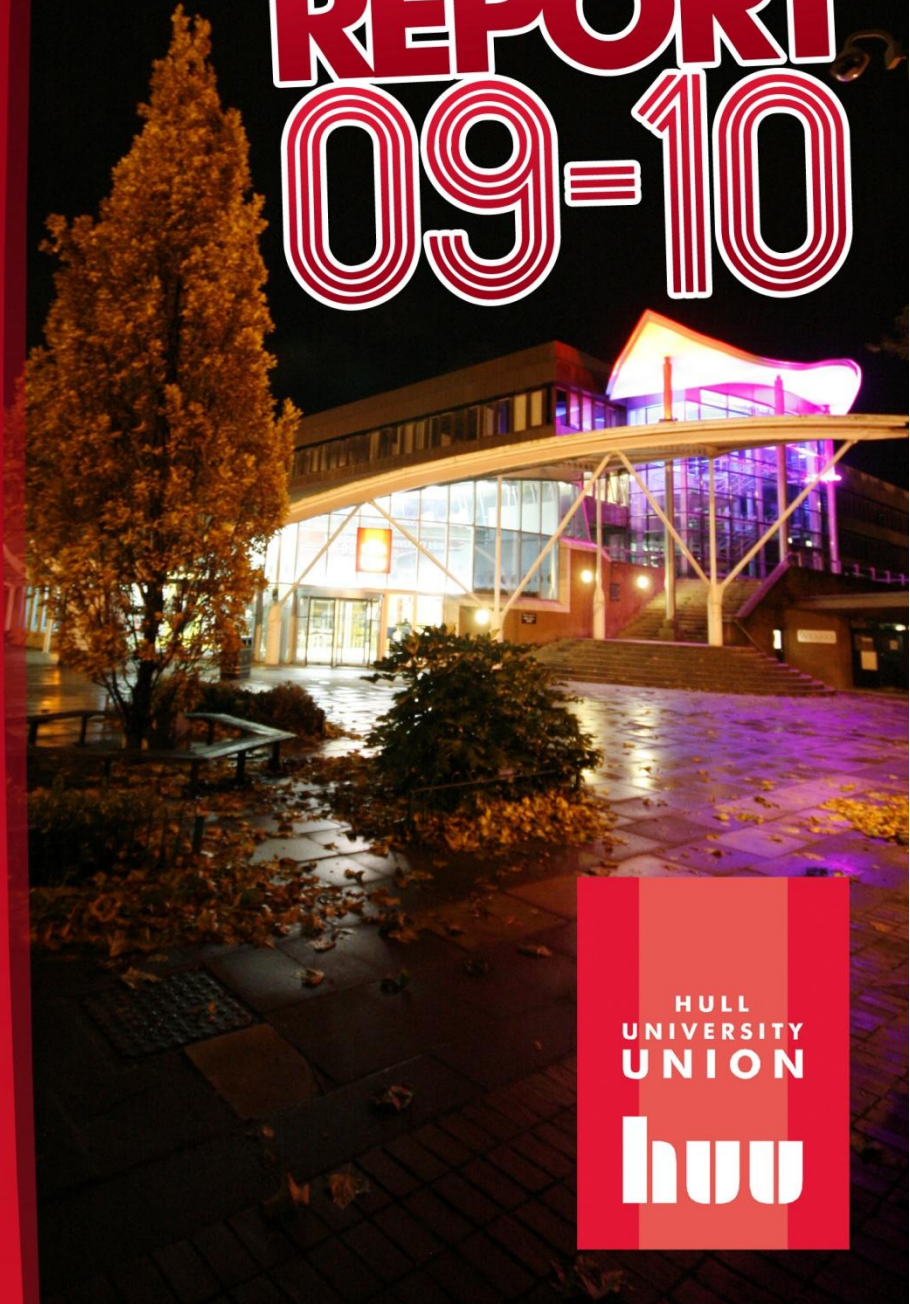


HULL UNIVERSITY UNION
**ANNUAL
REPORT**
09-10



HULL
UNIVERSITY
UNION

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Hull University Union Annual Report 2009/2010

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Report by the Trustees of Hull University Union

The Trustees of Hull University Union ("the Union") are pleased to present their report and audited financial statements for the year ended 31st July 2010. In this regard the Trustees have considered the requirements of the Statement of Recommended Practice: Accounting and reporting by charities.

Reference and Administrative details of Hull University Union, Its Trustees and Advisers

Trustees

Period 3rd July 2009 to 2nd July 2010

Christopher Sparshatt (Chair)

Jamie Scudamore

Christopher Marks

Alice Marshall

Benjamin Wilcox

James Kerr

Duncan Batty

David Lloyd

Robert Kidson

Period 2nd July 2010 to date

Duncan Batty (Chair)

Aidan Mersh

Matthew Barrow

Suzanne Morris

Thomas Peel

Ashley Lord

Matthew Brown

David Lloyd

Robert Kidson

Lisa Cowan (from 18th Oct 2010)

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Chief Executive

Paul Tatton

Registered Office

University House
Cottingham Road
Hull
HU6 7RX

Bankers

Natwest Bank plc
Commercial Banking
4th Floor
2 Whitehall Quay
Leeds LS1 4HR

Solicitors

Graham and Rosen
8 Parliament Street
Hull
HU1 2BB

Auditors

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds
LS1 4BN

Investment Managers

Cazenove Capital Fund Management
12 Moorgate
London
EC2R 6DA

Charity Registered Number:

Exempt Charity

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

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The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the 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 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Structure, Governance and Management

Organisation of the Union

The Union was first registered as a charity on 22nd March 1967 and is an exempt charity under the 1994 Education Act. To comply with the Charities Act 2006, the Trustees have applied to become a registered charity. It is constituted as an unincorporated association established by trust, with student trustees elected by the full membership in cross campus elections and independent trustees. Currently the charity is deemed exempt and, therefore, has no registered number.

From 2nd July 2009, the make-up of the Board of Trustees has changed to include six student trustees elected by cross campus ballot for a twelve month period and four independently selected trustees, appointed for an initial three year period, with suitable professional experience.

All students registered with the University of Hull are eligible to take up full membership. The right not to be a member was provided by the Education Act 1994. No student has exercised that option this academic year. Certain categories of Associate Member are permissible in accordance with the Constitution and Bye-

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laws, subject to election by Union Council. Associate membership is for one year, renewable. One such member was elected during the year.

Union Council may consider any matters affecting the interests of students of the University. Council's major role is to scrutinise and hold to account elected trustees and student officers. The decisions of Council are subordinate to those made by referenda or the Board of Trustees. Union Council was composed of 48 full members elected for one year in semester two.

Major policy matters are put before the membership through electronic referenda.

Selection of Independent Trustees

At the end of the first three year term (in August 2010), one independent trustee will retire with one of the remaining original independent trustees retiring in 2011 and the third in 2012. From then on trustees will retire on completion of a three year term. On retiring by rotation, independent trustees may be reselected but their term in office must not exceed six years.

Selection of a replacement will be undertaken by the Board who will take into account the talents, skills and experience required by the Charity's strategy at that time.

Induction and Training of Trustees

A comprehensive formal training programme is given each year to the new student trustees as follows:

Week 1 – handover from the outgoing student trustees.

Week 2 – a comprehensive programme of training covering all aspects of their role including governance, HUU constitution, responsibilities regarding staff, investment management, risk management and services provided to the members.

Week 3 (six weeks later) – Review of earlier training, strategy development and planning for the year ahead.

Half Day Training sessions on a variety of skills are given throughout the summer vacation complemented by specific role training provided by external trainers.

The new independent trustee received training in July 2009. Other training will be provided as and when required.

Decision Making

The Board of Trustees

- Approves strategy.
- Allocate resources to deliver the strategy.
- Determines Union values and review as necessary.
- Approves business plans submitted from HUU Services Ltd and student areas.
- Approves three year financial forecast, reserves policy and investment policy.
- Approves annual budgets.
- Approves annual report including financial statements.
- Approves annual capital expenditure plan.
- Decides on human resources strategy.

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- Approves changes to senior staffing levels and responsibilities.
- Approves annual pay increases.
- Approves risk policy.

Senior Management

- Propose and implement agreed strategy for non- student service areas delivery.
- Decide on business plans to be submitted to the Boards.
- Propose three year financial plan and recommend changes to investment policy.
- Decide commercial services and administration budgets to be submitted to the Board for approval.
- Approve the annual report prior to presentation to the Trustees.
- Decide on capital expenditure proposals to be submitted to the Board for approval.
- Decide on risk management plan for approval by Trustees.
- Decision making on all day to day operational matters.
- Decide on development plans for University House for consideration by stakeholders and approval by the Trustees.

Subsidiary Company

The Union established a wholly owned subsidiary company, HUU Services Ltd, on 14th January 2000. Company number 3906837. The Union and its subsidiary company comprise "the Group". The Union carries out the charitable activities, and the trading activities are carried out through the subsidiary company. The main activities of the trading subsidiary cover bars, the shop, entertainment and games machines. The subsidiary has a coterminous year-end of 31st July 2010.

Risk Review

The trustees take seriously their role in assessing the risks that face the Union. A comprehensive risk management policy is in place and is reviewed at regular intervals by the Board. The policy defines:

- Our approach to risk management.
- The role of the Board in determining how risk is managed.
- Definition of risk and the responses to it.
- The role of management in risk.
- How risk will be monitored.

The Board has identified major risks under the following areas:

- Achievement of our aims and objectives.
- Operational performance.
- Meeting expectations of stakeholders.

In the year 2009/10, good progress was made in mitigating the major risks identified earlier which were all concerned with financial issues:- declining commercial income; insufficient grant from the University to

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enable us to meet the expectations of our stakeholders; increased regulation; and the level of rent and service charge levied on University House. The achievements section covers management's response to these issues.

A detailed register of these and other risks with less impact on the charity are regularly reviewed and mitigating action monitored by the trustees.

The trustees recognise the dependence on the grant from the University and this is reflected in the reserves policy in the financial review.

Objectives and Activities

The purpose of Hull University Union is the advancement of the education of students at the University of Hull.

It will achieve this by:

(1) Promoting the interests and welfare of students at the University of Hull during their course of study and representing, supporting and advising Members.

(2) Being the recognised representative channel between students and the University and any other external bodies.

(3) Providing cultural, sporting, social and recreational activities, opportunities to volunteer in the community and forums for discussion and debate for the personal development of its Members

Our vision is that we aspire to be one of the leading Student Unions in the country which we shall measure by being accredited with a Gold Award in the Student Union Evaluation Initiative (SUEI) by the end of 2012.

To underpin our objective, we have an underlying mission of being "your 1st choice every time" referring to our member stakeholders. We provide a large number of varied services and we wish our members to choose us rather than alternative providers.

We are a values driven organisation. Our values are:-

Safety and security	Our premises and services will be open to all members without fear or favour.
Diversity and equality	We shall welcome all members and treat them all equally as a member.
Democracy	Our members will have ownership of the organisation.
Representation	We shall support our members when they need help.
Quality	We shall aim to do the best we can in everything we are involved in.

Linked to this are our seven Key Success Factors (KSFs). These are as follows:

1. To strive to be a truly democratic organisation; one where its members have influence over the facilities and services provided and can determine future events.
2. To provide effective support and accurate, impartial advice to individuals and groups.

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3. To represent effectively members within H.U.U, the University and the community of Hull and in the National arena.
4. To encourage member participation at every level by providing:
 - a wide range of opportunities in a safe environment;
 - appropriate training development and recognition for skills learned and tasks achieved.
5. To invest continually and expand our services to meet the needs of our members, to better our competitors and, at all times, to provide the best possible value for money.
6. To recruit, train, develop and retain staff who have the skills and aptitude appropriate to the job they undertake and also appreciate the ethos of H.U.U.
7. To improve continuously everything we do, to become - 1st choice every time.

Achievements and Performance for 2009-2010

Trustee Board

The Board set the following objectives:-

- To secure the medium to long term financial stability of HUU.
- To have a constitution which is fit for purpose and meets the requirements of the Charity Commission.
- To promote continuous improvement in the quality and appropriateness of our work using the SUEI (Student Union Evaluation Initiative) template for robust planning and review.
- To minimise risk.
- To have satisfied members, stakeholders and staff and monitor through regular surveys.
- To ensure our members, stakeholders and staff are aware of what we are doing and how well we are performing.
- To ensure that our services are effective and provide value for money either for our members or for the resources allocated.
- To review the governance and service provision at Scarborough
- *To secure the medium to long term financial stability of HUU.*

As mentioned in the risk management section, our major risk is a financial one – declining revenue and increasing costs leading to a major risk that HUU would be unable to meet its capital expenditure commitments in the medium term. Our two main areas of income are the annual grant from the University and our commercial income.

At the same time as negotiations were opened in 2008 regarding the annual grant, the University agreed to renegotiate the potentially onerous conditions attached to the lease of University House. Having made good progress with an agreement in principle achieved in June 2010, no further progress has been made as final approval is still awaited from the University.

In January 2009 an extensive survey into food provision in University House was carried out. The results highlighted areas of excellence and opportunities for improvement. A major investment in the commercial activities on the ground floor of University House was approved by the Board to be carried out in the summer of 2009. The work was completed on time in mid September ready for the start of the 2009/10

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academic year. The financial results have been better than planned and were the main reason for our much improved financial performance for the year (see accounts) with a small operating profit achieved.

- *To have a constitution which is fit for purpose and meets the requirements of the Charity Commission*

A new constitution was adopted from 3rd July 2009. The Board of Trustees was strengthened with the creation of an Honorary Treasurer. From a representational aspect, Five Zones were created each headed up by a student officer trustee. However, at a very late stage, the Charity Commission (CC) did not favour Student Union Trustee Boards where a majority of the trustees are "paid" as is the case with ourselves. A further review of our Constitution was undertaken in late 2009 and an amended version of the approved NUS/Charity Commission constitution was adopted. This has been approved by a referendum of members and the University. The major change to our governance is the introduction of elected student trustees. The election of four student trustees will take place in the Week five Semester two elections. The CC has confirmed that we will receive a Registered Number as soon as we have elected the new trustees in March 2011.

- *To promote continuous improvement in the quality and appropriateness of our work using the SUEI template for robust planning and review.*

Our Silver Award in the Student Union Evaluation Award (SUEI) provided us with a benchmark against which to judge improvement. The Final Audit Report identified a number of areas for improvement with priorities. These have been the focus of management attention throughout the year. In preparation for our next audit in March 2011, evidence has been submitted on our progress with the areas for improvement. We have received a very positive response from the auditor. The SUEI process highlights the need for measurable outcomes. Once again we have published an Impact Report which details and quantifies our achievements (available on www.hullstudent.com or by post from our Registered Office). Plans are well advanced for our next audit.

- *To minimise risks*

See Risk Review section above.

- *To have satisfied members, stakeholders and staff and monitor through regular surveys.*

All planned surveys were carried out. Details of the surveys are contained in the Impact Report. As part of a major strategic review, Red Brick Media were commissioned to undertake a six stage research project which included qualitative and quantitative research with our members. We are pleased to report that of the 2,000 members taking part in the quantitative survey 88% said that HUU had made a positive difference to their time at the University of Hull. This is an excellent result and an improvement on last year.

- *To ensure our members, stakeholders and staff are aware of what we are doing and how well we are performing.*

The Impact Report details our performance particularly in the member led areas. As well as being published on hullstudent.com, it has been distributed with a covering letter from the President and Chief Executive to our major stakeholders and staff. Our website, hullstudent.com has had a major overhaul in the summer to improve our communications with members. The Trustees approved the appointment of a new position in the marketing team to manage our PR and particularly the work of our student officers and volunteers.

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- *To ensure that our services are effective and provide value for money either for our members or for the resources allocated.*

As part of the SUEI principles, benchmarking is important. We have benchmarks for our Commercial and Membership Services which are internally and externally referenced. These benchmarks are reflected in student and staff objectives.

- *To review the governance and service provision at Scarborough.*

A green paper was produced and considered. Implementation was carried forward to 2010/11.

Volunteers

Without thousands of hours of voluntary work by members, we could not provide the excellent student experience for which the University of Hull is renowned. The Impact Report gives a flavour of what they are involved in. The experience they gain representing members, organising clubs and societies and working in the community provides valuable experience for future careers.

Financial Review

Investment Powers of the Union

The Chief Executive is authorised to make short and medium term investments, consistent with the objectives of the Union stated above. Long term investments are to be made on the advice of an Investment Manager (Manager) who is regulated under the terms of the Financial Services Act 1986. The Trustees are responsible for appointing an Investment Manager. The terms of such an appointment are to:

- Inform the Manager in writing of the extent of his or her investment powers and seek his or her written acknowledgement;
- Lay down a detailed investment policy and ensure that the Manager has received a copy of the policy and understands the objectives;
- Make proper arrangements for the Manager to report regularly to the Trustees on the performance of the investments; this will normally be on a half yearly cycle;
- Subject to the provisions of the Trust document enabling the Manager to act on behalf of the Trustees in buying and selling of investments. The limits of these delegated powers are to be clearly set out and, in particular, the Manager should not have the authority to depart from the Trustees' investment policy without written approval;
- Allow the Trustees to terminate the agreement with a particular Manager who proves to be unsuitable or whose performance is unsatisfactory.

The Trustees are to carefully consider and evaluate any of the initial investment costs, any annual management fees and commission paid to the Investment Manager, to ensure that such costs are properly justified and reasonable.

Any decisions by the Trustees to invest must be centred on the interests of the Union and not of the Trustees. Trustees may not exclude, to the financial detriment of the Union, a particular range or class of investments

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in order to give effect to some moral, political, social, environmental or ethical belief held by the Trustees but not directly related to the interests of the Union.

<u>Reserves Policy</u>	Total £000
The reserves at 31 st July 2010 stand at	4,696
Allocated to fixed assets	<u>3,627</u>
	1,069
Represented by	
Net current assets	386
Investments	<u>683</u>
Reserves	<u>1,069</u>
Less designated	
Capital projects authorised for 2009/2010 expenditure	138
Capital projects building improvement contribution fund towards the provision of University House improvements under the terms of the lease	500
	<u>638</u>
Free reserves	<u>431</u>
The Trustees have recognised the following free reserves requirement:	
General fund for day to day operation of the Charity	150
Contingency of six months subvention	<u>423</u>
Target free reserves	<u>573</u>

The level of free reserves is short of the target by £142k and this shortfall is expected to be met by future incoming resources.

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Plans For the Future

Main Objectives for 2010/11

The objectives are similar to 2009/10

- To secure the medium to long term financial stability of HUU.
 - To implement the new constitution.
 - To promote continuous improvement in the quality and appropriateness of our work using the SUEI template for robust planning and review.
 - To minimise risk.
 - To have satisfied members, stakeholders and staff and monitor through regular surveys.
 - To ensure our members, stakeholders and staff are aware of what we are doing and how well we are performing.
 - To implement the governance and service provision review at Scarborough
-
- *To secure the medium to long term financial stability of HUU.*

Again the emphasis this year will be to negate the potential medium term issues surrounding the lease of University House. Progress with the University has been slow. The current rent remains unsustainable and restrictive clauses in the lease are a risk to our commercial business. The objective will be to conclude negotiations with the University which mitigate these risks.

Registering with the Charity Commission will be a priority as this will facilitate fundraising. As mentioned earlier in the report, we plan to have our registered number in March 2011.

The Comprehensive Spending Review (CSR) and the Browne Report are likely to have a major impact on Higher Education and the University of Hull. The detailed effects on our University will not be known for some time. The Trustees will monitor the situation. Any financial impact is not likely to be felt until the 2012 intake of students.

- *To implement the new constitution.*

Student trustees will be selected and elected in the March 2011 elections.

- *To promote continuous improvement in the quality and appropriateness of our work using the SUEI template for robust planning and review.*

Following the outcome of the Red Brick Media strategic research, an updated strategy will be in place by the start of the new Academic year 2011/12. Consultations with the membership will take place.

We shall prepare well for our SUEI audit in March 2011 with the intention of seeking a Gold Award.

- *To minimise risk.*

The Risk Management Policy and the Major Risk Matrix will be reviewed by the Board. Financial risk is likely to be high on the list of risks.

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- *To have satisfied members, stakeholders and staff and monitor through regular surveys.*

A similar programme of surveys to 2009/10 will be carried out to compare performance year on year

- *To ensure our members, stakeholders and staff are aware of what we are doing and how well we are performing.*

We have a comprehensive communications plan in place to inform our members, stakeholders and staff. The web and email will be our main media.

- *To implement the governance and service provision at Scarborough.*

We shall implement the recommendations of the review.

Our Five Zones have comprehensive Operational Plans which are available on www.hullstudent.com .

An Impact Report will be produced quantifying our progress with these plans.

Aidan Mersh

President & Trustee

Date 14th February 2011

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF HULL UNIVERSITY UNION

We have audited the group financial statements of Hull University Union for the year ended 31 July 2010 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under Section 44 of that Act. Our audit work has been undertaken so that we might state to 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 and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The trustees' responsibilities 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) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 as amended and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and are prepared in accordance with the Charities Act 1993.

We also report to you if, in our opinion, the information given in the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if the charity's statement of account is not in agreement with these accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or

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error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 July 2010 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been prepared in accordance with the Charities Act 1993.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Leeds

14th February 2011

Consolidated Statement of Financial Activities for the Year ended 31 July 2010

Income and Expenditure	Notes	Total 2010 £000	Total 2009 £000
Incoming resources			
Incoming resources from generated funds			
Voluntary income	2	1,156	1,155
Activities for generating funds			
Trading turnover: HUU Services Limited	3	2,917	2,353
Other service activities	4	84	887
Investment income	5	31	35
Incoming resources from charitable activities		564	484
Total incoming resources		4,752	4,914
Resources expended			
Cost of generating funds			
Fundraising trading: HUU Services Limited	3	2,468	1,906
Other service activities	4	380	1,059
Charitable activities	6	1,970	1,886
Governance costs	7	10	122
Total resources expended		4,828	4,973
Net outgoing resources before recognised gains			
		(76)	(59)
Other recognised gains and losses			
Gains (Losses) on investment assets and investment asset disposals		36	(76)
Net movement in funds		(40)	(135)
Reconciliation of funds			
Total funds brought forward		4,736	4,871
Total funds carried forward		4,696	4,736

The accompanying policies and notes form part of these financial statements.

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Consolidated and Charity balance sheets as at 31 July 2010

	Notes	2010 Group £000	2010 Charity £000	2009 Group £000	2009 Charity £000
Fixed assets					
Tangible assets	10	3,627	3,627	3,815	3,815
Investments	11	683	683	668	668
		<hr/>	<hr/>	<hr/>	<hr/>
		4,310	4,310	4,483	4,483
Current assets					
Stock		108	4	149	4
Debtors	12	424	542	160	415
Short term deposits		245	210	307	251
Cash at bank and in hand		166	62	121	34
		<hr/>	<hr/>	<hr/>	<hr/>
		943	818	737	704
Liabilities					
Creditors:					
Falling due within 1 year	13	(462)	(432)	(484)	(451)
Provision for liabilities	14	(95)	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		386	386	253	253
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less liabilities representing net assets		4,696	4,696	4,736	4,736
		<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted Funds		4,696	4,696	4,736	4,736

These financial statements were approved by the Trustees on 1st February 2011 and were signed on their behalf by:

Aidan Mersh

President & Trustee

Date: 14th February 2011

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The accompanying accounting policies and notes form part of these financial statements.

Consolidated cash flow statement for year ended 31 July 2010

	Note	2010 £000	2009 £000
Net cash inflow from operating activities	15	297	277
Interest receivable		31	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(128)	(295)
Purchase of investments		(114)	-
Proceeds on disposal of fixed asset investments		142	-
Capital repayment of loan		(245)	(233)
Decrease in cash and liquid resources in the year		(17)	(251)

The accompanying accounting policies and notes form part of these financial statements.

1. Principal Accounting Policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and applicable accounting standards.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Union Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

(b) Consolidation

The consolidated statements include the financial statements of the charity and its subsidiary undertaking HUU Services Limited. The acquisition method of accounting has been adopted. Under this method the assets and liabilities of the trading subsidiary are combined with those of the Charity in the consolidated balance sheet on a line by line basis.

In accordance with paragraph 397 of the Charities SORP 2005, no separate SOFA has been presented for the Charity alone. The Charity had gross income of £5,182,344 and had net incoming resources of £66,000 (2009 outgoing £135,000).

(c) Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

(d) Incoming resources

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where the entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for re-sale are included as income when they are sold. Donated facilities are included at the value to the Charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers. Grant income is recognised in the year to which the award relates.

Investment income is included when receivable.

Administration charges and rent income from HUU Services Limited are accounted for when due. Gift Aid income from HUU Services Limited is recognised annually when the calculation has been performed.

Incoming resources from charitable trading activity are accounted for when earned.

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(e) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of generating funds are accounted for during the period to which they relate.

Costs of charitable activities are accounted for during the period to which they relate.

Governance costs are accounted for during the period to which they relate.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Cost of generating funds are those generally incurred in services with a target objective and available to non-members. Charitable expenditure costs are those costs incurred directly in support of expenditure on the objects of the Charity. Governance costs are those incurred in connection with the administration of the Charity and compliance with constitutional and statutory requirements.

(f) Pension Scheme

The group participates in two pension schemes providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. The group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and, therefore, as required by FRS17, "retirement benefits", accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the consolidated statement of financial activities represents the contributions payable to the schemes in respect of the accounting year.

(g) Investments

Investments are stated at market value at the balance sheet date.

All gains and losses are taken to the SOFA as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the SOFA.

(h) Fixed Assets and Depreciation

Tangible fixed assets are stated at cost. Depreciation is charged so as to write off cost less the estimated residual value of each asset, over the estimated useful life of the asset at rates of between 100-33%, with the exception of buildings, 2.6% and the stairway, 3%.

Capital purchase items amounting to £2,000 or more individually are charged to fixed assets and depreciated over the life of the asset, relative to its perceived useful life.

The first stage of the Millennium Makeover was completed in August 2002. Depreciation of the buildings part of the works is over 38 years, the life of the lease with extension. Fixtures and fittings for the Millennium makeover have been categorised as either major or minor and depreciation will be for 18 years or 5 years respectively.

(i) Stock

Stock is stated at the lower of cost and net realisable value. Where necessary provision has been made for obsolete, slow moving and defective stock.

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(j) Tax

The Union is exempt from tax on its charitable activities.

(k) VAT

Irrecoverable VAT is charged to the various areas incurring the relative cost applicable to the transaction or the agreed recovery level.

(l) Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

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2. Donations, Legacies and similar Incoming Resources

Grant: University of Hull

A grant of £1,114,497 (2008/09: £1,121,019), is receivable from the University of Hull to enable the Union to pursue its objects. It is a substantial part of total income and the Union is dependent on its continuing receipt.

	2010 £000	2009 £000
University of Hull subvention	1,143	1,114
Others	13	41
Total:	<u>1,156</u>	<u>1,155</u>

3. Trading Subsidiary - HUU Services Limited

	2010 £000	2009 £000
Turnover	2,917	2,349
Cost of sales	(1,404)	(1,162)
Gross profit	1,513	1,187
Admin expenses	(1,513)	(1,189)
Interest receivable	-	2
Net profit	<u>-</u>	<u>-</u>

Hull University Union owns 100% of the issued share capital of HUU Services Limited.

<u>Balance Sheet</u>	2010 £000	2009 £000
Current assets		
Stock	104	145
Debtors	58	29
Cash at bank and in hand	139	203
	<u>301</u>	<u>377</u>
Creditors:		
Amounts falling due within one year	(206)	(377)
Exceptional vat provision	(95)	-
	<u>(301)</u>	<u>(377)</u>
Net current assets	<u>-</u>	<u>-</u>
Net assets	<u>-</u>	<u>-</u>

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4. Income from Other Service Activities

	Total 2010 £000	Total 2009 £000
Turnover	84	887
Cost of sales	(20)	(116)
Gross profit	64	771
Admin expenses	(360)	(943)
Net profit/(loss)	(296)	(172)

5. Investment Income

	2010 £000	2009 £000
	31	35

6. Charitable Activity Costs

	Governance 2010 £000	Community 2010 £000	Welfare 2010 £000	Sports 2010 £000	Education 2010 £000
Support costs	49	-	-	25	-
Rent	-	1	-	-	-
Depreciation	-	-	-	-	-
Staff costs	25	60	110	31	38
Office expenses & running costs	4	64	8	202	2
Other	5	70	7	117	1
	83	195	125	375	41

	Scarborough 2010 £000	HUSSO 2010 £000	Admin 2010 £000	Total 2010 £000	Total 2009 £000
Support costs	17	-	22	113	74
Rent	-	-	197	198	223
Depreciation	-	-	172	172	180
Staff costs	69	3	614	950	812
Office expenses & running costs	21	2	68	371	270
Other	29	1	(64)	166	327
	136	6	1,009	1,970	1,886

7. Governance Costs

	2010 £000	2009 £000
	Total	Total
Insurance	-	-
Legal fees	2	3
Staff costs (Trustees)	1	119
Office expenses and running costs	5	-
Other	2	-
	<u>10</u>	<u>122</u>

The audit fee of £8,000 (2009:£8,000) is reimbursed by the University of Hull in accordance with an arrangement made, as the Union and it's subsidiary are obliged to use the same auditors as the University.

8. Staff Costs and Trustees' Remuneration

	2010 £000	2009 £000
Wages & salaries	1,434	1,681
National insurance	88	100
Pension contributions	102	111
Total emoluments	<u>1,624</u>	<u>1,892</u>

There are no employees with emoluments over £60,000.

	2010 Number	2009 Number
Average number of full time equivalent employees		
Charitable activities	18	10
Costs of generating funds	54	72
Management and administration of the Union	23	20
Total:	<u>95</u>	<u>102</u>

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Staff costs and Trustees Remuneration (continued)

The Trustees received remuneration from the Union as follows:

2010	2009	2010	2009
		£	£
Jamie Scudamore	Helen Gibson	13,599	13,792
Alice Marshall	Richard Jackson	13,599	13,792
Ben Wilcox	Alexander Hamilton	13,599	13,792
Chris Marks	Coralie Tringham	13,315	13,792
James Kerr		13,599	
		<hr/>	<hr/>
		67,711	55,168
Aidan Mersh	Jamie Scudamore	1,700	1,403
Tom Peel	Alice Marshall	1,417	1,403
Suzanne Morris	Ben Wilcox	1,417	1,403
Matthew Barrow	Chris Marks	1,589	1,403
Ash Lord	James Kerr	1,589	1,403
Matthew Brown		1,417	
		<hr/>	<hr/>
		9,129	7,015
		<hr/>	<hr/>
		76,840	62,183

The Internal Trustees are remunerated in accordance with a pay scale used by the Union to pay its employees. The amount is not related to the responsibilities of the roles, as it is for other staff members, but merely to reimburse them for cost of living expenses, as they are precluded from other full time work during their period of office. They undertake full time, full year executive managerial activities. Authority for payment is by HUU Constitution, Section VII, Item 4, para 2.

Trustee expenses	2010	2009
	£	£
Entertaining	123	50
Travel	882	571
	<hr/>	<hr/>
	1,005	621

The four external trustees claimed expenses

9. Pension Schemes

The group is a member of the Universities Superannuation Scheme (USS) providing benefits based on final pensionable pay. Because the group is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 "retirement benefits", the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme. At the last actuarial valuation as at 31st March 2008 the actuary identified the following:

The assets of the scheme at the valuation date were £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in

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Pension Schemes (continued)

earnings. Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065 million). Compared to the previous 12 months, the funding level has improved from 74% (as at 31 March 2009) to 91%.

The contribution for the year was £49,622 (2009 - £48,552). The employer contribution rate of 14% of pensionable pay was increased to 16% in October 2009.

The group is also a member of the University of Hull Pension and Assurance (UHPAS) providing benefits based on final pensionable pay. Because the group is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 "retirement benefits", the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme. UHPAS had a deficit of £27,025,000 at 31st July 2010. The contribution for the year was £52,299 (2009 - £76,957). It has been agreed that an employer contribution rate of 25.4% of pensionable pay will apply in future years.

10. Tangible Assets

Group and Union

	Leasehold Land & Buildings £000	Motor Vehicles £000	Fixtures & Equipment £000	Total £000
Cost or Valuation				
At 1st August 2009	3,515	26	2,598	6,139
Additions	40	-	88	128
Disposals	-	26	602	628
Balance	3,555	-	2,084	5,639
Depreciation				
1 August 2009	685	26	1,612	2,323
Charge in year	158	-	147	305
On additions	1	-	11	12
On disposals	-	26	602	628
At 31 July 2010	844	-	1,168	2,012
Net book value 31 July 2010	2,711	-	916	3,627
Net book value 31 July 2009	2,830	-	986	3,815

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11. Fixed Asset Investments

Group and Union	2010 £000	2009 £000
Market value at 1 August 2009	668	744
Additions	114	-
Disposals	(135)	-
Realised and unrealised investment gains (loss)	36	(76)
Market value at 31 July 2010	<u>683</u>	<u>668</u>
UK Equities	259	279
International Equities	91	-
UK Bonds	120	180
Hedge funds	178	178
Property	35	31
	<u>683</u>	<u>668</u>

Hull University Union hold 100% of their investments within the following Cazenove funds:

The income trust for charities (UK equities)	98
The growth trust for charities (UK equities)	161
Asia Pacific Leaders B Nav (International equities)	16
MM Global (Ex-UK) FD ACC (International equities)	51
Veritas Asset MGMT Global Equity Income account	24
The income trust for charities (Bond Fund)	120
The absolute return trust for charities (hedge funds)	178
Property	35
	<u>683</u>

Investment in HUU Services Limited

HUU Services Limited is a subsidiary, on the basis of dominant control which is registered in England and Wales. The capital and reserves of this company at 31 July 2010 amounted to £2 (2009 £2). HUU Services Limited pays all profits to Hull University Union under Gift Aid arrangements. Consequently it's retained profit for the year ended 31 July 2010 amounted to £nil (2009 £nil). See note 3 for further details.

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12. Debtors

	Group 2010 £000	Group 2009 £000	Union 2010 £000	Union 2009 £000
Trade debtors	66	138	46	110
Amounts owed by subsidiary undertaking	-	-	171	289
Other debtors	13	13	9	13
Prepayments	16	4	10	1
Accrued income	329	5	306	2
	<u>424</u>	<u>160</u>	<u>542</u>	<u>415</u>

Loans are given to members of staff on a concessionary basis and are interest free. All are repayable within 12 months.

Profit from the subsidiary company is included in amounts owed by subsidiary undertakings and is given by Gift Aid. £22,922 (2009: £301,123).

13. Creditors: amounts falling due within one year

	Group 2010 £000	Group 2009 £000	Union 2010 £000	Union 2009 £000
Trade creditors	360	148	332	122
Amounts owed to subsidiary undertaking	-	-	5	5
Loan from University	-	245	-	245
Other creditors	40	14	40	14
VAT	49	33	49	21
Accruals	13	44	6	44
	<u>462</u>	<u>484</u>	<u>432</u>	<u>451</u>

14. Provision for liabilities and charges

	VAT £000
As at 1 st August 2009	-
Additions	<u>95</u>
Balance at 31 st July 2010	<u>95</u>

The vat provision represents a possible of vat made on non attributable overheads for the vat periods 07/2006 to 10/2010 currently being challenged by HMRC.

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15. Group Cash Flow Information

	2010 £000	2009 £000
(a) Reconciliation of changes in resources to net inflow from operating activities:		
Net Outgoing resources	(40)	(59)
Interest receivable	(31)	-
Depreciation	317	334
(Increase) in debtors	(264)	(71)
(Increase)/ Decrease in stock	41	(58)
Increase in creditors	223	131
Increase in provisions	95	-
Profit on disposal of Fixed asset investments	(44)	-
Net cash inflow from operating activities	<u>297</u>	<u>277</u>
(b) Reconciliation of net cash flow to movement in net funds:		
(Decrease)/increase in cash in the period	45	(150)
Cash (outflow)/inflow from movement in liquid resources	<u>(62)</u>	<u>(54)</u>
Movement in net funds for the year	(17)	(204)
Net funds as at 1 st August 2009	<u>428</u>	<u>632</u>
Net funds as at 31 st July 2010	<u>411</u>	<u>428</u>

	1 st August 2009 £000	Cash flow £000	31 st July 2010 £000
(c) Analysis of net funds			
Cash at bank and on hand	121	45	166
Liquid resources	<u>307</u>	<u>(62)</u>	<u>245</u>
	<u>428</u>	<u>(17)</u>	<u>411</u>

16. Capital Commitments

Contracts placed or authorised for future capital expenditure not provided in the financial statements are £138k (2009: £55k). These commitments will be funded from cash.

17. Related Party Transactions

The Chairperson of the Union sits on the University Council and Senate among others.

There are a number of transactions between the University and the Union including provision of a grant (subvention) of £1,143,138 (2008/09: £1,114,000) to enable the Union to continue to achieve its objectives

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and provision of support. However, the Union was by the same terms obliged to pay rent of £297,138 (2008/09: £422,813) in total.

Balances owing/due at the year end with the University of Hull:

	2010 £000	2009 £000
Due from	309	108
Owing to	320	285

18. Contingent Liabilities

There are no contingent liabilities at 31st July 2010 (2009:£nil).

19. Operating Leases

As at 31st July 2010 the group had annual commitments under non-cancellable operating leases as set out below.

Operating leases which expire:	Land and Buildings	Other
In less than 1 year	-	-
Within 2 to 5 years	-	£11,750
After more than 5 years	£297,138	-

