016 £
Money Market/Deposit Investments	<u>1,520,233</u>	<u>769,127</u>	<u>1,520,233</u>	<u>769,127</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

18 CREDITORS: Amounts falling due within one year

	Group		Guild	
	2017 £	2016 £	2017 £	2016 £
Trade creditors	231,739	230,368	231,739	230,368
Other taxation & social security	42,881	38,734	42,881	38,734
Custodian Funds held on behalf of AU/University Sports Groups	68,558	47,562	68,558	47,562
Other Creditors	63,043	41,275	19,844	27,952
Accruals	194,250	127,022	191,473	123,401
Deferred Income	34,371	14,801	32,542	14,801
SUSS Pension Deficit	176,540	-	176,540	-
	<u>811,382</u>	<u>499,762</u>	<u>763,577</u>	<u>482,818</u>

19 DEFERRED INCOME

	Group		Guild	
	2017 £	2016 £	2017 £	2016 £
At 1 August 2016	14,801	35,773	14,801	35,773
Additions	24,651	14,801	22,822	14,801
Released	(5,081)	(35,773)	(5,081)	(35,773)
	<u>34,371</u>	<u>14,801</u>	<u>32,542</u>	<u>14,801</u>
At 31 July 2017	<u>34,371</u>	<u>14,801</u>	<u>32,542</u>	<u>14,801</u>

Deferred income primarily relates to 'Mentor Scheme' income received in advance of the period that it relates to, and Student Groups income relating to events taking place in August 2017.

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

20	PROVISION FOR LIABILITIES: SUSS PENSION DEFICIT	2017 £	2016 £
	Balance brought forward	2,744,797	2,659,458
	Deficit contributions paid	-	-
	Unwinding of discount factor/interest	-	85,339
	Deficit adjustment arising from actuarial revaluation in year	911,011	-
	Deficit adjustment arising from change to discount factor assumption	440,905	-
	Total Balance carried forward	<u>4,096,713</u>	<u>2,744,797</u>
	Creditors – Amounts falling due within one year (see note 18)	176,540	-
	Provisions for liabilities	<u>3,920,173</u>	<u>2,744,797</u>
		<u>4,096,713</u>	<u>2,744,797</u>

The SUSS pension liability after five years is estimated to be £3,317,416 (2016: £2,408,784).

21	RESTRICTED FUNDS	1 August 2016 £	Income £	Expenditure £	Transfers £	31 July 2017 £
	Mentor Scheme	19,011	266,195	(271,361)	-	13,845
	Warden Scheme	32,937	72,852	(79,089)	-	26,700
	Vale Fireworks	-	17,627	(17,627)	-	-
	Student Groups (RA's)	312,580	344,934	(286,270)	-	371,244
	Capital Grants	6,531	-	(3,791)	-	2,740
	Sundry Funds	7,278	4,000	(3,942)	-	7,336
	Global Buddies Scheme	7,000	35,619	(38,349)	-	4,270
	University Maintenance SLA	10,385	5,436	-	-	15,821
		<u>395,722</u>	<u>746,663</u>	<u>(700,429)</u>	<u>-</u>	<u>441,956</u>

All of the above restricted reserves represent funds received specifically for the identified activity and are either supported by service level agreements or one-off grant applications.

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

22	DESIGNATED FUNDS	1 August 2016 £	Income £	Expenditure £	Transfers £	31 July 2017 £
	Building Refurbishment 1	317,040	-	-	(85,504)	231,536
	Infrastructure	86,401	-	-	(29,714)	56,687
	Building Refurbishment 2	506,418	-	-	43,582	550,000
	Student Groups (Societies & Guild Sports Clubs)	272,986	668,094	(598,813)	-	342,267
	2014-17 Strategy	97,419	-	-	(47,807)	49,612
		<u>1,280,264</u>	<u>668,094</u>	<u>(598,813)</u>	<u>(119,443)</u>	<u>1,230,102</u>

The designated reserve to finance building refurbishment 1 plans was originally created in the financial year 2004/05 and was a jointly funded project between the Guild of Students and University of Birmingham, totalling an estimated £3.6m. £85.5k depreciation costs have been charged during 2016/17, whilst depreciation costs of £89.4k were charged in 2015/16.

A further depreciation charge of £29.7k has been charged against the ICT Strategy Fund within the year, compared to £34.2k charged in 2015/16.

In addition, Guild societies and Guild Sports Clubs are classified as designated activity of the Guild of Students. The net balances of Guild societies and sports clubs increased by £69.3k within the year, consisting of £668.1k income and £598.8k expenditure. This compares to a £26.8k increase reported for 2015/16, after accounting for £588.5k of income and £561.7k expenditure during 2015/16.

During 2016/17, trustees agreed a £43.6k increase to the second building refurbishment designated reserve increasing the balance to £550k as at 31 July 2017. This fund will be used to develop Mermaid Square and the Debating Hall with works likely to take place in 2018/19. This project will also receive financial support from University of Birmingham whom have currently set aside £1m for the development.

Finally, an allocation of costs totalling £47.8k has been charged against the designated 'strategy' reserve during 2016/17 representing additional staff resource temporarily employed to progress 2014-2017 strategic goals. This fund will be utilised in full during 2017/18.

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

23	ANALYSIS OF NET LIABILITIES	Fixed assets and investments £	Net current assets £	Provision for pension liabilities £	Net liabilities £
	Restricted funds	2,042	439,914	-	441,956
	Designated funds	237,985	992,117	-	1,230,102
	General funds				
	- UoB Guild of Students	367,126	491,304	-	858,430
	- UoB Guild – Pension	-	(176,540)	(3,920,173)	(4,096,713)
	- Subsidiary undertaking(s)	-	76,045	-	76,045
		<u>607,153</u>	<u>1,822,840</u>	<u>(3,920,173)</u>	<u>(1,490,180)</u>

24 LEGAL STATUS

The University of Birmingham Guild of Students incorporated as a company limited by guarantee on 4th July 2008, changing from its previous status as an unincorporated association.

In addition, the Guild of Students also registered as a Charity with the Charity Commission in August 2010. This was due to students' unions connected with higher education institutions being removed from the list of exempt charities within section 11(9) of the Charities Act 2006.

25 RELATED PARTY TRANSACTIONS

The charity has taken advantage of the exemptions allowed under FRS102 and does not detail related party transactions with its subsidiary undertaking.

Other related party disclosures consist of the following:

- **National Union of Students (NUS)**

Miss E Keiller who was appointed as a trustee in July 2016 is also a member of the NUS Services Ltd Board appointed from September 2016, NUS Services Ltd Trading Support Board and NUS Epona Board, both appointed from June 2017.

Miss J Levy who was appointed as a trustee in July 2017 is also a member of the NUS National Executive Committee (appointed March 2017) and is also a member of the NUS Talent Development Charity Advisory Group, appointed July 2017.

Mrs J Thomas who was appointed as CEO in August 2007 is a member of the NUS HR Sub-committee and was also appointed to the NUS Project 100 Board from September 2016.

During the year, the Guild received NUS Extra card sales of £79.1k (2016: £81.5k) and incurred costs of £45.4k (2016: £45.6k). At 31 July 2017, there was an 'accrued income' debtor balance of £7.7k (2016: £5.5k) and an accrual creditor balance of £3.9k (2016: £2.3k).

In addition, the Guild incurred costs directly from NUS of £67.7k mainly for affiliations and training (2016: £67.5k) and generated income of £15.5k (2016: £5.9k). At 31 July 17,

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

there was a debtor balance of £nil (2016: £0.1k) outstanding. A trade creditor/accruals balance of £7.9k (2016: £4.3k) was also recorded at year-end, 31 July 17.

Furthermore, the Guild transacted £280.7k via NUS to purchase bar stocks and consumables from external suppliers contracted via the NUS Services Ltd Purchasing Consortium (2016: £269.2k). At 31 July 17, the Guild reported a trade creditor balance of £0.4k (2016: £0.8k) and a debtor balance of £3.1k (2016: £2.9k) to represent retrospective discounts owed at year-end.

Finally, the Guild also makes purchases from Epona Ltd, a wholly owned subsidiary of NUS. During 2016/17, the Guild made purchases totalling £7.7k (2016: £5.0k) and a balance of £2.4k (2016: £0.2k) was outstanding at year-end.

- **University of Birmingham**

Mr C Granger who was appointed as the University nominated trustee in December 2014 is also the Director of Finance for University of Birmingham, appointed December 2014.

During the year, the Guild received income of £3.009m (2016: £2.819m) and incurred expenditure of £579.4k (2016: £542.3k). At 31 July 17, the Guild held a creditor balance of £155.3k (2016: £124.4k) and a debtor balance of £232.4k (2016: £103.7k).

- **Birmingham City Students' Union and Birmingham City Enterprises Ltd**

Mr R Evans who was appointed as a trustee in October 2013 is also the Chief Executive for Birmingham City Students' Union and Birmingham City Enterprises Ltd, appointed November 2009.

As regards Birmingham City Students' Union, during the year the Guild received income of £0.3k (2016: £nil) and incurred expenditure of £nil (2016: £0.2k). At 31 July 17, the Guild held no creditor or debtor balances for Birmingham City Students' Union (2016: creditor balance of £0.2k).

In addition, the Guild incurred expenditure of £nil for 2016/17 (2016: £0.6k) in relation to Birmingham City Enterprises Ltd with no creditor/debtor balances held at 31 July 2017 (2016 £nil).

26 OPERATING LEASE COMMITMENTS

At 31 July 2017, the Guild had commitments under property leases and non-cancellable equipment operating leases (minimum lease payments) as set out below:

	2017	2016
Land & Buildings Lease which expire:	£	£
Within 1 year	118,849	117,539
Within 2 – 5 years	237,698	235,079
Over 5 years	-	-
	<hr/>	<hr/>
	356,547	352,618
	<hr/>	<hr/>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

Operating leases which expire:

Within 1 year	2,285	2,146
Within 2 – 5 years	-	432
Over 5 years	-	-
	<u>2,285</u>	<u>2,578</u>

27 CAPITAL COMMITMENTS

	2017 £	2016 £
Contracted but not provided for	3,684	-
Expenditure authorised by the Board but not contracted	-	-
	<u>3,684</u>	<u>-</u>

28 SUBSCRIPTIONS AND AFFILIATIONS

The Guild of Students paid the following memberships and affiliations during the year. They are listed in accordance with the requirements of the Education Act 1994.

	2017 £	2016 £
Advice UK Limited	240	240
Association of Licensed Multiple Retailers	310	310
Association of British Theatre Technicians	250	250
National Association of Student Employment Services	345	-
NUS Services Limited	380	380
National Union of Students	52,053	51,936
National Centre for Voluntary Organisations - Free	-	-
Shelter	300	-
UKCISA	327	317
Subscriptions & Affiliations of £150 or less	382	217
	<u>54,587</u>	<u>53,650</u>

29 PENSIONS

The University of Birmingham Guild of Students 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 onwards accruing on a Career Average Revalued

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For the year ended 31 July 2017

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 £101,313,000 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 £119,687,000.

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 4.3% 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.

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 16 years, initially increasing by 20% followed by an increase of at least 5% each year. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the Scheme. These rates applied with effect from 1 October 2017 and will be formally reviewed following completion of the next valuation due with an effective date of 30 June 2019.

Surpluses or deficits which arise at future valuations will also impact on the University of Birmingham Guild of Students's future contribution commitment. In addition to the above contributions, the University of Birmingham Guild of Students also pays its share of the scheme's levy to the Pension Protection Fund.

The total deficit contributions paid into the Scheme by the Guild in respect of eligible employees for the year ended 31 July 2017 was £nil (2016: £nil). This was on the basis of paying a discounted lump sum advance payment in 2014/15 to cover the three year period 1 October 2014 to 30 September 2017. The Guild will resume annual contributions from 1 October 2017 onwards.

However, whilst no cash payments were paid into the scheme during 2016/17, a charge of £1,351,916 (2016: £85,340) has been recognised within the year to represent the estimated increase in the value of the liability provision within the year as well accounting for the adjustment in discount factor applied to calculate the net present value of currently scheduled repayments.

In addition, the Guild of Students also participates in the National Union of Students Pension Scheme (NUSPS) and the government NEST scheme to fulfil auto-enrolment obligations. NUSPS is a defined contribution scheme and the Guild contributes either 4% or 6% based upon matched funding from individual employees. Contributions into the NEST scheme are currently based upon 1% of qualifying earnings also matched by employee contributions, or enhanced 4% or 6% employer contributions matched by individual employees.

The total contributions paid into both NUSPS and NEST by the Guild in respect of eligible employees amounted to £51,350 (2016 - £46,599). At 31 July 2017, a balance of £8,718 was recorded as a Creditor within the Balance Sheet representing July 2017 pension contributions

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payable in August 2017 (2016: £7,497). The estimated employer contributions for 2017/18 financial year relating to NUSPS and NEST are £54,903.

In addition the Guild will also be required to make pension deficit payments into SUSS totalling £176,540 for the ten month period 1st October 2017 – 31st July 2018. This compares to nil during 2016/17 as a result of the advanced three year payment made in October 2014 covering the period 1st October 2014 to 30th September 2017.

30 FINANCIAL PERFORMANCE OF THE CHARITY

The charity reports a deficit of £1,171,369 for the year ended 31 July 2017 in comparison to a surplus of £160,148 reported for 2015/16.

The charity reports gross income of £5,855,768 for the year ended 31 July 2017 in comparison to gross income of £5,565,534 reported for 2015/16.

The charity has taken advantage of Section 408 of the Companies Act 2006 and the SORP and has not included a separate Statement of Financial Activities in these financial statements.

31 EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have taken place since the Balance Sheet date.