

Heriot-Watt University Student Union

Trustees' report and financial statements

31 July 2017

Charity number SC011949

Company number SC504788

Contents

	Page
Union information	1
Trustees' report	3
Trustees' responsibilities	10
Independent auditor's report	11
Statement of financial activities (incorporating the income and expenditure account)	14
Balance sheet	15
Statement of cash flows	16
Notes to the financial statements	17

Union information

Reference and administrative details

Registered charity number	SC011949
Company number	SC504788
Registered office	Riccarton, Edinburgh EH14 4AS
Auditors	Henderson Loggie 34 Melville Street, Edinburgh EH3 7HA
Bankers	Royal Bank of Scotland 540A Larnark Road, Juniper Green, Edinburgh EH14 5EL
Solicitors	Turcan Connell Princes Exchange, 1 Earl Grey Street, Edinburgh EH3 9EE
Chief Executive Officer	Gail Edwards

Trustee Board

The Trustees who served during the period were:

Dr Stefan G Kay	Paul Travill (appointed 01/06/2017)
Professor Brian Hay	Andrew Downie (resigned 20/09/2016)
Samantha Forsyth	
Stephanie Harper	
President (<i>ex-officio</i>) – as detailed below	
Vice-Presidents (<i>ex officio</i>) – as detailed below	

Ex-officio trustees for 2017

President	Diarmuid Cowan	
Vice-Presidents		
- Community	Jay Clifford	(appointed 01/06/2017)
- Wellbeing	Aashna Bakshi	(appointed 01/06/2017)
- Scottish Borders Campus	Lucy Graham	(appointed 01/06/2017)

Ex-officio trustees for 2016

President	Diarmuid Cowan	(appointed 01/06/2016)
Vice-Presidents		
- Community	Sheona Dorrian	(appointed 01/06/2016, resigned 31/05/2017))
- Wellbeing	Eloise McNeaney	(appointed 01/06/2016, resigned 31/05/2017))
- Scottish Borders Campus	Corto Pimenta	(appointed 01/06/2016, resigned 31/05/2017))

Union information *(continued)*

Senior Officer-Bearers

The senior office-bearers of the Union, comprise the President and Vice-Presidents of the Union plus the following Senior Management Team members:

Appointed in June 2016

Aashna Bakshi
Emily Conning
Thomas Garnett
Craig Gillen
Natalie Hay
Carl Thompson

Appointed in June 2017

Hugo Barker
Xander McDonald
Aoife Clarke
Toby Nadal
Ellie Dick

Trustees' report

The trustees have pleasure in presenting their report for the period ended 31 July 2017. This report is prepared in accordance with the recommendations of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and in accordance with applicable law.

Structure, management and governance

Heriot-Watt University Students Union is constituted under the Charter of Heriot-Watt University. The Association is a Charity Registered in Scotland with charity number SC011949. On 1 May 2015 the Union became a registered Company limited by Guarantee with Company Number 504788.

The Union Articles of Association and Bye Laws set out the organisation's membership-led structure. In order to ensure the charity is properly run and suitably focused on our membership the charity employs key management personnel. The charity considered the four sabbatical officers and Senior Management Team as key management. The four sabbatical officers are elected by cross-campus ballot each year in March, taking up post for a duration of 12 months from 1 June after the election. Sabbatical pay is set by benchmarking against other Scottish student associations. Sabbaticals are auto-enrolled in the Lothian Pension Fund scheme.

The Trustee Board and Directors of the organisation consist of our four sabbatical officers; two student trustees; four external trustees, one of whom must be an alumni of the university and one university appointed trustee. The Board meets a minimum of four times per year and holds an annual planning afternoon in November.

The Senior Management Team consists of the Chief Executive Officer, Deputy Chief Executive and Head of Corporate Services; Finance Manager; Commercial Manager and Student Engagement Manager. The Union uses the Higher Education Role Analysis (HERA) method to assess grades within the Union staff structure. The Union is in the final year of a three year phased restructuring of pay scales using the HERA grade structure. All Senior Manager pay is assessed within this framework.

Organisational structure

The Union's Articles of Association and Bye Laws set out the organisation's membership-led structure. The Union has a Trustee Board currently consisting of the four sabbatical officers and five external Trustees, one whom one is appointed by the University. The four sabbatical officers are elected by cross-campus ballot each year in March, taking up post for a duration of 12 months from 1 June after the election. External trustees are appointed on the basis of skills and experience relevant to their position on the Board.

Further to the Trustee Board the Union has an elected Executive Committee. The Senior Office Bearers sit on this Committee as well as the Trustee Board. The Executive Committee is made up of the four Senior Office Bearers plus an additional six elected students who are volunteers. The Executive Committee is responsible for the student facing activities of the Union such as running events and campaigns. The Executive Committee provides a report to the Trustee Board via the Senior Office Bearers.

Trustees' report *(continued)*

Remuneration of key management personnel

In order to ensure the charity is properly run and suitably focused on our membership the charity employs key management personnel. The charity considers the four sabbatical officers and the members of the Senior Management Team as key management. Sabbatical pay is set by benchmarking against other Scottish student associations which is done every 2 years. Sabbaticals are auto-enrolled in the Lothian Pension Fund scheme. For Senior Management Team salaries, the Union uses the Higher Education Role Analysis (HERA) method to assess grades within the Union staff structure. The Union is in the process of a phased re-introduction of Heriot-Watt University pay scales using the HERA grade structure. All Senior Manager pay is assessed within this framework.

Objectives and activities

The objectives of the Union, as set out in its governing document, are:

- The advancement of education of students at Heriot-Watt University by representing, supporting, advising and promotion the interests, health and welfare of students within the University during their course of study and within the wider community, and by promoting student participation in, facilitating, co-ordinating and developing, the services, project and activities of the Union;
- The provision of recreational activities through the services, project and activities of the University providing social, cultural and recreational activities and forums from discussions and debate for the personal development of its Students;
- The advancement of community development within the University and within the wider community through student participation in the Union and its services, projects and activities, and by facilitating the involvement of students in the wider community;
- The relief of the student needs by being the recognised representative channel between Students and Heriot-Watt University, other academic organisation, the general public and any other external bodies and promoting social and academic unity among students of the University.

Decision making

The Trustee Board delegates day to day management powers to the Chief Executive Officer who is required to report regularly to the Trustee Board. Alongside the CEO there are four other senior managers who make up the Senior Management Team: the Deputy Chief Executive and Head of Corporate Services; the Finance Manager; the Commercial Manager and the Student Engagement Manager.

Senior Managers are allowed to make non-routine financial decisions up to the value of £10,000. The Chief Executive Officer has power to make non-routine financial decisions up to the value of £20,000 and any amount above this must be approved by the Trustees.

The Trustee Board are responsible for agreeing any amendments to any policy and procedures relating to employees and financial structures. The Executive Committee are responsible for passing policy on campaign issues. The SMT are responsible for advising both Committees on the fulfilment of these responsibilities.

Trustee Induction

The Union provides all new Trustees with an induction. The induction covers:

- Legal responsibilities of Trustees
- An introduction to the structure of the organisation
- Current financial position of the Union and an introduction to the format of our management accounts
- The Strategic Plan
- Union policy

Trustees' report *(continued)*

Achievements and performance

Our strategic plan describes the direction of the organisation for 2015 – 2019 and describes how we will achieve our aim to build a strong global student community together for the future. To achieve this we will be supportive, collective, empowering, respectful and fun. We have four strategic themes that focus our activity:

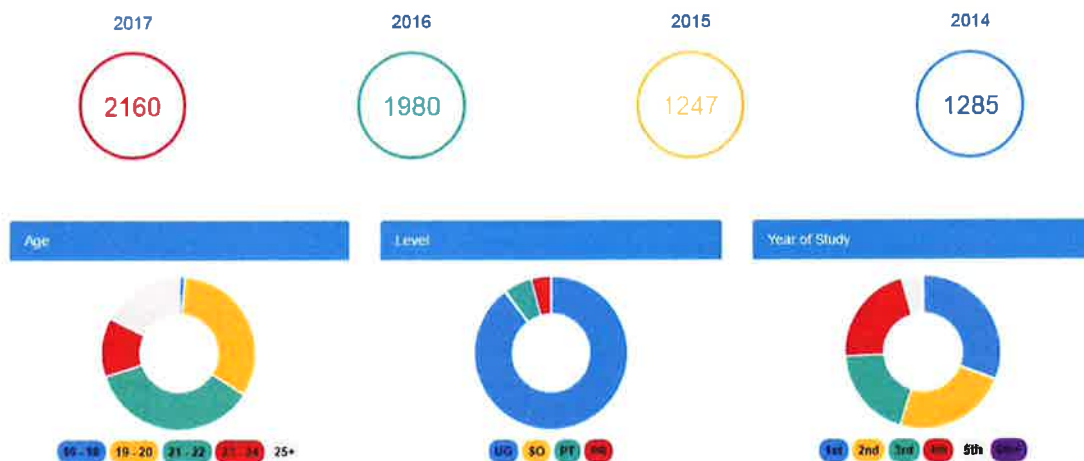


Empower students to shape what we do

The Union aims to improve students' understanding of what we do and empower students to influence change. We were proud again this year to achieve our target turnout of 22% in our main student elections, the highest turnout in Scotland for a second year running.

Year on Year Comparison

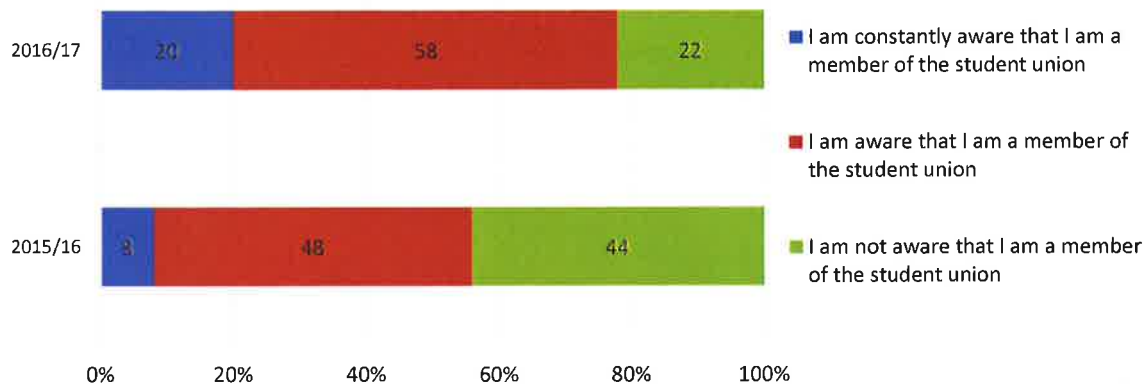
Number of Voters by Now on Day 9 of voting



Trustees' report *(continued)*

Empower students to shape what we do *(continued)*

Using our new communication strategy, we targeted awareness amongst students of their automatic membership of the student union. As a result of this project we have halved the number of students unaware of their membership status and we have achieved our strategic target of 75% of students aware they are members of the student union.



Inspire students to become great graduates

The vast majority of our students want to know they will have great employment prospects when they graduate. The Union continues to provide our academic representation and welfare service to enable students to achieve success throughout their studies.

This year the union successfully worked in partnership with the University and UKCISA (UK Council for International Student Affairs) to develop an online Class Rep training module that can support academic structures globally. The project will launch in academic year 2017/18 and is already receiving much interest from other institutions.

Our Advice Hub continues to be one of our most used services. This year we experienced a 25% increase in student enquiries with the largest increases coming from general signposting and accommodation enquiries. We dealt with 1,792 enquiries and gave out 8,268 condoms via our C-Card service.

Enhance student experiences and activities

Student activities continues to be a growth area for us. Our Watt Volunteers scheme is in its second year and has grown from its initial pilot. This year we had 59 students logging their hours, recording 3,392 hours volunteering, resulting in an average of 58 hours per volunteer. We have calculated this represents a value of £24,125 hours being given into the community.

This year we had over 70 student societies, 15 of which were new groups. Many of our long-standing societies go from strength to strength in terms of members and activity. This year our Medieval Society have hosted several public events and our Pole Dancing Society continues to have one of our fastest growing memberships. The Brewing Society's 32nd Annual Beer Festival was a huge success, raising £8,000 for local charity Health in Mind. Our international societies have been very engaged this year and were instrumental in helping to deliver our largest ever Global Day, celebrating our diverse student population.

Trustees' report *(continued)*

Develop our global community

We continue to grow our day and evening social events programme for students in Edinburgh and SBC. This year with the support of the university we opened The Thread at the Scottish Borders Campus. This student space is designed for students to relax during the day and socialise at night. Alongside the main room are several bookable studio spaces for students, adding much needed social and study space provision for this campus.

In Edinburgh we have increased our events calendar in response to student demand. While this programme remains challenging, students are responding well to one off large events and regular events such as the pub quiz.

We are providing ongoing support to the Dubai and Malaysia student representation structures and continue to work with the university to achieve its Go Global strategy.

Financial review

The principal funding sources of the charity come from our commercial activity and the block grant received by the university. The value of our block grant is determined by a Financial Memorandum between Heriot-Watt University and the Union. The amount is determined by the number of students attending the university in the UK and the risk of significant unexpected changes to this funding is considered low by the Trustee Board.

The Union block grant continues to grow in line with the university student numbers and as predicted within our five year financial plan. This year the university has readjusted its anticipated student numbers for the next five years and we have factored this into our own financial planning as a result.

This year our shop sales grew by 4% but due to ongoing pressures on costs we did not convert this to higher profits. The net effect was that we generated profits similar to target but on a higher sales revenue. After careful consideration and in line with our reserves policy the Trustee Board agreed to release some of its cash reserves to invest in the shop facilities. As our biggest source of income outside of the block grant the board felt this was a reasonable course of action with a sound return on investment.

Our bar and catering provision continue to operate within a difficult market with increasing competition, costs and changing customer needs. The facilities in the student union building and its location continue to be a limiting factor for this side of the business.

Going forward we anticipate the block grant to grow as expected within our five year plan and commercial income to grow slightly over the next year. However, the Union plans to undertake a review of commercial margins in order to maintain profitable services in the future.

Reserves policy

The Union aims to hold sufficient reserves to fund its student support activities for a period of at least six months. This means that we should hold sufficient cash reserve to cover salaries and overheads for the charitable activity of the Union for six months.

In 2016/17 the student union held £665,569 in reserves (of which £585,025 was unrestricted and £81,544 was restricted) which the board has deemed to be adequate to meet our charitable activity for six months. Of the total unrestricted funds, the amounts not tied up in fixed assets and therefore representing the free reserves of the charity were £261,046. In response to new OSCR guidance we reviewed our reserves policy and in December of this year the Trustee Board passed a new reserves policy reaffirming our position to hold sufficient reserves for our charitable activity for at least six months operation. The new policy also describes the criteria in which the Board would consider releasing some of its cash reserves for investment in our service provision.

Trustees' report *(continued)*

Risk management

A Risk Register is maintained and is reviewed regularly by the Trustee Board, which considers that systems are in place to mitigate foreseeable risk areas, with emphasis on results, forecasts and operations of the union. The Trustees meet regularly and review all aspects of operations and finances with reference to financial reports and future forecasts.

The Trustees have considered whether the UK leaving the European Union will have a negative impact on the Union. We have determined that in the short-term the risk to the organisation is low however we note that the circumstances regarding the exit may have an impact on recruitment of students from the EU which may have long term implications for both university and union strategy. At this time, we are unable to predict the impact of this.

The Trustees have also identified the Union building as our most pressing strategic and operational risk. The building continues to be isolated from the student population by university capital projects and we predict this to become an increasing challenge for the Union to provide both charitable and commercial services from its current location. The Union continues to hold discussions with the university regarding this issue and are hopeful to find a mutually acceptable solution.

Disclosures required by the Educational Act 1994

Affiliations

The Union was affiliated to the following organisations during 2016/17:

UK Council for International Student Affairs (UKCISA)

- provides advice and information to international students studying in the UK and to staff who work with them

National Union of Students (NUS) – payments of £24,868

- provides national representation, information, advice including office-bearer training and other services

Plans for the future

The Union is performing well against its key performance indicators, having made significant headway since our strategic plan was launched in 2015. As we near the mid-point of our strategy we will conduct a review of our plan and continue to work with the university to shape their new strategy for 2018. As this work is ongoing we anticipate there being adjustments to our own plans to ready the union for changes to university strategy and the impact of Brexit and other external pressures.

Statement as to disclosure of information to Auditors

The Trustee Board Members 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 information of which the Auditors are unaware. Each of the Trustees have confirmed that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditors.

Trustees' report *(continued)*

Auditors

A resolution to reappoint Henderson Loggie as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Approval of the report

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2016 relating to small companies.

The financial statements were approved and authorised for issue on 24 January 2018 and are signed on behalf of the Board of Trustees by:



Diarmuid Cowan
President

Trustees' responsibilities

The Trustee Board is responsible for preparing the annual report and the financial statements, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in Scotland requires the Trustee Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements the Trustee Board is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's Constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Trustees and Members of Heriot-Watt University Student Union

Opinion

We have audited the financial statements of Heriot-Watt University Students' Union (the 'charitable company') for the period ended 31 July 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the 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).

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2017 and of its income and expenditure for the period 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Independent Auditor's Report to the Trustees and Members of Heriot-Watt University Student Union *(continued)*

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 and Charities Accounts (Scotland) Regulations 2006 (as amended)

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

- the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Independent Auditor's Report to the Trustees and Members of Heriot-Watt University Student Union *(continued)*

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Andrew Niblock

Senior Statutory Auditor

for and on behalf of Henderson Loggie, Statutory Auditors

Henderson Loggie is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

24 January

2018

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Fixed assets *(continued)*

A full year's depreciation is charged in the year of acquisition and none in the year of disposal. Impairment reviews are carried out at least annually as part of the annual reporting exercise and when significant changes in the Union's activities occur, or in other situations where circumstances indicate a review is necessary.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for any slow-moving or obsolete stock.

Debtors

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

Cash and cash equivalents

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

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The union 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.

Pension costs

The Union offers a defined benefit pension scheme for certain employees: the Lothian Pension Fund (LPF – Local Government Scheme).

The Union's share of the underlying assets and liabilities of the scheme cannot be directly attributed to the Union and therefore, in line with FRS 102, the LPF is accounted for as if the scheme were a defined contribution scheme based on actual contributions paid through the year. Further details can be found at note 8.

The Union entered into agreement with LPF to make additional annual contributions of £21,100 per annum towards the Scheme deficit until 31/03/2018. In line with requirements of FRS 102, to make these payments is recognised in provisions.

Taxation

The Union has been granted charitable status by HM Revenue and Customs and is a registered charity. The Union is not subject to corporation tax on any surpluses that have been derived in pursuing activities designed to carry out the main objects of its charitable status.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Funds

Unrestricted funds comprise donations and other incoming resources received or generated for charitable purposes. They are available for use at the discretion of the trustees in furtherance of the charity's general charitable objectives.

Restricted funds comprise donations and other incoming resources for which the purpose and use of those funds has been specified prior to their transfer to the charity, and which can only be applied for those specified purposes.

In 2017:

- £7,107 (2016: £22,483) was received from the Heriot-Watt Alumni Fund for specific projects;
- £Nil (2016: £1,802) was received from Heriot-Watt University as a contribution towards the President's trip to Dubai campus.
- £Nil (2016: £1,728) was received from the Scottish Borders Council for organising a fashion show to mark the opening of the Borders Railway.

2 Donations and legacies

	Unrestricted £	Restricted £	2017 £	Unrestricted £	Restricted £	2016 £
Allocation from University	579,600	-	579,600	549,600	1,802	551,402
Donation from HWUSA	-	-	-	379,328	86,980	466,308
Donations - other	4,996	-	4,996	4,414	1,728	6,142
Release from deferred income	-	7,107	7,107	-	22,483	22,483
	<u>584,596</u>	<u>7,107</u>	<u>591,703</u>	<u>933,342</u>	<u>112,993</u>	<u>1,046,335</u>

3 Other trading activities

	2017 £	2016 £
Commission on sales	3,476	7,897
Marketing income	8,848	6,880
Sundry income	5,526	3,310
	<u>17,850</u>	<u>18,087</u>

4 Income from investments

	2017 £	2016 £
Interest receivable	285	460

Notes to the financial statements (continued)

5 Charitable activities

	Social space and ancillary trading £	Other charitable activities £	2017 Total £	2016 Total £
Income:				
Income from normal operations	1,814,771	67,800	1,882,571	1,793,776
Expenditure:				
Staff costs	(588,989)	(247,811)	(836,800)	(730,200)
Sabbaticals	(20,901)	(83,602)	(104,503)	(105,805)
Property costs	(146,940)	(6,111)	(153,051)	(151,542)
Support costs	(66,167)	(14,196)	(80,363)	(73,196)
Welfare costs	-	(33,162)	(33,162)	(35,417)
Commercial cost of sales	(1,187,736)	-	(1,187,736)	(1,154,167)
Specific project costs	-	(9,825)	(9,825)	(28,731)
	(2,010,733)	(394,707)	(2,405,440)	(2,279,058)
Deficit	(195,962)	(326,907)	(522,869)	(485,282)

Support costs include the following

	2017 £	2016 £
Bank charges	26,191	23,921
Computer expenses	13,137	8,280
Office expenses	10,620	9,056
Governance costs (note 6)	30,415	31,939
	80,363	73,196

Support costs are allocated between charitable activities according to the amount of staff time spent on these activities or by reference to floor space.

6 Governance costs

	2017 £	2016 £
Office-bearer's training costs	6,326	7,190
Election costs	2,397	1,671
Consultant's costs	12,793	14,365
Remuneration of auditors	8,000	7,540
Trustee Costs	899	1,173
	30,415	31,939

Notes to the financial statements *(continued)*

7 Staff costs and numbers

	2017 £	2016 £
Wages and salaries	786,383	697,081
Social security costs	49,168	33,427
Pension costs	66,905	71,125
	<u>902,455</u>	<u>801,633</u>
Average number of employees (full time equivalents) during the period	<u>40</u>	<u>39</u>

No member of staff earns emoluments over £60,000 (2016: None). The President and Vice-Presidents are required by the constitution of the Union to be Sabbatical members of the Executive Committee and Trustees ex-officio and as such are remunerated for their work. Remuneration, including employer's NI, and pension contributions of £76,849 (2016: £72,412) were paid to such 8 (2016: 8) trustees in the year. No remuneration was paid to any trustee in their capacity as trustee. 4 (2016: 9) trustees received reimbursement of expenses amounting to £990 (2016: £874) in the year.

The key management personnel are the Chief Executive officer, the President and Vice-Presidents and other members of the Senior Management Team whose total employment benefits for the year totalled £290,378 (2016: £250,849).

8 Pension contributions

The Association participates in the Lothian Pension Fund and the Universities Superannuation Scheme.

Lothian Pension Fund (LPF)

Heriot-Watt University Student Union participates in the Lothian Pension Fund (LPF) which is part of the Local Government Pension Scheme (LGPS) (Scotland), a multi-employer scheme. The LGPS is a defined benefit scheme based on final pensionable salary.

Under the Lothian Pension Fund, the contribution rate required for Heriot-Watt University Student Union is set on a grouped basis, combining the experience of the employer with other employers also participating in the Fund. Assets and liabilities of the Fund are not separately identified between the various employers participating as part of the triennial actuarial valuations. As a result Heriot-Watt University Students' Association is unable to identify its relevant share of the underlying assets and liabilities in the Fund. These financial statements have therefore been drawn up in accordance with Financial Reporting Standard 102 on the basis that the pension cost is accounted for as a defined contribution scheme.

Information about the overall funding position of the Lothian Pension Fund has been obtained from the actuarial valuation of the Scheme as at 31 March 2014. The valuation showed that the overall funding of the Scheme as a whole was 91%, the deficit being £417 million. The contributions payable by the employers are based on the position of the Fund as a whole, which is reassessed at each triennial valuation, in line with the Administering Authority's Funding Strategy Statement. The pension cost for the period ended 31 July 2016 was £71,125 and employer contributions for the year from 1 April 2016 have been set at 23.1% of pensionable pay plus a monetary amount of £21,100 per annum.

Notes to the financial statements (continued)

9 Fixed assets

	Building improvements £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 May 2016	551,758	29,018	463,590	92,778	1,137,144
Additions	-	2,274	39,859	-	42,133
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2017	551,758	31,292	503,449	92,778	1,179,277
Depreciation					
At 1 May 2016	174,592	23,908	455,414	82,142	736,056
Charge for year	11,904	2,143	13,087	10,565	37,699
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2017	186,496	26,051	468,501	92,707	773,754
Net book value					
At 31 July 2017	365,262	5,242	34,948	71	405,523
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 May 2016	377,166	5,110	8,176	10,636	401,088

10 Stock

	2017 £	2016 £
Bar	3,734	3,872
Shop	2,462	2,082
Catering	18,584	37,063
	<hr/>	<hr/>
	24,780	43,017
	<hr/> <hr/>	<hr/> <hr/>

11 Debtors

	2017 £	2016 £
Trade debtors	11,286	7,486
Other debtors	13,886	5,105
Heriot-Watt University	17,553	4,772
Prepayments	16,403	15,060
	<hr/>	<hr/>
	59,128	32,423
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

12 Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	47,008	41,816
Heriot-Watt University	5,729	15,508
Other tax and social security	11,494	17,266
Other creditors	21,849	23,469
Accruals and deferred income	46,876	22,507
	<hr/>	<hr/>
	132,956	120,566

13 Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Deferred grant income	13,569	13,999

14 Provisions for liabilities and charges

	2017 £	2016 £
At beginning of period	35,167	-
Transferred from HWUSA	-	56,267
Amounts released in year	(21,100)	(21,100)
	<hr/>	<hr/>
	14,067	35,167

15 Funds

	Balance at 1 May 2016 £	Income £	Expenditure £	Balance at 31 July 2017 £
Unrestricted funds				
General fund	495,338	2,485,302	(2,395,615)	585,025
	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds				
Building improvements	84,262	-	(2,718)	81,544
Alumni fund	-	7,107	(7,107)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	84,262	7,107	(9,825)	81,544
	<hr/>	<hr/>	<hr/>	<hr/>
	579,600	2,492,409	(2,405,440)	666,569
	<hr/>	<hr/>	<hr/>	<hr/>

Purpose of the fund

Building improvements – a capital fund for improvements financed by HWU against which depreciation is applied annually.

Alumni fund – grant awards from HWU for specific charitable projects and activities

Notes to the financial statements *(continued)*

16 Analysis of net assets between funds

	Unrestricted £	Restricted £	2017 £	Unrestricted funds £	Restricted funds £	2016 Total £
Fixed assets and investments	323,979	81,544	405,523	316,826	84,262	401,088
Net current assets	288,682	-	288,682	227,678	-	227,678
Creditors due in more than one year	(13,569)	-	(13,569)	(13,999)	-	(13,999)
Provisions for liabilities and charges	(14,067)	-	(14,067)	(35,167)	-	(35,167)
	<u>585,025</u>	<u>81,544</u>	<u>666,569</u>	<u>495,338</u>	<u>84,262</u>	<u>579,600</u>

17 Capital commitments

	2017 £	2016 £
Authorised and contracted	<u>30,345</u>	<u>-</u>

18 Related party transactions

During the year, Heriot-Watt University allocated to the Students' Union £579,600 (2016: £549,600) in the form of block grant funding. Other grant funding from Heriot-Watt University amounted to £31,421 (2016: £24,285).

During the course of the Union's activities for the period, transactions with Heriot-Watt University took place. The total amount invoiced by the Union to the University for goods and services was £96,302 (2016: £33,289) and the total amount invoiced by the University to the Union for goods and services was £69,980 (2016: £80,006). At 31 July 2017 the University owed the Union a balance of £33,839 (2016: £7,172). Amounts owed by the Union to Heriot-Watt University amounted to £5,729 (2016: £15,508). £28,480 (2016: £4,166) of deferred income was also in creditors at the period end in relation to grant awards.

19 Ultimate controlling party

The charitable company is constituted by its Articles of Association and is controlled by its Board of Trustees.