



CONSOLIDATED FINANCIAL STATEMENTS

For the year ended

31 July 2020

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 - as at 26 October 2020

		Appointed	Resigned
Mr Robert Smeath	Chair	23 rd Oct 17	-
Mr Joshua Williams	Vice Chair – President	15 th Jul 19	17 th Jul 20
Mr Josh Dooler	Sports Officer	15 th Jul 19	17 th Jul 20
Miss Amelia Gibbins	Welfare & Community Officer	15 th Jul 19	17 th Jul 20
Mr Ryan Ginger	Activities & Employability Officer	15 th Jul 19	17 th Jul 20
Miss Cho Won Park	International Officer (Officer across two financial years)	16 th Jul 18	17 th Jul 20
Miss Amanda Sefton	Education Officer	15 th Jul 19	17 th Jul 20
Miss Rosa Alaluf		2 nd Jul 19	-
Miss Henrietta Brealey		10 th Sept 19	-
Ms Erica Conway		3 rd Jul 18	-
Miss Maya Davey		7 th Sept 20	-
Mrs Christine Davies		15 th Sept 14	1 st Jul 20
Mr Johnny Davis		13 th May 19	-
Mr Richard Evans		30 th Oct 13	9 th Sept 19
Mr Thomas Goodman		13 th Jan 20	-
Ms Mayya Konovalova		1 st May 18	29 th Oct 19
Miss Krisztina Mair		24 th Jan 18	29 th Oct 19
Mr Christian Oko		13 th Jan 20	1 st Jul 20
Mr Ian Pain		7 th Sept 20	-
Mr Robert Saunders		30 th Oct 13	29 th Oct 19
Miss Alice Tucker		2 nd Jul 19	1 st Jul 20
Mrs Emma Wedge		11 th May 20	-
Mr Lyndon Williams		11 th Jan 16	-

2020/21

Miss Tobiloba Adeyemi	Vice Chair – President (Officer across two financial years. Postgraduate Officer in 2019/20)	15 th Jul 19	-
Mr Wei-Lun Chen	International Officer	20 th Jul 20	-
Miss Rebecca Cutler	Postgraduate Officer	20 th Jul 20	-
Mr Robert Hegarty	Sports Officer	20 th Jul 20	-
Miss Charlotte Minter	Welfare Officer	20 th Jul 20	-
Miss Amie Raphael	Activities & Employability Officer	20 th Jul 20	-
Mr Jules Singh	Education Officer	20 th Jul 20	-

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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
Miss Sarah Wright	Director of Support & Development
Mr Nicholas Bailey	Head of Finance

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
DFA Law LLP
2 Waterside Way, Northampton, NN4 7XD

VAT Consultancy RSM UK Tax and Accounting Limited
St Philips Point, Temple Row, Birmingham, West Midlands, B2 5AF

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REPORT OF THE TRUSTEE BOARD

The Trustee Board presents their Annual Report for the period ended 31 July 2020 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 of Birmingham.

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.

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 seven posts consist of; President, Activities and Employability, Education, International, Postgraduate, Sport, and Welfare and Community Officers. 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. Following a successful democratic reform referendum in February 2020, the current members democratic structures will be reformed for 2020/21 onwards, with 'Officer Question Time' replaced by 'Scrutiny Panel' and 'Your Ideas' replaced by the 'All Members Meeting', with aim to improving student engagement and increasing flexibility.

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 at least six times per year to receive reports from sub-committees, Officers, Senior Management and the Chief Executive, and to review the Guild's performance and administration. In 2019/20, the Trustee Board met eight times, including two extraordinary meetings to respond and plan for COVID-19 related matters.

The Guild of Students also employs a number of core staff to provide continuity, consistency and expertise 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 £4,599 (2019: £3,715) within the year relating to Professional Indemnity insurance cover of £5m (2019: £5m). This policy included cover for the Trustees, Directors, Officers, Employees, Student Group committee members as well as other volunteers associated with Guild activities.

University of Birmingham Guild of Students

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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 management policy and risk register are in place where appropriate systems or procedures have been established to mitigate the risks the Guild faces. The risk register is updated on a regular basis.

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, where financially viable
Financial A significant reduction in trading income	<ul style="list-style-type: none"> Diversifying income streams to reduce reliance on one source of funding Ongoing consultation through a task & finish group with the University as to the Guild's finances and grant funding in future. Annual value for money check is completed
Financial HMRC challenge regarding catering and grant funding	<ul style="list-style-type: none"> Use external VAT consultants to defend the Guild's position on a technical basis Keep up-to-date regarding the national position Include contingencies in financial planning
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 Covid-19 Emergency Planning group in place and risk assessment completed.
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	<ul style="list-style-type: none"> Regular training provided to key stakeholders regarding responsibilities, press and PR and organisational processes

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harms the reputation of the Guild and/or University	<ul style="list-style-type: none"> 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. Implementation of 'COVID-19 Secure' operations from August 2020 onwards, following guidance from Public Health England, HSE, and support from University Estates team.
Brexit The unknown implications and challenges arising from Brexit	<ul style="list-style-type: none"> Insight and advice taken from trade and sector advisory bodies. Review of service provision and supply chain undertaken by Management team. Limited plans for stockpiling of supplies due to storage constraints. Rise in cost of goods would be passed on through price increases and menu's streamlined for affected period.
Covid-19 Responding to challenges arising from the pandemic	<ul style="list-style-type: none"> Building closed in March 2020 due to closure of campus and national 'lockdown', implementation of remote working. Building received 'COVID-19 Secure' certificate in August 2020, followed by partial reopening with social distancing, capacity limits and one-way systems in place. Implementation of PHE guidance for the workplace, staff rotating with office capacity and introduction of 'track and trace' data collection. Licensed premises reopening with reduced capacity and 'track and trace'. Service delivery transitioned to online where possible – student society events held online by default for semester one. Ongoing review of national and local guidance and compliance with all measures as implemented by government.

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 ensures 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 Guild Advice; Community Wardens; Jobs, Skills & Volunteering; Student Groups; Student Mentors; Student Voice; Venues and Catering services.

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The Guild continues to represent students on relevant local, national and international issues. Through the 'Your Ideas' process, 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 sit on and contribute to over 100 University committees and academic programme forums. Guild Officers also regularly meet with the local Authority, 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

The Guild has completed Year 2 of the 2018 – 2021 strategic plans, building on the success achieved in 2018, when the Guild was awarded the prestigious NUS Students' Union of the Year award.

The table below provides an update on projects and activities completed in 2019/20 towards the delivery of the strategic plan.

Objectives/Commitments	Outcomes/Achievements in 2019/20:
Theme 1	Engagement and Participation
Individual students voting in Officer elections maintained at circa 8,000.	A record-breaking Guild Elections saw the Guild's highest ever turnout of 9070 with further positive progress against targets for PG & International engagement.
Individual group members maintained at circa 11,000	11,194 unique society memberships acquired in 2019/20, compared to circa 9,700 in 2018/19.
Number of student groups maintained at circa 300	284 student groups affiliated to the Guild in 2019/20, with additional 70+ student groups from the merger with UoB Medical Society (MedSoc).
Remodel event and engagement activity to meet students' needs	New Student Group Governance Policy approved in January 2020, combining all areas of society governance into one policy, giving a clear structure for Groups to operate within. Online Committee elections, induction and training provided to new society members for the first time due to the COVID-19 outbreak.
70% satisfaction of Hall Reps & activities delivered	Satisfaction recorded at 77%
20 outreach activities engaged in by students annually by Hall Reps	78 Hall Reps events delivered in 2019/2020 (before Covid restrictions implemented) A further programme of activity was developed to support those

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	living in accommodation over the lockdown period including competitions, birthday celebrations as well as signposting to other activity happening virtually.
Theme 2	Communication and Branding
Rebrand delivered – with brand guidelines in place.	Rebrand process completed for roll-out in Welcome Week 2020, with brand guidelines to be delivered to Guild departmental staff early in semester one.
Communication & digital strategies implemented	<p>Circa 5% increase in followers on all current social media platforms, and increases in web traffic over key Guild events such as Elections etc.</p> <p>A significant increase in video content produced, with informative updates, Officer interviews and events announcements via the refreshed Guild YouTube channel.</p> <p>Increased campaigns content produced in support of Officer led projects such as the Black Voices and Climate Emergency priority campaigns.</p> <p>Introduction of 'Virtual Neighbourhood' space during COVID-19 outbreak, enabling students and societies to share content and maintain a community space despite the lockdown.</p>
Theme 3	Academic and Learning Experience
Review the Guild's decision-making structures to ensure all students can get involved.	Democracy Review completed, with 5,644 students voting in Referendum 2020 to approve the new structures, and implementation planned for autumn 2020. New 'Scrutiny Panel' body developed and implemented, with 5 independent student members recruited to provide improved Officer accountability.
80% satisfaction with Student Rep Scheme from users.	Survey data indicates 89.8% satisfaction from users of the Student Rep Scheme, up from 86% in 2019.
Review the Student Representation Scheme to ensure that students' views on their academic experience are represented effectively.	First year of the Student Rep Review delivered, in partnership with the University, with positive initial results in terms of increased Rep satisfaction and diversity of Student Reps.
Improve the academic experience of students studying at Birmingham	<p>Embedded a new Policy and Campaigns Coordinator role, offering tailored policy support to the Postgraduate & International Officer allowing more joined up Policy and Campaigns work going forwards.</p> <p>Guild Officer Training delivered fully online due to the COVID-19 outbreak for the first time, including expanded training in working from home and attendance at several virtual NUS events.</p>
Theme 4	Representing the Student Voice

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<p>Support Officers to deliver 3 Priority Campaigns</p> <p>NUS 'Good Governance' framework completed</p> <p>2,500 students annually engaging with democratic process.</p> <p>Review and refocus representative and democratic mechanisms to ensure any student can get involved</p> <p>Deliver focused campaigning activity which identifies and delivers priority campaigns based on students' feedback.</p>	<p>Two officer priority campaigns delivered in 2019/20 (Black Voices & Climate Emergency),</p> <p>Good Governance Framework completed in January 2020 along with governance peer with 2 other students' unions. Good Governance Action plan in-place for 2020/21.</p> <p>3,056 feedback comments collected from 685 students during Speak Week.</p> <p>Democracy Review completed with reform referendum passed with 94% majority in February 2020. New structures planned for implementation during summer 2020.</p> <p>Black Voices campaign launched and Black Voices Manifesto written, in partnership with Black Students representatives. Officers supported to declare a Climate Emergency and delivered the Digital Climate Change Summit culminating in an action plan in partnership with student activists.</p>
Theme 5	Support (Mental Health and Financial Assistance)
<p>Increase Wellbeing / Life Satisfaction score of students</p> <p>Students who say Guild provides the support needed</p> <p>Students who say the Guild is a place I can get useful advice.</p>	<p>82% of students reported satisfaction with their wellbeing and life situation, an increase from 80% in 2019</p> <p>662 casework/enquires processed during 2020, an increase from 481 in 2019</p> <p>92% of students who used Guild Advice confirmed they received useful advice.</p> <p>60% of students recognise the Guild as a source of useful advice.</p> <p>Information campaigns included; plagiarism, extenuating circumstances, housing deposits, healthy relationships and winter wellbeing.</p>
Theme 6	Personal Development
<p>80% of students are satisfied with activities available at the Guild.</p> <p>Full delivery of online process for joining supporting, and administering Student Groups.</p> <p>Circa 2,000 students finding part-time work via the Guild.</p>	<p>Satisfaction recorded at 77% in the Hall Reps Scheme.</p> <p>Student Groups elections, AGMs and sign-up processes transitioned significantly to online operation during the COVID-19 outbreak.</p> <p>As part of an organisational restructure the Guild withdrew resource from this area and the Jobs, Skills and Volunteering department began the process of winding down due to budgetary</p>

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Map, review and agree Guild employability offer/ provision.

pressures. The Guild is currently seeking alternative provision for these services previously provided to the student body.

Future Plans

The Guild 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. In the delivery of the strategic plan for 2018-2021 we continue to strive to give students an excellent student experience at Birmingham, with a greater focus on how we support postgraduate and international students, as well as improving the quality of the undergraduate experience and services offered.

The Guild undertook a financial review of its Operations during 2019/20 undertaken by SUMS Consultancy. The subsequent findings and recommendations have led to the development of Task and Finish group in partnership with University of Birmingham. The outcomes from this group are due to be delivered early in 2021.

Financial Review

Restatement of 2018/19

Throughout 2019/20, the Guild's has been defending a HMRC assessment in relation to our VAT exempt treatment of catering sales to students under the Extra Statutory Concession (ESC) applicable to Students' Unions. The ESC allows such sales to be treated as VAT exempt, in line with student catering sales delivered by the University. HMRC has advised that as the venue (Joe's) is a "bar" such sales are not VAT exempt. This issue was highlighted as a contingent liability within the 2018/19 financial statements.

Whilst the Guild is continuing to challenge HMRC's view, correspondence is at an advanced stage and the possibility of an unfavourable outcome for the Guild is high. Therefore, the Guild has accounted for a provision for potential liabilities dating from February 2016 to July 2020. As a result, the 2018/19 financial statement comparators have been adjusted accordingly to take account of probable historic liabilities. Further information is reported in note (32).

Income and Expenditure

For 2019/20, the Guild reports Net Expenditure of £1.303m compared to restated Net Expenditure of £51.9k in 2018/19. The financial result for 2019/20 is significantly impacted by an adjustment for the SUSS discounted pension deficit charge in the year that totalled £1.669m in comparison to £187.1k in 2018/19. The adjustment arises from the actuarial revaluation that was conducted as at 30 June 2019 and communicated to the Guild in May 2020.

In addition, the Guild has also been required to navigate the challenges that have arisen from the COVID-19 pandemic. The national lockdown that came into force at the end of term two meant that the Guild did not trade commercially for the remainder of the financial year. This resulted in a loss of revenues from Venues trade and the cancellation of our normal term three entertainments programme including Graduation Ball.

Total Income decreased by £804.0k (12.6%) from restated £6.36m in 2018/19 to £5.55m in 2019/20. The decrease in income was focussed within our 'Income from Charitable Activities' that fell by £898.6k (28.0%) from restated £3.206m in 2018/19 to £2.307m in 2019/20.

Total income generated from charitable trading fell by £757.2k (37.8%) to £1.247m mainly as a result of the lockdown imposed during term three. This removed bar, catering and entertainment ticket sales and resulted in the cancellation of the annual Graduation Ball that was due to take place in June 2020. In addition, grant funding for the Student Mentor Scheme was reduced by £65.2k (21.9%)

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compared to 2018/19 and income associated with Student Development & Employability was reduced by £75.6k (9.5%).

During the final quarter of the year, the Guild accessed Government funding through the Coronavirus Job Retention Scheme by furloughing approximately one third of the permanent staff team and the whole student staff team. This income is reported as 'other income' in the financial statements and totalled £218.9k.

Total expenditure & charges increased by £447.6k from restated £6.410m in 2018/19 to £6.857m in 2019/20. However, the discounted pension deficit adjustment for 2019/20 is greater than the previous year by £1.482m. Total expenditure & charges for normal ongoing operations actually decreased by £1.034m to £5.189m, of which a significant proportion relates to the impact of COVID-19 on our trading operations. Total expenditure for Charitable Activities decreased by £948k to £4.938m of which £499.7k of the decrease related to charitable trading.

As highlighted in note (9), the expenditure highlighted above take account of support cost allocations totalling £1.89m representing a £45.4k decrease compared to restated £1.935m reported for 2018/19. The direct costs of the HR and Administration department, Finance Department, Senior Management Team and Professional/Legal budget all increased by a combined £47.7k whilst the costs of Facilities (buildings) and Communication, Marketing & IT decreased by a combined £93.2k compared to 2018/19. The most significant difference reported is for our Facilities (buildings) Department that generated savings of £85.7k (11.1%) compared 2018/19 mainly due to the building lockdown in the final quarter of the year.

Credits, charges and transfers to both the unrestricted, restricted and designated reserves are reported in greater detail below in the Reserves Policy section and also in notes (22), (23) and (24).

Fixed Assets

As highlighted in note (14), the net book value of 'Total Fixed Assets' decreased by £13.3k to £381.2k. New asset purchases totalled £194.2k (2019: £130.7k) whilst depreciation charges amounted to £207.5k (2019: £208.1k). Purchases relating to central building works totalled £167.4k (2019: £58.5k) of which a significant proportion related to Joes venue refurbishment. Equipment purchases totalled £26.8k (2019: £72.2k) and included General IT hardware, technical services lighting and audio, cleaning and venues operating equipment.

Net Current Assets & Cash-Flow

Total Net Current Assets increased by £135.3k from a restated 2018/19 balance of £1.96m to £2.096m for 2019/20. This movement consisted of a decrease to current assets by £139.1k and a decrease to creditors due within one year by £274.4k.

As reported within the Statement of Cash Flows on page 21, total cash balances decreased by £95.8k across the year to £2.529m held at year-end, whilst debtor and stock balances decreased by a combined £43.3k.

Within the cash balances of £2.529m held at year-end, it is important to highlight that £803.9k (2019: £824.6k) consisted of student group balances, including £358.7k Guild societies and sports clubs, £297.8k Hall Reps funds, £95.5k Medsoc funds and £51.9k University sports club custodian funds. The latter custodian funds are reported as creditors to the Guild whilst the Guild's student groups and Hall Reps are reported as both designated and restricted funds (see notes (23) and (24)).

Creditors due within one year have decreased by £274.4k to £895.2k at 31 July 2020 compared to restated creditors for the previous year. This consists of a decrease to trade creditors by £143.5k, a decrease to all other shorter term creditor balances by £130.9k.

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Further detail regarding movements to stock, debtor and creditor balances is reported in notes (16), (17) and (19).

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 (21), during the year the total liability provision is estimated to have increased by £1.437m from £3.865m recorded as at 31 July 2019 to £5.302m calculated as at 31 July 2020. The £5.302m liability is split between creditors falling due within one year (£243.3k) and the longer term provision (£5.058m).

The £1.437m increase within the year arises from three factors. Firstly the Guild made repayments into the scheme totalling £231.7k during the period 1st August 2019 to 31st July 2020.

Secondly, an actuarial revaluation was conducted as at 30 June 2019 and this calculated a significant increase of £24.8m to the overall scheme deficit position to £140.9m. Liabilities arising from the historical legal issue (referenced as a contingent liability within the 2018/19 financial statements) are reflected within the revaluation. The Guild has been required to account for a proportion of this increase based upon a revised repayment plan for the scheme as a whole.

Finally, the Guild has revised assumptions regarding the discount factor applied to calculate the net present value of deficit repayments required, resulting in a 'winding down' charge greater than originally budgeted. For 2018/19, the Guild used 1.79% whilst this has been revised downwards to 1.07% for 2019/20. The revised discount factor better reflects current market conditions forecast for investments over the next fifteen year period.

The combined impact of the actuarial revaluation and adjustment to the discount factor applied results in a charge of £1.669m for 2019/20 compared to £187.1k for 2018/19.

Custodian Funds

University of Birmingham 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 £55.3k compared to a closing balance of £61.8k held at the end of 2018/19, a decrease of £6.5k.

In 2018/19, the Guild also received £49.2k of Medsoc fund balances prior to the legal inclusion of Medsoc into the Guild. At that time, those balances were also reported as custodian funds. The legal transfer formerly took place in January 2020 and those balances have been reported as income to the Guild in 2019/20.

The custodian funds were recorded as £51.9k cash and £3.4k trade debtors at year-end.

Guild Services Ltd

As highlighted in note (15), 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. During the year, Guild Services Ltd primarily engaged in marketing and sponsorship activities following the closure of the Guild Lettings Agency in July 2019.

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For 2019/20, Guild Services Ltd generated income of £139.5k (2019: £232.6k) and incurred costs of £122.9k (2019: £186.7k). At 31 July 2020, a gift-aid payment of £16.6k (2019: £46.0k) is due to be made from Guild Services Ltd to University of Birmingham Guild of Students.

Future Finances

The budget for 2020/21 financial year was approved by the Guild's Trustee Board in May 2020. This reported Net Expenditure of £17.6k for the year. After allocating budgeted expenditure and charges to both restricted and designated reserves of £123.9k, and accounting for pension deficit repayments of £243.3k, free unrestricted reserves were budgeted to decrease by £137k.

The 2020/21 budget assumed a challenging year with students returning to campus from January 2021 due to COVID-19 restrictions and therefore, limited commercial revenues throughout term one. Whilst students have returned to campus from October 2020, trading has been severely diminished due to the current pandemic and associated restrictions to our normal operations.

As a result, Trustees are currently reviewing forecast information and considering options to manage the financial position as best possible whilst operating in a very changeable environment.

For 2020/21, the Guild will be in receipt of a block grant totalling £2.747m and this includes a one-year increase of £250k to navigate the challenges faced during the financial year. However, this additional funding was agreed prior to COVID-19 and the Guild has been required to implement savings to partly absorb the negative impact the pandemic is having on Guild finances.

In addition, the Guild will also receive estimated additional funding of £901k to fund Student Mentors, Community Wardens, Hall Reps and Medsoc support.

The Guild has budgeted for capital expenditure purchases of £139.2k and a net decrease to cash balances of £142.1k. Again, both of these elements are currently being reviewed in light of current conditions.

Following the 2019 block grant discussions with University, the Guild and University jointly commissioned an external review of the Guild's service delivery and financial position with the view to formulating a longer term funding model and financial strategy. This review was undertaken during 2019 and a number of recommendations/options provided. Guild and University representatives have now established a 'task and finish' group and work is progressing based upon the recommendations.

During the 2020/21 budget process and University block grant application, the Guild updated its financial three year forecast and will be further developing the financial plan over the coming months in parallel with 'task and finish' group work.

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

In 2017/18, the pay-scale was reviewed and recalibrated reducing pay-points from five points to four points for each grade on the scale. The lower-end of the scale was also corrected to take account of erosion of the Guild pay-scale arising from national statutory increases to minimum wage increasing at a faster rate than annual cost of living/inflationary increases applied by the Guild. The pay-scale was introduced from the start of 2018/19 and has been adjusted by approved cost of living increases for 2019/20 and 2020/21.

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

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. The Guild applied increases ranging from 1.25% to 2.86% for 2019/20 and has applied increases ranging from 1.75% to 3.33% for next financial year 2020/21.

In addition, the Guild also compares the pay-scale to the Higher Education Single Pay Spine although the Guild does 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.

During 2009/10, the Guild adopted the Local Authority Employers Job Evaluation scheme that remains in place today. All new posts 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. The Board commissioned an external consultant to undertake a benchmark review using Job Evaluation of the CEO's remuneration during 2017/18 and the report was subsequently approved by HR Committee.

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. The full-time Officer Team elected annually are paid against a specific pay-scale grade/point.

With reference to student staff positions, the basic hourly rate of pay currently tracks against National Minimum Wage (21 – 24 year old rate) for all student staff under 25 years old. Student staff aged 25 and older are paid the National Living Wage. The Guild also pays an enhanced hourly rate for senior assistants. From 2019/20, student staff hourly rates of pay will be adjusted in April each year in line with government announcements whilst core staff pay-scales are linked to the financial year.

Reserves Policy

At 31 July 2020, the Guild's free reserves (being general funds excluding that represented by fixed assets and the SUSS pension deficit) stood at £624.8k (2019 restated: £574.7k). After taking account of general funds including fixed assets, but excluding the SUSS pension deficit, total unrestricted reserves stood at £996k (2019 restated: £885.7k) (as shown in note (25)). This is in line with the £1m unrestricted funds target reported within the Guild's current Reserves Policy. However, unrestricted reserves levels have been negatively impacted by the need to provide for potential catering VAT liabilities.

For 2019/20, the Guild has not made any new designations to fund future capital investments. Similarly, the designated reserve for the next significant building project (£550k) remains unchanged for 2019/20. It is anticipated that a future project will not commence until at least 2022 given current environmental and economic conditions.

Historical designated reserves held to fund both building refurbishment and IT Strategy implementation costs are eroded as assets are depreciated. By 31 July 2020, the Guild had completed implementation of the original IT Strategy whilst all of the original 2009-2011 building refurbishment expenditure had been made and fully depreciated. The balance for the latter reserve is now nil following final year allocations of £64.2k in 2019/20.

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 £5.302m is recognised as at 31 July 20. Refer to the accounting policies section and note (21).

Auditors

Mazars LLP has indicated its willingness to continue in office.

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

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



Robert Smeath
Chair of Trustee Board

Date: 26th October 2020

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 (October 2018), '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 charity') and its subsidiary (the 'group') for the year ended 31 July 2020 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets, 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 United Kingdom Accounting Standards, including 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 charity's affairs as at 31 July 2020 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

University of Birmingham Guild of Students

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

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 Trustees' Report which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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 and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the parent charity for the purposes of company law) 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

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

University of Birmingham Guild of Students

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

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of the audit report

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.



Ian Holder
(Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

Date: 09 November 2020

University of Birmingham Guild of Students

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

For the year ended 31 July 2020

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £	Restated Total 2019 £
INCOME						
Donations	2	2,562,105	-	310,405	2,872,510	2,891,260
Income from charitable activities	3	1,248,913	704,578	353,671	2,307,162	3,205,738
Income from other trading activities	4	139,504	-	-	139,504	244,210
Investment income	5	16,026	-	-	16,026	16,829
Other Income	6	218,885	-	-	218,885	-
TOTAL INCOME		4,185,433	704,578	664,076	5,554,087	6,358,037
EXPENDITURE						
Expenditure on raising funds	7	250,695	-	-	250,695	336,762
Expenditure on charitable activities	8	3,656,408	611,867	669,815	4,938,090	5,886,044
Pension Deficit charge	21	1,668,697	-	-	1,668,697	187,098
TOTAL EXPENDITURE		5,575,800	611,867	669,815	6,857,482	6,409,904
NET INCOME/ (EXPENDITURE)		(1,390,367)	92,711	(5,739)	(1,303,395)	(51,867)
Transfers between funds	22-24	75,281	(92,496)	17,215	-	-
NET MOVEMENT IN FUNDS		(1,315,086)	215	11,476	(1,303,395)	(51,867)
Reconciliation of Funds						
Funds bought forward as originally stated		(2,579,473)	1,124,290	344,713	(1,110,470)	(1,097,884)
Prior Year Adjustment		(167,798)	-	-	(167,798)	(128,517)
Adjusted funds bought forward		(2,747,271)	1,124,290	344,713	(1,278,268)	(1,226,401)
TOTAL FUNDS CARRIED FORWARD		(4,062,357)	1,124,505	356,189	(2,581,663)	(1,278,268)

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 2019 are reported in note (1).

The accounting policies and notes on pages 22 to 47 form an integral part of these financial statements.

University of Birmingham Guild of Students

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 31 July 2020

Company registration number: 06638759

		Group		Guild	
	Note	2020 £	Restated 2019 £	2020 £	Restated 2019 £
FIXED ASSETS					
Tangible assets	14	381,151	394,413	381,151	394,413
Investments	15	-	-	25,000	25,000
		<u>381,151</u>	<u>394,413</u>	<u>406,151</u>	<u>419,413</u>
CURRENT ASSETS					
Stocks	16	39,069	34,756	39,069	34,756
Debtors	17	423,061	470,630	491,468	589,270
Investments	18	1,928,136	2,025,520	1,928,136	2,025,520
Cash at bank and in hand		600,458	598,900	442,408	398,857
		<u>2,990,724</u>	<u>3,129,806</u>	<u>2,901,081</u>	<u>3,048,403</u>
CREDITORS: Amounts falling due within one year	19	(895,222)	(1,169,565)	(881,612)	(1,164,207)
		<u>2,095,502</u>	<u>1,960,241</u>	<u>2,019,469</u>	<u>1,884,196</u>
NET CURRENT ASSETS					
Provisions for Liabilities: SUSS Pension Deficit	21	(5,058,316)	(3,632,922)	(5,058,316)	(3,632,922)
NET LIABILITIES	25	(2,581,663)	(1,278,268)	(2,632,696)	(1,329,313)
FUNDS					
Restricted funds	23	356,189	344,713	356,189	344,713
- Unrestricted - General	22	1,239,257	1,117,360	1,188,224	1,066,315
- Unrestricted - Pension	21/22	(5,301,614)	(3,864,631)	(5,301,614)	(3,864,631)
- Designated	24	1,124,505	1,124,290	1,124,505	1,124,290
		<u>(2,581,663)</u>	<u>(1,278,268)</u>	<u>(2,632,696)</u>	<u>(1,329,313)</u>

The financial statements were approved by the Trustee Board and authorised for issue on 26th October 2020 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 2019/20 is £1,303,395.



Robert Smeath
Chair of Trustee Board

The accounting policies and notes on pages 22 to 47 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 2020

	2020 £	2019 £
Net cash generated from/(used in) operating activities	82,391	262,050
Cash flows from investing activities		
Interest received	16,026	16,829
Purchase of tangible fixed assets	(194,243)	(130,668)
Net cash used in investing activities	(178,217)	(113,839)
Net (decrease)/increase in cash & cash equivalents in the year	(95,826)	148,211
Cash & cash equivalent at the beginning of the year	2,624,420	2,476,209
Total cash & cash equivalents at the end of the year	2,528,594	2,624,420

Reconciliation of net movement in funds (operating surplus) to net cash generated from/(used in) operating activities	2020 £	Restated 2019 £
Operating (Deficit)	(1,303,395)	(51,867)
Depreciation	207,505	208,070
Interest received	(16,026)	(16,829)
(Increase) in stocks	(4,313)	(1,801)
Decrease/(Increase) in debtors	47,569	(121,657)
Increase in creditors & pension liability provision	1,151,051	246,134
Net cash generated from/(used in) operating activities	82,391	262,050

Analysis of changes in net funds	At 1 August 2019 £	Cash flow £	At 31 July 2020 £
Short term investment	2,025,520	(97,384)	1,928,136
Cash in hand and at bank	598,900	1,558	600,458
	<u>2,624,420</u>	<u>(95,826)</u>	<u>2,528,594</u>

The cash balance of £2.529m includes £803.9k (2019: £824.6k) cash relating to student groups consisting of £358.7k Guild societies and sports clubs, £297.8k hall reps, £95.5k Medsoc funds and £51.9k University sports club custodian funds (see notes (19), (23) and (24)).

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) (October 2018) – (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 (21).

Estimations included within the 2019/20 financial statements are based upon the latest information available following an actuarial revaluation conducted as at 30 June 2019 and communicated to the Guild in May 2020. It is reasonable to assume the estimations will not change until the next actuarial revaluation is conducted as at June 2022.

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 future 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 Balance Sheet that was estimated to be £1.278m (restated) brought forward as at 1 August 2019. For 2019/20, the Guild reports Net Expenditure of £1.303m increasing the Balance Sheet net liability position to £2,582m as at 31 July 2020. Again, the significant deficit position reported for 2019/20 is a result of pension deficit adjustments.

However, the SUSS pension liability is repayable on an incremental basis over a fifteen year period to 31 August 2035 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 the pension deficit will decrease as the Guild makes payments up to August 2035.

The trustees have prepared detailed budgetary and cash flow information for the financial year 2020/21 and robust financial & cash flow forecasts are also prepared for the following three year period to 31 July 2024. 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. In addition, the Guild regularly reviews actual financial performance against budgeted performance and makes decisions regularly to manage the position.

The Guild benefits from significant annual grant funding from University of Birmingham and this funding is reviewed annually by both Guild and University representatives. Work is also underway between Guild and University representatives to establish a longer term funding model. The Guild and University agreed an increase of £250k (10%) for 2020/21 as a one year adjustment whilst this work is completed. The block grant for 2020/21 is forecast to be £2.747m as a result of this uplift. This excludes additional funding receivable to deliver core services such as the Student Mentor Scheme, Wardens Scheme and Hall Reps, all of which are supported by 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 £2.529m as at 31 July 2020 and much lower short term creditors of £895.2k. This enables the Guild to report net current assets of £2.096m as at 31 July 2020.

The Guild is actively trying to manage the current environmental and economic difficulties arising from the COVID-19 pandemic and minimise the negative financial impact as best possible. In the short term, this has included delaying capital investment, identifying savings from non-essential expenditure and investigating new ways of generating income.

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:

University of Birmingham Guild of Students

ACCOUNTING POLICIES

- 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;
- 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 2020, the liability to the Guild was calculated as amounting to £5,301,614 (2019: £3,864,631).

University of Birmingham Guild of Students

ACCOUNTING POLICIES

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.

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. 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 2020

1 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDING 31 JULY 2019 - RESTATED

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Restated Total 2019 £
INCOME					
Donations	2	2,488,092	30,000	373,168	2,891,260
Income from charitable activities	3	2,024,530	726,776	454,432	3,205,738
Income from other trading activities	4	244,210	-	-	244,210
Investment income	5	16,829	-	-	16,829
TOTAL INCOME		4,773,661	756,776	827,600	6,358,037
EXPENDITURE					
Expenditure on raising funds	7	336,669	-	93	336,762
Expenditure on charitable activities	8	4,111,330	754,737	1,019,977	5,886,044
Pension Deficit charges		187,098	-	-	187,098
TOTAL EXPENDITURE		4,635,097	754,737	1,020,070	6,409,904
NET INCOME/ (EXPENDITURE)		138,564	2,039	(192,470)	(51,867)
Transfers between funds		10,709	(10,708)	(1)	-
NET MOVEMENT IN FUNDS		149,273	(8,669)	(192,471)	(51,867)

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 2020

2	DONATIONS	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
	Grants receivable					
	University					
	- Block grant	2,286,927	-	7,883	2,294,810	2,177,308
	- Other	275,178	-	-	275,178	312,382
	- Hall Reps	-	-	302,522	302,522	401,570
		<u>2,562,105</u>	<u>-</u>	<u>310,405</u>	<u>2,872,510</u>	<u>2,891,260</u>
3	INCOME FROM CHARITABLE ACTIVITIES	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £	Restated Total 2019 £
	Student Representation	-	-	-	-	1,032
	Student Advice, Support & Community	-	-	342,576	342,576	407,291
	Student Development & Employability (Incl. Student Groups)	2,078	704,578	11,095	717,751	793,349
	Charitable Trading	1,246,835	-	-	1,246,835	2,004,066
		<u>1,248,913</u>	<u>704,578</u>	<u>353,671</u>	<u>2,307,162</u>	<u>3,205,738</u>
4	INCOME FROM OTHER TRADING ACTIVITIES	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
	External trading income	139,504	-	-	139,504	232,644
	Rental and Commission income	-	-	-	-	11,566
		<u>139,504</u>	<u>-</u>	<u>-</u>	<u>139,504</u>	<u>244,210</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

5 INVESTMENT INCOME	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Bank interest receivable	16,026	-	-	16,026	16,829
	<u>16,026</u>	<u>-</u>	<u>-</u>	<u>16,026</u>	<u>16,829</u>

6 OTHER INCOME	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
CJRS Government Grant	218,885	-	-	218,885	-
	<u>218,885</u>	<u>-</u>	<u>-</u>	<u>218,885</u>	<u>-</u>

7 EXPENDITURE ON RAISING FUNDS	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
External trading costs	79,993	-	-	79,993	141,906
Rental & License fee costs	-	-	-	-	-
	<u>79,993</u>	<u>-</u>	<u>-</u>	<u>79,993</u>	<u>141,906</u>
Support Costs (Note 8)	170,702	-	-	170,702	194,856
	<u>170,702</u>	<u>-</u>	<u>-</u>	<u>170,702</u>	<u>194,856</u>
	<u>250,695</u>	<u>-</u>	<u>-</u>	<u>250,695</u>	<u>336,762</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

8	EXPENDITURE ON CHARITABLE ACTIVITIES	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £	Restated Total 2019 £
	Student Representation:					
	Direct costs					
	Officer Team	234,894	-	-	234,894	224,720
	Student Voice	185,409	-	-	185,409	197,197
	Support costs (note 8)	287,025	-	-	287,025	290,535
		<u>707,328</u>	<u>-</u>	<u>-</u>	<u>707,328</u>	<u>712,452</u>
	Student Advice, Support & Community:					
	Direct costs					
	Advice	98,701	-	-	98,701	89,973
	Not On Ambassadors	11,565	-	2,555	14,120	10,806
	Mentor Scheme	-	-	229,055	229,055	252,814
	Community Wardens	-	-	66,475	66,475	96,129
	Vale Fireworks	-	-	23,395	23,395	18,744
	Support costs (note 8)	156,240	-	55,285	211,525	198,979
		<u>266,506</u>	<u>-</u>	<u>376,765</u>	<u>643,271</u>	<u>667,445</u>
	Student Development & Employability:					
	Direct costs					
	Student Groups Dept, Hall Reps & Student Groups	200,053	611,867	273,194	1,085,114	1,487,130
	Job, Skills & Volunteering & Medsoc Support	168,925	-	-	168,925	176,555
	Support costs (note 8)	686,039	-	19,856	705,895	713,083
		<u>1,055,017</u>	<u>611,867</u>	<u>293,050</u>	<u>1,959,934</u>	<u>2,376,768</u>
	Charitable trading:					
	Direct costs	1,090,679	-	-	1,090,679	1,562,016
	Support costs (note 8)	387,110	-	-	387,110	415,433
		<u>1,477,789</u>	<u>-</u>	<u>-</u>	<u>1,477,789</u>	<u>1,977,449</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

8	EXPENDITURE ON CHARITABLE ACTIVITIES – RESTATED (CONTINUED)	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
	Governance Costs					
	Audit Fees	10,350	-	-	10,350	10,000
	Legal/Professional Fees	4,044	-	-	4,044	10,994
	Other direct costs	7,657	-	-	7,657	8,396
	Support costs (note 8)	127,717	-	-	127,717	122,540
		<u>149,768</u>	<u>-</u>	<u>-</u>	<u>149,768</u>	<u>151,930</u>
	Total Expenditure on Charitable Activities	<u>3,656,408</u>	<u>611,867</u>	<u>669,815</u>	<u>4,938,090</u>	<u>5,886,044</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

9 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 2020 £	Restated Total 2019 £
HR, Administration & Reception	98	4,407	37,010	38,763	80,548	40,706	29,041	230,573	226,456
Finance Department	1,751	10,715	9,592	18,183	60,520	55,415	25,579	181,755	159,779
Professional/Legal costs	1,397	8,548	11,895	27,396	62,967	45,024	2,253	159,480	145,929
Communications, Marketing, IT	-	1,924	71,832	72,152	135,646	43,612	12,827	337,993	345,446
Facilities/Buildings costs	112,586	7,450	83,816	24,665	288,605	163,706	1,681	682,509	768,221
Senior Management costs	5,819	16,007	72,880	30,366	77,609	38,647	56,336	297,664	289,595
	121,651	49,051	287,025	211,525	705,895	387,110	127,717	1,889,974	1,935,426

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, Marketing & IT – 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 2020

10 REMUNERATION OF SABBATICAL OFFICERS

Gross salary payments and employer pension contributions made during the year to Sabbatical Officers totalled £153.7k compared to £147.4k in 2018/19. However, the trustee status of Sabbatical Officer teams has varied. The breakdown is as follows:

	2020 £	2019 £
Sabbatical Officers - Trustee status		
Gross salary payments	151,735	127,295
Employers pension costs	2,014	710
Sabbatical Officer/Trustee Remuneration within the year	153,749	128,005
Sabbatical Officers – Non-trustee status		
Gross salary payments	-	18,990
Employers pension costs	-	375
Sabbatical Officer/Non-Trustee Remuneration within the year	-	19,365
 Total Sabbatical Officer Remuneration	 153,749	 147,370

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
2018/19 Sabbatical Officer Team	6	1
2019/20 Sabbatical Officer Team	7	-
2020/21 Sabbatical Officer Team	7	-

During the financial year, the 2019/20 Sabbatical Officer Team were in post for the period 1 August 2019 – 17 July 2020. The 2020/21 Sabbatical Officer Team started their induction on 26 June 2020 and formally took office from 20 July 20.

In 2019/20 financial year, the following trustees received remuneration:

2019/20 Team – T Adeyemi, J Dooler, A Gibbins, R Ginger, CW Park, A Sefton & J Williams.
2020/21 Team – T Adeyemi, WL Chen, R Cutler, R Hegarty, C Minter, A Raphael & J Singh.

In 2018/19 financial year, the following trustees received remuneration:

2018/19 Team – I Bygrave, A Goldstone, R Macpherson, CW Park, S Price & R Roberts.
2019/20 Team – T Adeyemi, J Dooler, A Gibbins, R Ginger, CW Park, A Sefton & J Williams.

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 2020

11 TRUSTEE BOARD AND SABBATICAL OFFICER TEAM PERSONAL EXPENSES

Two external members of the Guild's Trustee Board were reimbursed for travel expenses, totalling £362 within the year (2019: £615 - 4 external trustees). This expenditure is reported within Governance Costs, shown in note (8).

In addition, the 2019/20 Sabbatical Officer Team were reimbursed a total of £785 (2019: £2,490) in respect of personal travel and subsistence expenses, in accordance with their role as elected Sabbatical Officers.

Similarly, six 2020/21 Sabbatical Officer trustees were reimbursed £331 (2019: £492 - 6 Officers) as part of the election process and during office 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 (8).

A number of external trustees have not claimed travel expenses to attend board and sub-committee meetings during 2019/20 and have personally chosen to waive their expenses. The value of these expenses is unknown.

The Guild of Students also incurred costs of £4,599 (2019: £3,715) within the year relating to Professional Indemnity insurance cover of £5m (2019: £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 (8).

12 STAFF COSTS

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:

	2020 Number	2019 Number
Permanent Staff (average / full time equivalent)	73 / 69	76 / 71
Student Staff (average / full time equivalent)	230 / 36	264 / 45

303 / 105	340 / 116
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The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages & Salaries	2,418,580	2,516,232
Social security costs	162,786	158,834
Pension costs – contributions within year	66,968	63,638
Pension costs – deficit charges/(credit)	1,668,697	187,098

4,317,031	2,925,802
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University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

The following number of employees received remuneration above £60,000 within the year:	2020 Number	2019 Number
£60,000 - £69,999	-	-
£70,000 - £79,999	-	-
£80,000 - £89,999	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

For the 2019/20 employee paid in the range £80,000 - £89,999, employer pension contributions totalled £5,378 (2019: £5,311). 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 Head of Finance. Gross salary costs including employer pension contributions totalled £309.3k for 2019/20, compared to £299.7k for 2018/19.

During 2019/20, the Guild accounted for termination payments totalling £32,507 to 3 employees compared to £nil for 2018/19. Statutory payments totalled £22.3k (2019 - £nil) and non-statutory payments totalled £10.2k (2019 - £nil).

13	NET MOVEMENT IN FUNDS	2020 £	2019 £
	Is stated after charging:		
	Auditors remuneration:		
	- audit services	10,350	10,000
	- other services	2,955	2,750
		<u>13,305</u>	<u>12,750</u>
	Depreciation:		
	- owned assets	207,505	208,070
		<u><u>207,505</u></u>	<u><u>208,070</u></u>
	Operating lease rentals:		
	- plant and machinery	9,470	9,095
	- land and buildings	133,445	133,445
		<u>142,915</u>	<u>142,540</u>
		<u><u>142,915</u></u>	<u><u>142,540</u></u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

14	TANGIBLE FIXED ASSETS	Central Building Refurbs £	Equipment £	Total £
	GROUP & GUILD			
	Cost:			
	At 1 August 2019	2,461,303	1,630,222	4,091,525
	Additions	167,395	26,848	194,243
	Disposals	-	-	-
	At 31 July 2020	2,628,698	1,657,070	4,285,768
	Depreciation:			
	At 1 August 2019	2,193,701	1,503,411	3,697,112
	Charge for the year	158,138	49,367	207,505
	Disposals	-	-	-
	At 31 July 2020	2,351,839	1,552,778	3,904,617
	Net book value:			
	At 31 July 2020	276,859	104,292	381,151
	At 31 July 2019	267,602	126,811	394,413

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

15	INVESTMENTS	Group £	Guild £
	Cost:		
	At 1 August 2019	-	25,000
	At 31 July 2020	-	25,000
	Net book value:		
	At 1 August 2019	-	25,000
	At 31 July 2020	-	25,000

An analysis of the above investments is set out below. At 31 July 2020 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 (discontinued from July 2019)	100%

The registered address of Guild Services Ltd is C/O Guild of Students, Edgbaston Park Road, Birmingham, B15 2TU.

UNLISTED INVESTMENTS	Unlisted investments £	Investment in subsidiary £	Total £
Cost			
At 1 August 2019	-	25,000	25,000
At 31 July 2020	-	25,000	25,000
Net book value			
At 1 August 2019	-	25,000	25,000
At 31 July 2020	-	25,000	25,000

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

15 INVESTMENTS (continued)

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

	2020 £	2019 £
Turnover	139,504	232,644
Operating profit	16,557	45,987
Interest receivable	-	-
Taxation	-	-
Donation under Gift aid distribution	(16,569)	(45,987)
(Loss for the year)/Retained profit	(12)	-
Net current assets and shareholders' funds	76,033	76,045

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

For the year ended 31 July 2020, 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.

16 STOCKS

	Group		Guild	
	2020 £	2019 £	2020 £	2019 £
Bars	36,132	33,399	36,132	33,399
Catering – combined outlets	2,937	1,357	2,937	1,357
	39,069	34,756	39,069	34,756

Total expenditure for bars and catering stocks purchased in 2019/20 is £348,619 (2019: £488,759).

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

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	Group		Guild	
DEBTORS: Amounts falling due after more than one year	2020 £	2019 £	2020 £	2019 £
Prepayments (General)	57	5,854	57	5,854
	<u>57</u>	<u>5,854</u>	<u>57</u>	<u>5,854</u>

	Group		Guild	
DEBTORS: Amounts falling due within one year	2020 £	Restated 2019 £	2020 £	Restated 2019 £
Trade debtors	44,396	112,779	13,153	108,775
Other debtors	7,164	6,400	7,164	6,400
Owed by subsid. undertakings	-	-	99,650	123,019
Prepayments (General)	172,842	209,092	172,842	209,092
Accrued Income	198,602	136,505	198,602	136,130
	<u>423,004</u>	<u>464,776</u>	<u>491,411</u>	<u>583,416</u>
	<u>423,061</u>	<u>470,630</u>	<u>491,468</u>	<u>589,270</u>

18

SHORT TERM INVESTMENTS

	Group		Guild	
	2020 £	2019 £	2020 £	2019 £
Money Market/Deposit Investments	<u>1,928,136</u>	<u>2,025,520</u>	<u>1,928,136</u>	<u>2,025,520</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

19	CREDITORS: Amounts falling due within one year	Group		Guild	
		2020	Restated 2019	2020	Restated 2019
		£	£	£	£
	Trade creditors	218,738	362,279	218,598	362,279
	Other taxation & social security	39,125	38,422	39,125	38,422
	Custodian Funds held on behalf of AU/University Sports Groups	55,321	61,789	55,321	61,789
	Custodian Funds held on behalf of Medsoc	-	49,199	-	49,199
	Other Creditors	154,006	184,539	154,006	184,445
	Accruals	172,918	223,134	170,048	218,866
	Deferred Income	11,816	18,494	1,216	17,498
	SUSS Pension Deficit	243,298	231,709	243,298	231,709
		<u>895,222</u>	<u>1,169,565</u>	<u>881,612</u>	<u>1,164,207</u>
		<u><u>895,222</u></u>	<u><u>1,169,565</u></u>	<u><u>881,612</u></u>	<u><u>1,164,207</u></u>
20	DEFERRED INCOME	Group		Guild	
		2020	2019	2020	2019
		£	£	£	£
	At 1 August 2019	18,494	42,275	17,498	38,828
	Additions	11,816	17,498	1,216	17,498
	Released	(18,494)	(41,279)	(17,498)	(38,828)
		<u>11,816</u>	<u>18,494</u>	<u>1,216</u>	<u>17,498</u>
	At 31 July 2020	<u><u>11,816</u></u>	<u><u>18,494</u></u>	<u><u>1,216</u></u>	<u><u>17,498</u></u>

Deferred income for 2019/20 primarily relates to income received for marketing sponsorship activities raised in advance of the period that it relates to.

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

21	PROVISION FOR LIABILITIES: SUSS PENSION DEFICIT	2020 £	2019 £
	Balance bought forward	3,864,631	3,898,211
	Deficit contributions paid	(231,714)	(220,678)
	Unwinding of discount factor/interest (based upon prior year rate)	68,130	82,775
	Adjustment arising from actuarial revaluation in year	1,292,444	-
	Deficit/(Surplus) adjustment arising from change to discount factor assumption	308,123	104,323
	Total Balance carried forward	<u>5,301,614</u>	<u>3,864,631</u>
	Creditors – Amounts falling due within one year (see note 19)	243,298	231,709
	Provisions for liabilities	<u>5,058,316</u>	<u>3,632,922</u>
		<u>5,301,614</u>	<u>3,864,631</u>

The SUSS pension liability after five years is estimated to be £4,103,165 (2019: £2,891,671).

22	UNRESTRICTED FUNDS (For Guild only)	Restated 1 August 2019 £	Income £	Expenditure £	Transfers £	31 July 2020 £
	General Reserve	1,066,315	4,148,601	(3,870,259)	(156,433)	1,188,224
	Pension Reserve	(3,864,631)	-	(1,668,697)	231,714	(5,301,614)
		<u>(2,798,316)</u>	<u>4,148,601</u>	<u>(5,538,956)</u>	<u>75,281</u>	<u>(4,113,390)</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

23	RESTRICTED FUNDS (For Group & Guild)	1 August 2019 £	Income £	Expenditure £	Transfers £	31 July 2020 £
	Mentor Scheme	13,845	232,619	(274,056)	27,592	-
	Warden Scheme	38,988	108,999	(76,759)	(13,783)	57,445
	Vale Fireworks	-	23,395	(23,395)	-	-
	Student Groups (RA's)	262,794	291,180	(290,907)	4,104	267,171
	Capital Grants	8,020	-	(2,143)	(698)	5,179
	Sundry Funds	2,555	-	(2,555)	-	-
	Global Buddies Scheme	11,462	-	-	-	11,462
	University Maintenance SLA	7,049	7,883	-	-	14,932
		<u>344,713</u>	<u>664,076</u>	<u>(669,815)</u>	<u>17,215</u>	<u>356,189</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. Transfers from the Warden Scheme and Capital Grants reserves were agreed with the funder (University of Birmingham) to help finance a shortfall to grant income in relation to the Mentor Scheme during the year.

24	DESIGNATED FUNDS (For Group & Guild)	1 August 2019 £	Income £	Expenditure £	Transfers £	31 July 2020 £
	Building Refurbishment 1	64,237	-	-	(64,237)	-
	Infrastructure	148,109	-	-	(28,259)	119,850
	Building Refurbishment 2	550,000	-	-	-	550,000
	Student Groups (Societies, Guild Sports Clubs & Medsoc)	361,944	704,578	(611,867)	-	454,655
		<u>1,124,290</u>	<u>704,578</u>	<u>(611,867)</u>	<u>(92,496)</u>	<u>1,124,505</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. £64.2k depreciation costs have been charged during 2019/20, whilst depreciation costs of £83.6k were charged in 2018/19. The reserve is now fully cleared.

A further depreciation charge of £7.1k has been allocated against the ICT Strategy Fund within the year, compared to £7.1k also charged in 2018/19. In addition, a further £21.2k overheads relating to software and telecoms support has been allocated against the reserve (nil in 2018/19).

The second building refurbishment designated reserve to help fund a potential extension to the Guild building has been frozen at £550k for 2019/20, as per 2018/19. The implementation of this project is currently delayed whilst additional funding is identified and further work conducted to formulate a wider building development plan.

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

In addition, Guild societies, Guild Sports Clubs and Medsoc student groups are classified as designated activity of the Guild of Students. The net balances increased by £92.7k within the year as a result of the legal incorporation of Medsoc student groups during the year. The net increases consisted of £704.6k income and £611.9k expenditure. This compares to a £2.0k increase reported for 2018/19, after accounting for £756.7k of income and £754.7k expenditure.

25	ANALYSIS OF NET LIABILITIES (2019/20)	Fixed assets and investments £	Net current assets £	Provision for pension liabilities £	Net liabilities £
	Charity				
	Restricted funds	5,179	351,010	-	356,189
	Designated funds	4,824	1,119,681	-	1,124,505
	General funds				
	- UoB Guild of Students	396,148	792,076	-	1,188,224
	- UoB Guild – Pension	-	(243,298)	(5,058,316)	(5,301,614)
		<u>406,151</u>	<u>2,019,469</u>	<u>(5,058,316)</u>	<u>(2,632,696)</u>
	For Charity	<u>406,151</u>	<u>2,019,469</u>	<u>(5,058,316)</u>	<u>(2,632,696)</u>
	Group				
	Restricted funds	5,179	351,010	-	356,189
	Designated funds	4,824	1,119,681	-	1,124,505
	General funds				
	- UoB Guild of Students	371,148	792,076	-	1,163,224
	- UoB Guild – Pension	-	(243,298)	(5,058,316)	(5,301,614)
	- Subsidiary undertaking(s)	-	76,033	-	76,033
		<u>381,151</u>	<u>2,095,502</u>	<u>(5,058,316)</u>	<u>(2,581,663)</u>
	For Group	<u>381,151</u>	<u>2,095,502</u>	<u>(5,058,316)</u>	<u>(2,581,663)</u>

The restated comparative figures for the previous financial year are as follows:

	ANALYSIS OF NET LIABILITIES (2018/19) - RESTATED	Fixed assets and investments £	Net current assets £	Provision for pension liabilities £	Net liabilities £
	Charity				
	Restricted funds	7,322	337,391	-	344,713
	Designated funds	76,134	1,048,156	-	1,124,290
	General funds				
	- UoB Guild of Students	335,957	730,358	-	1,066,315
	- UoB Guild – Pension	-	(231,709)	(3,632,922)	(3,864,631)
		<u>419,413</u>	<u>1,884,196</u>	<u>(3,632,922)</u>	<u>(1,329,313)</u>
	For Charity	<u>419,413</u>	<u>1,884,196</u>	<u>(3,632,922)</u>	<u>(1,329,313)</u>

University of Birmingham Guild of Students

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ANALYSIS OF NET LIABILITIES (2018/19) – RESTATED Continued	Fixed assets and investments £	Net current assets £	Provision for pension liabilities £	Net liabilities £
Group				
Restricted funds	7,322	337,391	-	344,713
Designated funds	76,134	1,048,156	-	1,124,290
General funds				
- UoB Guild of Students	310,957	730,358	-	1,041,315
- UoB Guild – Pension	-	(231,709)	(3,632,922)	(3,864,631)
- Subsidiary undertaking(s)	-	76,045	-	76,045
For Group	394,413	1,960,241	(3,632,922)	(1,278,268)

26 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.

27 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:

- University of Birmingham**

Ms E Conway was appointed as both the University Director of Finance and the Guild's University nominated trustee in July 2018.

During the year, the Guild received income of £3.363m (2019: £3.56m) and incurred expenditure of £535.0k (2019: £755.8k). At 31 July 20, the Guild held a creditor balance of £157.2k (2019: £239.3k) and a debtor balance of £104.9k (2019: £265.1k).

- BAM Agency Ltd**

Mr Ian Pain who was appointed as a trustee of the charity, University of Birmingham Guild of Students in September 2020 is also a Marketing Director for BAM Agency Ltd. This company also trades with the Guild's wholly owned trading subsidiary, Guild Services Ltd.

During the year, Guild Services Ltd received income of £8.0k (2019: £16.1k) but did not incur any expenditure. Guild Services Ltd did not record an outstanding debtor balance at either the 2020 or 2019 year-ends.

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

28 OPERATING LEASE COMMITMENTS

At 31 July 2020, the Guild had commitments under property leases and non-cancellable equipment operating leases (minimum lease payments) as set out below:

	2020 £	2019 £
Land & Buildings Lease which expire:		
Within 1 year	133,445	133,445
Within 2 – 5 years	266,889	266,889
Over 5 years	-	-
	<u>400,334</u>	<u>400,334</u>
Operating leases which expire:		
Within 1 year	9,462	9,462
Within 2 – 5 years	20,728	28,073
Over 5 years	-	-
	<u>30,190</u>	<u>37,535</u>

29 CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for	15,978	156,408
	<u>15,978</u>	<u>156,408</u>

30 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.

	2020 £	2019 £
Advice UK Limited	100	253
National Association of Student Employment Services	-	295
National Hindu Students Forum	107	233
NUS Services Limited	380	380
National Union of Students	60,000	57,351
National Centre for Voluntary Organisations - Free	-	-
Subscriptions & Affiliations of £175 or less	409	388
	<u>60,996</u>	<u>58,900</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2020

31 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 Earnings (CARE) basis. With effect from 30 September 2011 the scheme closed to future accrual.

The most recent full valuation of the Scheme was carried out as at 30 June 2019 and showed that the market value of the Scheme's assets was £119.1m 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 £140.9m.

The 30 June 2019 valuation also incorporates liabilities arising from the historical legal issue that the Guild reported as a contingent liability in the 2018/19 financial statements. The deficit position would have improved by £3.6m to £116.1m between the 2016 and 2019 valuations had the historical legal issue not arisen. However, the historical legal issue subsequently impacted this position negatively by £24.8m.

The following assumptions applied at 30 June 2019:-

- The investment return would be 4.0% per annum before retirement and 2.0% per annum after retirement
- Pensions accruing on the CARE basis would revalue at 3.6% per annum.
- Present and future pensions would increase at rates specified by Scheme rules with appropriate assumptions where these are dependent on inflation.

The 2019 valuation recommended a monthly contribution requirement by each Participating Employer expressed in monetary terms intended to clear the ongoing funding deficit over a remaining period of 15 years ending 31st August 2035. This represents an extension to the repayment plan of 2 years and 2 months compared to the 2016 valuation.

The Guild's deficit contribution will increase by 5% from 1 October 2020 as planned within the 2016 valuation. However, the 2019 valuation then recommends a 15.9% step increase to be applied to the Guild's contribution levels from 1 October 2021, following by at least 5% per year thereafter. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the Scheme. The rates applied above will be formally reviewed following completion of the next valuation due with an effective date of 30 June 2022.

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 2020 was £231,714 (2019: £220,678). The Guild will be required to make pension deficit payments into SUSS totalling £243,298 during 2020/21.

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

University of Birmingham Guild of Students

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For the year ended 31 July 2020

currently based upon 4.0% 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 £66,968 (2019 - £63,638). At 31 July 2020, a balance of £9,848 was recorded as a Creditor within the Balance Sheet representing July 2020 pension contributions payable in August 2020 (2019: £9,949). The estimated employer contributions for 2020/21 financial year relating to NUSPS and NEST are £76,281.

32 PRIOR YEAR ADJUSTMENTS

As reported in the Trustees Report (page 9), the Guild has reflected a provision within the financial statements to take account of potential historic VAT liabilities. This is in relation to the Guild's treatment of student catering as a VAT exempt supply whilst HMRC have assessed this as a standard rated VAT supply.

The Guild has accounted for a provision for potential liabilities dating from February 2016 to July 2020. As a result, the 2018/19 financial statement comparators have been adjusted accordingly to take account of probable historic liabilities. The adjustments are as follows:

- **Up to July 2018** – For the period February 2016 to July 2018 (30 months), the Guild has accounted for a potential historical liability totalling £128.5k. The bought forward negative reserve balance as at 1 August 2018 has been adjusted from £1.098m originally stated to £1.226m restated.
- **2018/19** – For 2018/19, the Guild originally reported Net Expenditure of £12.6k and this has been increased by £39.3k to Net Expenditure of £51.9k, to reflect potential historic liabilities. The bought forward negative reserve balance as at 1 August 2019 has been adjusted from £1.11m originally stated to £1.278m restated that reflects the cumulative impact of the adjustments.

For 2019/20, the Guild has also accounted for a further provision of £5.1k in relation to catering VAT increasing the total provision to £172.9k. In addition, accrued income has been reduced by £8.5k in relation to 2019/20 Meal Plan sales invoiced after year-end, resulting in a cumulative £13.6k negative impact in the year.

33 CONTINGENT LIABILITY

It must be noted that HMRC has recently challenged the VAT exempt treatment of grant income received from University of Birmingham in relation to the Student Mentor Scheme and Hall Reps Scheme. HMRC are of the viewpoint that the Guild is providing a service to University of Birmingham and as such, should treat this activity as a standard rated supply.

The Charity is robustly challenging HMRC's view that a supply arrangement exists and argue that the Guild delivers these welfare activities for the benefit of University of Birmingham students as members of the Guild of Students. The Guild and University believes the University do not derive any direct benefit from funding these activities via a grant to the Guild of Students. Correspondence between the Guild and HMRC is ongoing.

34 FINANCIAL PERFORMANCE OF THE CHARITY

The charity reports Net Expenditure of £1,303,395 for the year ended 31 July 2020 in comparison to restated Net Expenditure of £51,867 reported for 2018/19.

The charity reports gross income of £5,517,255 for the year ended 31 July 2020 in comparison to restated gross income of £6,321,880 reported for 2018/19.

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For the year ended 31 July 2020

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.

35 **EVENTS AFTER THE END OF THE REPORTING PERIOD**

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