



Your Students' Union

University of Birmingham
guild*of***students**

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended

31 July 2019

University of Birmingham Guild of Students

CONTENTS

	Page(s)
Reference and administration details	1 - 2
Report of the Trustee Board	3 - 12
Trustee responsibilities in relation to the financial statements	13
Independent auditor's report	14 - 16
Consolidated Statement of Financial Activities	17
Consolidated and Company Balance Sheets	18
Consolidated Statement of Cash Flows	19
Accounting policies	20 - 23
Notes to the financial statements	24 - 44

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 28 October 2019

		Appointed	Resigned
Mr Robert Smeath	Chair	23 rd Oct 17	-
Mr Reece Roberts	Vice Chair – President	16 th Jul 18	12 th Jul 19
Mr Adam Goldstone	Education Officer (Officer across two financial years)	17 th Jul 17	12 th Jul 19
Miss Robyn Macpherson	Activities & Employability Officer	16 th Jul 18	12 th Jul 19
Miss Isabel Bygrave	Welfare & Community Officer	16 th Jul 18	12 th Jul 19
Miss Cho Won Park	International Officer (Officer across two financial years)	16 th Jul 18	-
Mr Simon Price	Sports Officer	16 th Jul 18	12 th Jul 19
Miss Rosa Alaluf		2 nd Jul 19	-
Miss Henrietta Brealey		10 th Sept 19	-
Miss Tanya Chadha		7 th Mar 16	6 th Mar 19
Ms Erica Conway		3 rd Jul 18	-
Mrs Christine Davies		15 th Sept 14	-
Mr Johnny Davis		13 th May 19	-
Mr Richard Evans		30 th Oct 13	9 th Sept 19
Miss Amelia Hiller		3 rd Jul 18	2 nd Jul 19
Mr Adam Keene		3 rd Jul 18	2 nd Jul 19
Ms Mayya Konovalova		1 st May 18	-
Miss Krisztina Mair		24 th Jan 18	-
Mr Robert Saunders		30 th Oct 13	-
Miss Alice Tucker		2 nd Jul 19	-
Mr Lyndon Williams		11 th Jan 16	-
2019/20			
Mr Joshua Williams	Vice Chair – President	15 th Jul 19	-
Miss Tobiloba Adeyemi	Postgraduate Officer	15 th Jul 19	-
Mr Joshua Dooler	Sports Officer	15 th Jul 19	-
Miss Amelia Gibbins	Welfare & Community Officer	15 th Jul 19	-
Mr Ryan Ginger	Activities & Employability Officer	15 th Jul 19	-
Miss Amanda Sefton	Education Officer	15 th Jul 19	-

Senior Management Team

Mrs Joanne Thomas Chief Executive
Mr Adam Sheridan Director of Engagement
Miss Emily Badger Director of Operations
Miss Sarah Edmunds Director of Support & Development
Mr Nicholas Bailey Finance Manager

University of Birmingham Guild of Students

REFERENCE AND ADMINISTRATION DETAILS

Non-Trustee Sabbatical Officer

		Appointed	Resigned
Miss Jessica Small	Postgraduate Officer	16 th Jul 18	12 th Jul 19

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

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

The Trustee Board presents their Annual Report for the period ended 31 July 2019 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. For the period to 12th July 2019, only six of the 2018/19 Sabbatical Officers were registered as Trustees although seven 2019/20 Sabbatical Trustees are registered as at year-end 31st July 2019.

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.

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

The Trustee Board meets six times per year to receive reports from sub-committees, Officers, Senior Management and the Chief Executive, and to review the Guild's performance and administration. In 2018/19 the Trustee Board met six times.

During the year 2018/19, the Guild undertook a Good Governance review using the NUS framework which is based on the Charity Governance Code published in 2017, and adjusted specifically for unique aspects of Students' Unions. The Code is based on 7 principles of; Organisational purpose, Leadership, Integrity, Decision Making, Risk & Control, Board Effectiveness, Diversity and Openness & Accountability. Classed as a large charity under the Code, the Board approved a Peer Review to be undertaken with Leeds University Union and Kent Union. This triangular review culminated with Board effectiveness reports for each Students' Union, and concluded that the Guild has strong governance structures and systems. A number of recommendations for minor changes moving forward are being considered by the Trustee Board.

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.

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

The Guild of Students incurred costs of £3,715 (2018: £3,622) within the year relating to Professional Indemnity insurance cover of £5m (2018: £5m). This policy included cover for the Trustees, Directors, Officers, Employees, Student Group committee members as well as other volunteers associated with Guild activities.

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
Financial A significant reduction in trading income	<ul style="list-style-type: none">• Diversifying income streams to reduce reliance on one source of funding• Annual value for money check is completed
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
Reputational/Operational Guild is no longer perceived as relevant to members and does not respond to changes in students lifestyle and needs	<ul style="list-style-type: none">• Timely and relevant research is conducted on a regular basis to inform strategic and operational decisions• Regular reports are reviewed by trustees, including members' satisfaction and performance against key targets
Reputational Student led groups/Officer Team acting in such a way that it harms the reputation of the Guild and/or University	<ul style="list-style-type: none">• Regular training provided to key stakeholders regarding responsibilities, press and PR and organisational processes• Proactive support provided by staff team in dealing with media issues and other problems that arise

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

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
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.

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.

The Guild continues to represent students on relevant local, national and international issues. Through 'Your Ideas', 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 Primary Care Trusts, local residents, the Police and other providers of public services used by students in Birmingham.

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

Achievements and Performance

The Guild has completed Year 1 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 2018/19 towards the delivery of the strategic plan.

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

Objectives/Commitments	Outcomes/Achievements in 2018/19:
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 8,980, with positive progress against targets for PG & International engagement.
Individual volunteers maintained at circa 5,000.	Total volunteers across all Guild departments recorded at 4,825 over the year.
70% satisfaction of Hall Reps & activities delivered	72% of students reported being satisfied with the Hall Reps scheme, and 77% reported satisfaction with the social activities on offer.
20 outreach activities engaged in by students annually.	24 outreach activities run across Guild departments throughout the year.
Theme 2	Communication and Branding
Rebrand delivered – with brand guidelines in place.	Rebrand progressing well with external agencies providing additional capacity and support.
Communication & digital strategies implemented	<p>Circa 10% increase in followers on all current social media platforms, and increases in web traffic over key Guild events such as Elections, Gradball etc.</p> <p>New 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 sexual health guidance week, 'shush' week and the harm reduction campaign.</p>
Theme 3	Academic and Learning Experience
250 changes implemented by Student Reps annually.	More than 250 University policy changes implemented as a result of Student Rep lobbying in 2018/19.
70% Awareness of Student Rep Scheme.	Reported 84% awareness of the Student Rep Scheme across the student body in 2018/19.
10 policy changes implemented Officers annually.	Recorded 11 policy change 'wins' achieved by the Guild officer team in 2018/19.
80% satisfaction with Student Rep Scheme from users.	Survey data indicates 86% satisfaction from users of the Student Rep Scheme.
Theme 4	Representing the Student Voice
3 priority campaigns delivered &	2 officer priority campaigns delivered in 2018/19 (Sexual Health Guidance Week & Harm Reduction campaigns), and a new

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

evaluation method developed.	priority campaigns model developed for 2019/20.
125 changes delivered through democratic processes annually.	98 changes have been passed through the Guild's democratic processes (12 through the 'Your Ideas' online platform, and 86 through the Guild Policy Development Group committee).
Theme 5	Support (Mental Health and Financial Assistance)
<p>Increase Wellbeing / Life Satisfaction score of students by 15-20%.</p> <p>60% students that recognise the Guild as having a positive impact on the community.</p> <p>80% of students who say the Guild is a place I can get useful advice.</p>	<p>80% of students reported satisfaction with their wellbeing and life situation.</p> <p>56% of students recognise the positive impact of the Guild on the local community.</p> <p>67% of students recognise the Guild as a source of useful advice.</p>
Theme 6	Personal Development
<p>80% of students are satisfied with activities available at the Guild.</p> <p>85% of staff (& student staff) would recommend the Guild as a good place to work</p> <p>No significant negative differences in experiences of women, BAME, disabled or LGBT employees</p>	<p>74% of students report being satisfied with the Guild's provision of activities when surveyed.</p> <p>80% of staff wholeheartedly recommended the Guild as a good place to work (Core staff at 78%, and 82% of student staff).</p> <p>No significant variances between protected characteristic groups and the wider staff body from survey data.</p>

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.

Financial Review

Income and Expenditure

For 2018/19, the Guild reports Net Expenditure of £12.6k compared to Net Income of £392.3k in 2017/18. The financial result for 2018/19 is significantly impacted by two items in comparison to the prior year. Firstly, the SUSS discounted pension deficit charge in the year totalled £187.1k in 2018/19 in comparison to a credit of £22.0k for 2017/18, a difference of £209.1k between the two financial years.

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

Secondly, the Hall Reps Scheme Net Expenditure in 2018/19 totalled £185.3k that is funded from restricted reserves built up historically. The scheme reported Net Income of £76.8k for 2017/18, a difference of £262.1k between the two financial years.

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 (21), (22) and (23).

Total Income increased by £353.3k (5.8%) from £6.07m to £6.42m in comparison to 2017/18. The increase was spread across the following areas;

- Income from donations and legacies (grants receivable from University) increased by £281.0k (10.8%) although £60.1k of this difference relates to reporting classification differences between 2017/18 and 2018/19 with regards to Not On and Global Buddies grants. This income was reported as charitable activities in 2017/18 and consolidated into the main block grant from 2018/19 onwards.

The block grant was increased by £165k in 2018/19 to fund improved postgraduate and international student engagement as well as sundry inflationary and lease related increases totalling £59.5k. The Hall Reps grant also increased by £26.5k based upon an increase to the number of students living in University halls of residence.

- Income from charitable activities increased by £83.0k (2.6%) consisting of a £88.3k increase to income generated from Student Development and Employability activities (mainly student groups) and an increase of £24.6k (1.2%) to income generated from charitable trading activities. Student Advice, Support & Community funding decreased by £29.9k due to the 'Not on/Global Buddies' reclassification highlighted above.

Total expenditure & charges increased by £758.2k from £5.673m to £6.432m compared to 2017/18. The discounted pension deficit adjustment for 2018/19 contributes £209.1k of this difference whilst gross expenditure within the Hall Reps Scheme also increased significantly by £299.8k due to the launch of the new scheme and additional safety expenditures incurred during the year. Student groups direct expenditure also increased by £80.1k whilst all other expenditures increased by £169.2k.

As highlighted in note (8), the expenditures highlighted above take account of support cost allocations totalling £1.957m representing a £98.1k increase compared to £1.859m reported for 2017/18. The direct costs of the HR and Administration department, Communications, Marketing & IT department, Senior Management Team and Professional/Legal budget all increased by a combined £122.5k whilst the costs of Facilities (buildings) and Finance Department decreased by a combined £24.4k compared to 2017/18.

Fixed Assets

As highlighted in note (13), the net book value of 'Total Fixed Assets' decreased by £77.4k to £394.4k. New asset purchases totalled £130.7k (2018: £85.7k) whilst depreciation charges amounted to £208.1k (2018: £221.0k). Purchases relating to central building works totalled £58.5k (2018: £47.6k) consisting of a small scale cellar upgrade and provisional costs for the 2019 Joes Bar refurbishment. Equipment purchases totalled £72.2k (2018: £38.1k) and included General IT hardware equipment, technical services equipment and an EPOS upgrade within our venues.

Net Current Assets & Cash-Flow

Total Net Current Assets increased by £20.3k to £2.128m during the year consisting of an increase to current assets by £250.0k and an increase to creditors due within one year by £229.7k.

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

As reported within the Statement of Cash Flows on page 19, total cash balances increased by £148.2k across the year to £2.624m held at year-end, whilst debtor and stock balances increased by a combined £101.8k.

Within the cash balances of £2.624m held at year-end, it is important to highlight that £824.6k consisted of student group balances, including £371.5k Guild societies and sports clubs, £342.1k Hall Reps funds, £61.8k University sports club custodian funds and £49.2k Medsoc custodian funds. The latter custodian funds are reported as creditors to the Guild (totalling £111.0k) whilst the Guild's student groups are reported as both designated and restricted funds (see notes (22) and (23)).

Creditors due within one year have increased by £229.7k to £1.016m at 31 July 2019 compared to the previous year. This consists of an increase to trade creditors by £123.2k, an increase to accruals by £87.3k and an increase to custodian funds, mainly arising from the new Medsoc balances.

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

Provision for Liabilities and Net Liabilities

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

As highlighted in note (20), during the year the total liability provision is estimated to have decreased by £33.6k from £3.898m recorded as at 31 July 2018 to £3.864m calculated as at 31 July 2019. The £3.864m liability is split between creditors falling due within one year (£231.7k) and the longer term provision (£3.633m).

The £33.6k decrease within the year arises from two factors. Firstly the Guild made repayments into the scheme totalling £220.7k during the period 1st August 2018 to 31st July 2019.

Secondly, 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 of £187.1k. For 2017/18, the Guild used 2.16% whilst this has been revised downwards to 1.79% for 2018/19. The revised discount factor better reflects current market conditions forecast for investments over the next fourteen year period.

During 2017/18, the Guild was also alerted to a potential legal issue relating to historical SUSS pension commitments and this could result in an increase to the total scheme deficit at the next actuarial evaluation scheduled as at June 2019, and therefore potentially impacting the Guild from 2020/21. The Guild is awaiting further information regarding this matter and SUSS/NUS are currently investigating options to resolve this matter. An estimate has not been reflected within the financial statements as it would not meet the definition of a liability or provision as at 31 July 2019. A contingent liability is recorded in note (31) of these financial statements.

Custodian Funds

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

At year-end, the closing balance of funds held on behalf of AU Sports Clubs was £61.8k compared to a closing balance of £54.0k held at the end of 2017/18, an increase of £7.8k.

In addition, the Guild is also in the process of transitioning UoB 'Medsoc' student groups into Guild activities and prior to year-end Medsoc groups transferred balances totalling £49.2k to the Guild. As

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

the formal legal transfer had not taken place prior to year-end, the Medsoc balances are currently being treated as custodian funds and held as creditor balances.

All custodian funds were held in cash at year-end.

Guild Services Ltd

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

During the year, Guild Services Ltd has operated a Lettings Agency to assist University of Birmingham students in finding suitable private accommodation in the local area as well as engaging in commercial student related marketing activities directed towards our members. However, during 2018/19 the company decided to wind down Lettings activities to focus on other strategic priorities and therefore, Guild Services Ltd will not operate a Lettings Agency from 2019/20 onwards.

For 2018/19, Guild Services Ltd generated income of £232.6k (2018: £249.2k) and incurred costs of £186.7k (2018: £200.0k). At 31 July 2019, a gift-aid payment of £46.0k (2018: £49.2k) is due to be made from Guild Services Ltd to University of Birmingham Guild of Students.

Future Finances

The budget for 2019/20 financial year was approved by the Guild's Trustee Board in May 2019. This reports Net Income of £30.3k for the year. After allocating budgeted expenditure and charges to both restricted and designated reserves of £249.8k, the net impact is a budgeted increase of £280.1k to unrestricted reserves (prior to designations and student group activity).

The Guild will be in receipt of a block grant totalling £2.601m for 2019/20 and will also receive additional funding of £806.7k to fund Student Mentors, Community Wardens and Hall Reps. The block grant allocation for 2019/20 onwards also includes £50k new funding towards the 'Not On' project and Selly Express bus services as well as an additional £63k funding for Medsoc support.

The Guild has budgeted for capital expenditure purchases of £362.0k within 2019/20 although a small proportion of this has taken place in the latter part of the 2018/19 financial year. This includes a £185.0k refurbishment of Joes Bar, £85.5k equipment upgrades to include IT and technical equipment, £60k for CCTV improvements and £31.5k towards sundry building works.

As a result of the level of capital investment, the Guild's cash reserves are estimated to fall by £236.1k during 2019/20.

During the 2019/20 budget process and University block grant application, the Guild has updated its financial three year forecast and will be further developing the financial plan over the coming months. The Guild and University have jointly commissioned an external review of the Guild's service delivery offer and financial position and the recommendations of the review will help to formulate the Guild's financial strategy over the coming years.

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.

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

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.

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 a 1.75% increase to core pay-scales in 2018/19 and has applied increases ranging from 1.25% to 2.86% for next financial year 2019/20.

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, historically the Guild has tracked against National Minimum Wage (21 and over rate) for all student staff regardless of age. However, since 2015/16 the Guild has awarded greater increases as a step approach to attaining the equivalent of Living Wage levels of pay. There are currently two levels of student staff pay referred to as 'basic' and 'senior assistant' rates of pay and 1.25% and 1.28% uplifts have been applied respectively for 2019/20.

Reserves Policy

At 31 July 2019, the Guild's free reserves (being general funds excluding that represented by fixed assets and the SUSS pension deficit) stood at £742.5k (2018: £612.1k). After taking account of general funds including fixed assets, but excluding the SUSS pension deficit, total unrestricted reserves stood at £1.053m (2018: £909.4k) (as shown in note (24)). This is in line with the £1m unrestricted funds target reported within the Guild's current Reserves Policy.

For 2018/19, the Guild has designated a further £80k to the IT strategy reserve to set aside funds to invest in further IT improvements whilst the designated reserve for the next significant building project (£550k) remains unchanged for 2018/19. It is anticipated that a future project will not commence until at least 2020/21.

Historical designated reserves held to fund both building refurbishment and IT Strategy implementation costs will be eroded as assets are depreciated. By 31 July 2019, the Guild had almost completed implementation of the original IT Strategy whilst all of the original building refurbishment expenditure has been made.

University of Birmingham Guild of Students

REPORT OF THE TRUSTEE BOARD

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 £3.865m is recognised as at 31 July 19. Refer to the accounting policies section and note (20).

Auditors

Mazars LLP has indicated its willingness to continue in office.

Statement as to Disclosure of Information to Auditors

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

Small Company Provisions

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

On behalf of the Trustee Board



Robert Smeath
Chair of Trustee Board

Date: *6th January 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 2019 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 2019 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The trustees' view on the impact of Brexit is disclosed on page 5.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Group and Parent Charity's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the association as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group's and Parent Charity's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Group and the Parent Charity and this is particularly the case in relation to Brexit.

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.

University of Birmingham Guild of Students

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

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 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; or
- 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 (13), 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.

University of Birmingham Guild of Students

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

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 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:

20 January 2020

University of Birmingham Guild of Students

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

For the year ended 31 July 2019

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
INCOME						
Donations	2	2,488,092	30,000	373,168	2,891,260	2,610,272
Income from charitable activities	3	2,085,557	726,776	454,432	3,266,765	3,183,783
Income from other trading activities	4	244,210	-	-	244,210	262,214
Investment income	5	16,829	-	-	16,829	9,493
TOTAL INCOME		4,834,688	756,776	827,600	6,419,064	6,065,762
EXPENDITURE						
Expenditure on raising funds	6	336,669	-	93	336,762	352,299
Expenditure on charitable activities	7	4,133,076	754,737	1,019,977	5,907,790	5,343,130
Pension Deficit charge/(credit)	20	187,098	-	-	187,098	(21,963)
TOTAL EXPENDITURE		4,656,843	754,737	1,020,070	6,431,650	5,673,466
NET INCOME/ (EXPENDITURE)	12	177,845	2,039	(192,470)	(12,586)	392,296
Transfers between funds	23	10,709	(10,708)	(1)	-	-
NET MOVEMENT IN FUNDS		188,554	(8,669)	(192,471)	(12,586)	392,296
Reconciliation of Funds						
Total funds brought forward		(2,768,027)	1,132,959	537,184	(1,097,884)	(1,490,180)
TOTAL FUNDS CARRIED FORWARD		(2,579,473)	1,124,290	344,713	(1,110,470)	(1,097,884)

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 2018 are reported in note (1).

The accounting policies and notes on pages 20 to 44 form an integral part of these financial statements.

University of Birmingham Guild of Students

CONSOLIDATED AND COMPANY BALANCE SHEETS

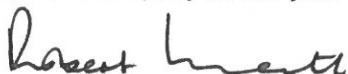
As at 31 July 2019

Company registration number: 06638759

		Group		Guild	
	Note	2019 £	2018 £	2019 £	2018 £
FIXED ASSETS					
Tangible assets	13	394,413	471,815	394,413	471,815
Investments	14	-	-	25,000	25,000
		<u>394,413</u>	<u>471,815</u>	<u>419,413</u>	<u>496,815</u>
CURRENT ASSETS					
Stocks	15	34,756	32,955	34,756	32,955
Debtors	16	484,703	384,711	603,343	504,526
Investments	17	2,025,520	1,772,041	2,025,520	1,772,041
Cash at bank and in hand		598,900	704,168	398,857	465,608
		<u>3,143,879</u>	<u>2,893,875</u>	<u>3,062,476</u>	<u>2,775,130</u>
CREDITORS: Amounts falling due within one year	18	(1,015,840)	(786,128)	(1,010,482)	(743,428)
NET CURRENT ASSETS		<u>2,128,039</u>	<u>2,107,747</u>	<u>2,051,994</u>	<u>2,031,702</u>
Provisions for Liabilities: SUSS Pension Deficit	20	(3,632,922)	(3,677,446)	(3,632,922)	(3,677,446)
NET LIABILITIES	24	<u>(1,110,470)</u>	<u>(1,097,884)</u>	<u>(1,161,515)</u>	<u>(1,148,929)</u>
FUNDS					
Restricted funds	22	344,713	537,184	344,713	537,184
- Unrestricted - General	21	1,285,158	1,130,184	1,234,113	1,079,139
- Unrestricted - Pension	20/21	(3,864,631)	(3,898,211)	(3,864,631)	(3,898,211)
- Designated	23	1,124,290	1,132,959	1,124,290	1,132,959
		<u>(1,110,470)</u>	<u>(1,097,884)</u>	<u>(1,161,515)</u>	<u>(1,148,929)</u>

The financial statements were approved by the Trustee Board and authorised for issue on *6th January 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 2018/19 is £12,586.



Robert Smeath
Chair of Trustee Board

The accounting policies and notes on pages 20 to 44 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 2019

	2019 £	2018 £	
Net cash generated from/(used in) operating activities	262,050	427,861	
Cash flows from investing activities			
Interest received	16,829	9,493	
Purchase of tangible fixed assets	(130,668)	(85,710)	
Net cash used in investing activities	(113,839)	(76,217)	
Net increase/(decrease) in cash & cash equivalents in the year	148,211	351,644	
Cash & cash equivalent at the beginning of the year	2,476,209	2,124,565	
Total cash & cash equivalents at the end of the year	2,624,420	2,476,209	
Reconciliation of net movement in funds (operating surplus) to net cash generated from/(used in) operating activities			
	2019 £	2018 £	
Operating (Deficit)/Surplus	(12,586)	392,296	
Depreciation	208,070	221,048	
Interest received	(16,829)	(9,493)	
(Increase)/Decrease in stocks	(1,801)	2,948	
(Increase)/Decrease in debtors	(99,992)	89,043	
Increase/(Decrease) in creditors & pension liability provision	185,188	(267,981)	
Net cash generated from/(used in) operating activities	262,050	427,861	
Analysis of changes in net funds			
	At 1 August 2018 £	Cash flow £	At 31 July 2019 £
Short term investment	1,772,041	253,479	2,025,520
Cash in hand and at bank	704,168	(105,268)	598,900
	2,476,209	148,211	2,624,420

The cash balance of £2.624m includes £824.6k cash relating to student groups consisting of £371.5k Guild societies and sports clubs, £342.1k hall reps, £61.8k University sports club custodian funds and £49.2k Medsoc custodian funds (see notes (18), (21) and (22)).

University of Birmingham Guild of Students

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (October 2018) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The October 2018 edition of the Charities SORP (FRS102) includes amendments arising from the Financial Reporting Council's triennial review of FRS102. There is no material effect on the amounts recognised in these financial statements as a result of early adopting these amendments.

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

JUDGEMENTS AND ESTIMATIONS

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

Estimations included within the 2018/19 financial statements are based upon the latest information available following an actuarial revaluation conducted as at 30 June 2016, and it is reasonable to assume the estimations will not change until the next actuarial revaluation is conducted as at June 2019.

As highlighted within the Report of the Trustee Board (pg9), the SUSS pension scheme is currently investigating a historical legal issue which may give rise to additional commitments and increase the overall scheme deficit from 2020/21 onwards. The Guild is currently waiting for further information regarding this issue and no provision/estimation is included in the financial statements at present.

FINANCIAL INSTRUMENTS

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

GOING CONCERN

Since 2015/16 (and restated for 2014/15), the Guild has been required to report estimated repayments into the SUSS pension deficit discounted to a net present value. This has resulted in the Guild reporting a net liability position within the Balance Sheet that was estimated to be £1.098m brought forward as at 1 August 2018. For 2018/19, the Guild reports Net Expenditure of £12.6k increasing the Balance Sheet net liability position to £1.11m as at 31 July 2019.

However, the SUSS pension liability is payable on an incremental basis over a fourteen year period to 30 June 2033 and there is no reason to believe the Guild cannot meet its annual commitments to repay the liability. Actuarial revaluations will take place every three years and the pension deficit will decrease as the Guild makes payments up to June 2033.

The trustees have prepared detailed budgetary and cash flow information for the financial year 2019/20 and robust financial & cash flow forecasts are also prepared for the following three year period to 31 July 2023. This enables trustees to plan effectively for financial issues and capital investments during the planning period and this is reviewed, updated and extended by one year annually.

The Guild benefits from significant annual grant funding from University of Birmingham and this funding is reviewed annually by both Guild and University representatives. The Guild and University has agreed

University of Birmingham Guild of Students

ACCOUNTING POLICIES

an increase of £48.2k (1.9%) for 2019/20 increasing the recurrent grant to £2.538m. 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.

Furthermore, the Guild currently benefits from significant cash resources of £2.624m as at 31 July 2019 and much lower short term creditors of £1.016m. This enables the Guild to report net current assets of £2.128m as at 31 July 2019.

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 2019, the liability to the Guild was calculated as amounting to £3,864,631 (2018: £3,898,211).

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 2019

1 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDING 31 JULY 2018

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2018 £
INCOME					
Donations	2	2,235,208	33,500	341,564	2,610,272
Income from charitable activities	3	2,063,445	658,760	461,578	3,183,783
Income from other trading activities	4	262,214	-	-	262,214
Investment income	5	9,493	-	-	9,493
TOTAL INCOME		4,570,360	692,260	803,142	6,065,762
EXPENDITURE					
Expenditure on raising funds	6	350,474	-	1,825	352,299
Expenditure on charitable activities	7	3,962,419	674,622	706,089	5,343,130
Pension Deficit charges		(21,963)	-	-	(21,963)
TOTAL EXPENDITURE		4,290,930	674,622	707,914	5,673,466
NET INCOME/ (EXPENDITURE)	12	279,430	17,638	95,228	392,296
Transfers between funds		114,781	(114,781)	-	-
NET MOVEMENT IN FUNDS		394,211	(97,143)	95,228	392,296
Reconciliation of Funds					
Total funds brought forward		(3,162,238)	1,230,102	441,956	(1,490,180)
TOTAL FUNDS CARRIED FORWARD		(2,768,027)	1,132,959	537,184	(1,097,884)

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 2019

2 DONATIONS	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Grants receivable					
University					
- Block grant	2,175,710	-	1,598	2,177,308	1,949,968
- Other	312,382	-	-	312,382	285,240
- Hall Reps	-	30,000	371,570	401,570	375,064
	<u>2,488,092</u>	<u>30,000</u>	<u>373,168</u>	<u>2,891,260</u>	<u>2,610,272</u>
3 INCOME FROM CHARITABLE ACTIVITIES	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Student Representation	1,032	-	-	1,032	1,059
Student Advice, Support & Community	-	-	407,291	407,291	437,190
Student Development & Employability (Incl. Student Groups)	19,432	726,776	47,141	793,349	705,055
Charitable Trading	2,065,093	-	-	2,065,093	2,040,479
	<u>2,085,557</u>	<u>726,776</u>	<u>454,432</u>	<u>3,266,765</u>	<u>3,183,783</u>
4 INCOME FROM OTHER TRADING ACTIVITIES	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
External trading income	232,644	-	-	232,644	249,214
Rental and Commission income	11,566	-	-	11,566	13,000
	<u>244,210</u>	<u>-</u>	<u>-</u>	<u>244,210</u>	<u>262,214</u>

University of Birmingham Guild of Students
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

5 INVESTMENT INCOME	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Bank interest receivable	16,829	-	-	16,829	9,493
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 6 EXPENDITURE ON RAISING FUNDS	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
External trading costs	141,906	-	-	141,906	155,255
Rental & License fee costs	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	141,906	-	-	141,906	155,255
Support Costs (Note 8)	194,763	-	93	194,856	197,044
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	336,669	-	93	336,762	352,299
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

7 EXPENDITURE ON CHARITABLE ACTIVITIES	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Student Representation:					
Direct costs					
Officer Team	224,720	-	-	224,720	249,902
Student Voice	197,197	-	-	197,197	169,906
Support costs (note 8)	290,136	-	830	290,966	275,050
	<u>712,053</u>	<u>-</u>	<u>830</u>	<u>712,883</u>	<u>694,858</u>
Student Advice, Support & Community:					
Direct costs					
Advice	89,973	-	-	89,973	91,278
Not On Ambassadors	6,546	-	4,260	10,806	11,334
Global Buddies	-	-	-	-	37,430
Mentor Scheme	-	-	252,814	252,814	228,728
Community Wardens	-	-	96,129	96,129	82,590
Housing & Community	-	-	-	-	-
Vale Fireworks	-	-	18,744	18,744	17,882
Support costs (note 8)	149,269	-	55,904	205,173	191,978
	<u>245,788</u>	<u>-</u>	<u>427,851</u>	<u>673,639</u>	<u>661,220</u>
Student Development & Employability:					
Direct costs					
Student Groups Dept, RA's & Student Groups	188,418	754,737	543,975	1,487,130	1,124,636
Job, Skills & Volunteering & Medsoc Transition	158,025	-	18,530	176,555	140,651
Support costs (note 8)	693,304	-	27,648	720,952	660,887
	<u>1,039,747</u>	<u>754,737</u>	<u>590,153</u>	<u>2,384,637</u>	<u>1,926,174</u>
Charitable trading:					
Direct costs	1,562,016	-	-	1,562,016	1,484,600
Support costs (note 8)	421,682	-	1,003	422,685	422,414
	<u>1,983,698</u>	<u>-</u>	<u>1,003</u>	<u>1,984,701</u>	<u>1,907,014</u>

University of Birmingham Guild of Students
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

7 EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Governance Costs					
Audit Fees	10,000	-	-	10,000	10,000
Legal/Professional Fees	10,994	-	-	10,994	22,248
Other direct costs	8,396	-	-	8,396	9,960
Support costs (note 8)	122,400	-	140	122,540	111,656
	<u>151,790</u>	<u>-</u>	<u>140</u>	<u>151,930</u>	<u>153,864</u>
	<u><u>151,790</u></u>	<u><u>-</u></u>	<u><u>140</u></u>	<u><u>151,930</u></u>	<u><u>153,864</u></u>
 Total Expenditure on Charitable Activities	 <u><u>4,133,076</u></u>	 <u><u>754,737</u></u>	 <u><u>1,019,977</u></u>	 <u><u>5,907,790</u></u>	 <u><u>5,343,130</u></u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

8 SUPPORT COSTS

SUPPORT COSTS		EXPENDITURE ON RAISING FUNDS			EXPENDITURE ON CHARITABLE ACTIVITIES							Total 2018 £
	Generating voluntary income £	Fundraising Trading £	Student Representation £	Student Advice, Support & Community £	Student Development & Employability £	Charitable Trading £	Governance £	Total 2019 £				
HR, Administration & Reception	92	4,137	36,315	35,947	77,888	44,019	28,058	226,456		215,505		
Finance Department	1,726	9,637	6,408	13,537	49,098	55,683	23,690	159,779		167,127		
Professional/Legal costs	1,498	8,363	9,393	28,277	62,248	56,224	1,672	167,675		143,062		
Communications, Marketing, IT	-	1,966	73,415	73,743	138,637	44,575	13,110	345,446		267,003		
Facilities/Buildings costs	126,725	8,386	94,342	27,763	324,849	184,264	1,892	768,221		785,271		
Senior Management costs	5,664	26,662	71,093	25,906	68,232	37,920	54,118	289,595		281,061		
	135,705	59,151	290,966	205,173	720,952	422,685	122,540	1,957,172		1,859,029		

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 2019

9 REMUNERATION OF SABBATICAL OFFICERS

Gross salary payments and employer pension contributions made during the year to Sabbatical Officers totalled £147.4k compared to £166.2k in 2017/18. However, the trustee status of Sabbatical Officer teams has varied. The breakdown is as follows:

	2019 £	2018 £
Sabbatical Officers - Trustee status		
Gross salary payments	127,295	143,973
Employers pension costs	710	673
Sabbatical Officer/Trustee Remuneration within the year	128,005	144,646
Sabbatical Officers – Non-trustee status		
Gross salary payments	18,990	21,383
Employers pension costs	375	215
Sabbatical Officer/Non-Trustee Remuneration within the year	19,365	21,598
 Total Sabbatical Officer Remuneration	 147,370	 166,244

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	-

During the financial year, the 2018/19 Sabbatical Officer Team were in post for the period 1 August 2018 – 12 July 2019. The 2019/20 Sabbatical Officer Team started their induction on 28 June 2019 and formally took office from 15 July 19.

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.

In 2017/18 financial year, the following trustees received remuneration:

2017/18 Team – K Ali, H Bailey, S Farmer, H Green, A Goldstone, E Keiller & J Levy.
2018/19 Team – I Bygrave, A Goldstone, R Macpherson, CW Park, S Price & R Roberts.

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 2019

10 TRUSTEE BOARD AND SABBATICAL OFFICER TEAM PERSONAL EXPENSES

Four external members of the Guild's Trustee Board were reimbursed for travel expenses, totalling £615 within the year (2018: £357 - 4 external trustees). This expenditure is reported within Governance Costs, shown in note (7).

In addition, the 2018/19 Sabbatical Officer Team (6 trustees only) were reimbursed a total of £2,490 (2018: £2,382) in respect of personal travel and subsistence expenses, in accordance with their role as elected Sabbatical Officers.

Similarly, six 2019/20 Sabbatical Officer trustees were reimbursed £492 (2018: £31 - 2 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 (7).

A number of external trustees have not claimed travel expenses to attend board and sub-committee meetings during 2018/19 and have personally chosen to waive their expenses. The value of these expenses is unknown.

The Guild of Students also incurred costs of £3,715 (2018: £3,622) within the year relating to Professional Indemnity insurance cover of £5m (2018: £5m). This policy included cover for the trustees, directors, officers, employees, student group committee members as well as other volunteers associated with Guild activities. A proportion of this cost has been allocated as a Governance Cost, reported in note (7).

11 STAFF COSTS

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:

	2019 Number	2018 Number
Permanent Staff (average / full time equivalent)	76 / 71	77 / 69
Student Staff (average / full time equivalent)	264 / 45	242 / 44
	<hr/>	<hr/>
	340 / 116	319 / 113
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2019 £	2018 £
Wages & Salaries	2,516,232	2,421,892
Social security costs	158,834	153,299
Pension costs – contributions within year	63,638	50,683
Pension costs – deficit charges/(credit)	187,098	(21,963)
	<hr/>	<hr/>
	2,925,802	2,603,911
	<hr/>	<hr/>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

The following number of employees received remuneration above £60,000 within the year:

	2019 Number	2018 Number
£60,000 - £69,999	-	-
£70,000 - £79,999	-	-
£80,000 - £89,999	1	1
	<u>1</u>	<u>1</u>

For the 2018/19 employee paid in the range £80,000 - £89,999, employer pension contributions totalled £5,311 (2018: £5,011). Contributions were paid into National Union of Students Pension Scheme (NUSPS).

Key management personnel are considered to be the Guild's Senior Management Team reported on page 2. This consists of the Chief Executive, three Director positions and Finance Manager. Gross salary costs including employer pension contributions totalled £299.7k for 2018/19, compared to £280.6k for 2017/18.

During 2018/19, the Guild did not make any termination payments. This compares to payments of £47,997 made in 2017/18 to three employees. Statutory payments totalled £nil (2018 - £8,890) and non-statutory payments totalled £nil (2018 - £39,107).

12 NET MOVEMENT IN FUNDS

	2019 £	2018 £
Is stated after charging:		
Auditors remuneration:		
- audit services	10,000	10,000
- other services	2,750	2,720
	<u>12,750</u>	<u>12,720</u>
Depreciation:		
- owned assets	208,070	221,048
	<u>208,070</u>	<u>221,048</u>
Operating lease rentals:		
- plant and machinery	9,095	9,242
- land and buildings	133,445	118,849
	<u>142,540</u>	<u>128,091</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

13	TANGIBLE FIXED ASSETS	Central Building Refurbs £	Equipment £	Total £
	GROUP & GUILD			
	Cost:			
	At 1 August 2018	2,402,796	1,599,177	4,001,973
	Additions	58,507	72,161	130,668
	Disposals	-	(41,116)	(41,116)
	At 31 July 2019	2,461,303	1,630,222	4,091,525
	Depreciation:			
	At 1 August 2018	2,045,321	1,484,837	3,530,158
	Charge for the year	148,380	59,690	208,070
	Disposals	-	(41,116)	(41,116)
	At 31 July 2019	2,193,701	1,503,411	3,697,112
	Net book value:			
	At 31 July 2019	267,602	126,811	394,413
	At 31 July 2018	357,475	114,340	471,815

Included in 'Central Building Refurbs' as at 31st July 2019 are assets under construction amounting to £35.0k (2018: Nil).

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

14	INVESTMENTS	Group £	Guild £
	Cost:		
	At 1 August 2018	-	25,000
	At 31 July 2019	-	25,000
	Net book value:		
	At 1 August 2018	-	25,000
	At 31 July 2019	-	25,000

An analysis of the above investments is set out below. At 31 July 2019 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 2018	-	25,000	25,000
At 31 July 2019	-	25,000	25,000
Net book value			
At 1 August 2018	-	25,000	25,000
At 31 July 2019	-	25,000	25,000

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

14 INVESTMENTS (continued)

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

	2019 £	2018 £
Turnover	232,644	249,214
Operating profit	45,987	49,239
Interest receivable	-	-
Taxation	-	-
Donation under Gift aid distribution	(45,987)	(49,239)
Retained profit	-	-
Net current assets and shareholders' funds	76,045	76,045

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

For the year ended 31 July 2019, Guild Services Limited was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies and its members have not required the company to obtain an audit of its financial statements for the year in question in accordance with Section 476.

15 STOCKS

	Group		Guild	
	2019 £	2018 £	2019 £	2018 £
Bars	33,399	30,055	33,399	30,055
Catering – combined outlets	1,357	2,900	1,357	2,900
	34,756	32,955	34,756	32,955

Total expenditure for bars and catering stocks purchased in 2018/19 is £488,759 (2018: £446,360).

University of Birmingham Guild of Students
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

16

	Group		Guild	
DEBTORS: Amounts falling due after more than one year	2019 £	2018 £	2019 £	2018 £
Prepayments (General)	5,854	19,162	5,854	19,162
	<u>5,854</u>	<u>19,162</u>	<u>5,854</u>	<u>19,162</u>

	Group		Guild	
DEBTORS: Amounts falling due within one year	2019 £	2018 £	2019 £	2018 £
Trade debtors	112,779	45,299	108,775	34,585
Other debtors	6,400	33,098	6,400	31,948
Owed by subsid. undertakings	-	-	123,019	131,679
Prepayments (General)	209,092	194,775	209,092	194,775
Accrued Income	150,578	92,377	150,203	92,377
	<u>478,849</u>	<u>365,549</u>	<u>597,489</u>	<u>485,364</u>
	<u>484,703</u>	<u>384,711</u>	<u>603,343</u>	<u>504,526</u>

17

SHORT TERM INVESTMENTS

	Group		Guild	
	2019 £	2018 £	2019 £	2018 £
Money Market/Deposit Investments	<u>2,025,520</u>	<u>1,772,041</u>	<u>2,025,520</u>	<u>1,772,041</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

18 CREDITORS: Amounts falling due within one year

	Group		Guild	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	362,279	239,115	362,279	239,115
Other taxation & social security	38,422	40,413	38,422	40,413
Custodian Funds held on behalf of AU/University Sports Groups	61,789	53,969	61,789	53,969
Custodian Funds held on behalf of Medsoc	49,199	-	49,199	-
Other Creditors	30,814	53,777	30,720	17,503
Accruals	223,134	135,814	218,866	132,835
Deferred Income	18,494	42,275	17,498	38,828
SUSS Pension Deficit	231,709	220,765	231,709	220,765
	<u>1,015,840</u>	<u>786,128</u>	<u>1,010,482</u>	<u>743,428</u>

19 DEFERRED INCOME

	Group		Guild	
	2019 £	2018 £	2019 £	2018 £
At 1 August 2018	42,275	34,371	38,828	32,542
Additions	17,498	41,279	17,498	38,828
Released	(41,279)	(33,375)	(38,828)	(32,542)
	<u>18,494</u>	<u>42,275</u>	<u>17,498</u>	<u>38,828</u>

Deferred income primarily relates to 'Mentor Scheme' income received in advance of the period that it relates to, and Venues and Student Groups income relating to events taking place in 2019/20.

University of Birmingham Guild of Students
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2019

20	PROVISION FOR LIABILITIES: SUSS PENSION DEFICIT	2019 £	2018 £
	Balance bought forward	3,898,211	4,096,713
	Deficit contributions paid	(220,678)	(176,540)
	Unwinding of discount factor/interest (based upon prior year rate)	82,775	75,248
	Adjustment arising from actuarial revaluation in year	-	-
	Deficit/(Surplus) adjustment arising from change to discount factor assumption	104,323	(97,210)
	Total Balance carried forward	<u>3,864,631</u>	<u>3,898,211</u>
	Creditors – Amounts falling due within one year (see note 18)	231,709	220,765
	Provisions for liabilities	<u>3,632,922</u>	<u>3,677,446</u>
		<u>3,864,631</u>	<u>3,898,211</u>

The SUSS pension liability after five years is estimated to be £2,891,671 (2018: £3,059,285).

21	UNRESTRICTED FUNDS (For Guild only)	1 August 2018 £	Income £	Expenditure £	Transfers £	31 July 2019 £
	General Reserve	1,079,139	4,798,531	(4,433,588)	(209,969)	1,234,113
	Pension Reserve	(3,898,211)	-	(187,098)	220,678	(3,864,631)
		<u>(2,819,072)</u>	<u>4,798,531</u>	<u>(4,620,686)</u>	<u>10,709</u>	<u>(2,630,518)</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

22	RESTRICTED FUNDS (For Group & Guild)	1 August 2018 £	Income £	Expenditure £	Transfers £	31 July 2019 £
	Mentor Scheme	13,845	297,814	(297,814)	-	13,845
	Warden Scheme	36,682	108,519	(106,213)	-	38,988
	Vale Fireworks	-	18,744	(18,744)	-	-
	Student Groups (RA's)	448,071	375,925	(561,202)	-	262,794
	Capital Grants	10,163	-	(2,143)	-	8,020
	Sundry Funds	11,510	25,000	(33,954)	(1)	2,555
	Global Buddies Scheme	11,462	-	-	-	11,462
	University Maintenance SLA	5,451	1,598	-	-	7,049
		<u>537,184</u>	<u>827,600</u>	<u>(1,020,070)</u>	<u>(1)</u>	<u>344,713</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.

23	DESIGNATED FUNDS (For Group & Guild)	1 August 2018 £	Income £	Expenditure £	Transfers £	31 July 2019 £
	Building Refurbishment 1	147,872	-	-	(83,635)	64,237
	Infrastructure	75,182	-	-	72,927	148,109
	Building Refurbishment 2	550,000	-	-	-	550,000
	Student Groups (Societies & Guild Sports Clubs)	359,905	756,776	(754,737)	-	361,944
		<u>1,132,959</u>	<u>756,776</u>	<u>(754,737)</u>	<u>(10,708)</u>	<u>1,124,290</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. £83.6k depreciation costs have been charged during 2018/19, whilst depreciation costs of £83.7k were charged in 2017/18. The reserve will be fully cleared during 2019/20.

A further depreciation charge of £7.1k has been allocated against the ICT Strategy Fund within the year, compared to £11.5k charged in 2017/18. However, a new £80.0k designation has also been made to allocate funds for future IT Strategy investment.

In addition, Guild societies and Guild Sports Clubs are classified as designated activity of the Guild of Students. The net balances of Guild societies and sports clubs increased by £2.0k within the year, consisting of £756.7k income and £754.7k expenditure. This compares to a £17.6k increase reported for 2017/18, after accounting for £692.2k of income and £674.6k expenditure.

The second building refurbishment designated reserve to help fund a potential extension to the Guild building has been frozen at £550k for 2018/19, as per 2017/18. 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 2019

24	ANALYSIS OF NET LIABILITIES (2018/19)	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	898,156	-	1,234,113
	- UoB Guild – Pension	-	(231,709)	(3,632,922)	(3,864,631)
	For Charity	419,413	2,051,994	(3,632,922)	(1,161,515)
	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	898,156	-	1,209,113
	- UoB Guild – Pension	-	(231,709)	(3,632,922)	(3,864,631)
	- Subsidiary undertaking(s)	-	76,045	-	76,045
	For Group	394,413	2,128,039	(3,632,922)	(1,110,470)

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

	ANALYSIS OF NET LIABILITIES (2017/18)	Fixed assets and investments £	Net current assets £	Provision for pension liabilities £	Net liabilities £
	Charity				
	Restricted funds	9,465	527,719	-	537,184
	Designated funds	165,064	967,895	-	1,132,959
	General funds				
	- UoB Guild of Students	322,286	756,853	-	1,079,139
	- UoB Guild – Pension	-	(220,765)	(3,677,446)	(3,898,211)
	For Charity	496,815	2,031,702	(3,677,446)	(1,148,929)

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

ANALYSIS OF NET LIABILITIES (2017/18) - Continued	Fixed assets and investments £	Net current assets £	Provision for pension liabilities £	Net liabilities £
Group				
Restricted funds	9,465	527,719	-	537,184
Designated funds	165,064	967,895	-	1,132,959
General funds				
- UoB Guild of Students	297,286	756,853	-	1,054,139
- UoB Guild – Pension	-	(220,765)	(3,677,446)	(3,898,211)
- Subsidiary undertaking(s)	-	76,045	-	76,045
For Group	471,815	2,107,747	(3,677,446)	(1,097,884)

25 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.

26 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 £3.56m (2018: £3.176m) and incurred expenditure of £755.8k (2018: £585.5k). At 31 July 19, the Guild held a creditor balance of £239.3k (2018: £187.5k) and a debtor balance of £265.1k (2018: £140.5k).

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

27 OPERATING LEASE COMMITMENTS

At 31 July 2019, the Guild had commitments under property leases and non-cancellable equipment operating leases (minimum lease payments) as set out below:

	2019 £	2018 £
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	3,873
Within 2 – 5 years	28,073	529
Over 5 years	-	-
	<u>37,535</u>	<u>4,402</u>

28 CAPITAL COMMITMENTS

	2019 £	2018 £
Contracted but not provided for	156,408	-

29 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.

	2019 £	2018 £
Advice UK Limited	253	247
Association of Licensed Multiple Retailers	-	325
Association of British Theatre Technicians	-	250
National Association of Student Employment Services	295	345
National Hindu Students Forum	233	616
NUS Services Limited	380	380
National Union of Students	57,351	54,702
National Centre for Voluntary Organisations - Free	-	-
Shelter	-	-
UKCISA	-	-
Subscriptions & Affiliations of £175 or less	388	490
	<u>58,900</u>	<u>57,355</u>

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

30 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 2016 and showed that the market value of the Scheme's assets was £101,313,000 with these assets representing 46% of the value of benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £119,687,000.

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

The following assumptions applied at 30 June 2016:-

- The investment return would be 4.3% per annum before retirement and 2.3% per annum after retirement
- Pensions accruing on the CARE basis would revalue at 3.2% per annum.
- Present and future pensions would increase at rates specified by Scheme rules with appropriate assumptions where these are dependent on inflation.

The 2016 valuation recommended a monthly contribution requirement by each Participating Employer expressed in monetary terms intended to clear the ongoing funding deficit over a period of 16 years, initially increasing by 20% followed by an increase of at least 5% each year. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the Scheme. These rates applied with effect from 1 October 2017 and will be formally reviewed following completion of the next valuation due with an effective date of 30 June 2019.

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

The total deficit contributions paid into the Scheme by the Guild in respect of eligible employees for the year ended 31 July 2019 was £220,678 (10 months to 2018: £176,540). The Guild will be required to make pension deficit payments into SUSS totalling £231,709 during 2019/20.

In addition, the Guild of Students also participates in the National Union of Students Pension Scheme (NUSPS) and the government NEST scheme to fulfil auto-enrolment obligations. NUSPS is a defined contribution scheme and the Guild contributes either 4% or 6% based upon matched funding from individual employees. Contributions into the NEST scheme are currently based upon 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 £63,638 (2018 - £50,683). At 31 July 2019, a balance of £9,949 was

University of Birmingham Guild of Students

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2019

recorded as a Creditor within the Balance Sheet representing July 2019 pension contributions payable in August 2019 (2018: £8,929). The estimated employer contributions for 2019/20 financial year relating to NUSPS and NEST are £79,675.

31 **CONTINGENT LIABILITY**

During 2017/18, the charitable company was made aware of a possible increase in the liability for the SUSS pension deficit. The outcome of this contingent liability is not yet known and it cannot be quantified at this stage. As a result, the charitable company do not consider it necessary to provide for any additional liabilities in the financial statements for the year ended 31 July 2019.

In addition, it must be noted that HMRC has recently challenged the VAT exempt treatment of student catering 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.

The Charity is challenging HMRC's view that the venue is simply a bar. HMRC advised their position in mid-November 2019 and negotiations are at an early stage. Other Unions who have been impacted are also seeking to challenge HMRCs revised approach and all relevant parties will be kept informed of developments. As such no provision has been made within the financial statements at this early stage.

32 **FINANCIAL PERFORMANCE OF THE CHARITY**

The charity reports Net Expenditure of £12,586 for the year ended 31 July 2019 in comparison to Net Income of £392,296 reported for 2017/18.

The charity reports gross income of £6,382,907 for the year ended 31 July 2019 in comparison to gross income of £6,028,307 reported for 2017/18.

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.

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

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