SOUTHERN UNIVERSITIES MANAGEMENT SERVICES

England & Wales · Charity number 1042175

Details

Other names	SUMS
Status	Registered
Legal form	Charitable company
Company number	02732244
Registered	1994-11-18
Register	View on the Charity Commission register

Contact

Address	Reading Enterprise Centre University of Reading Whiteknights Road Reading RG6 6BU
Phone	01189357073
Email	finance@sums.ac.uk
Website	www.sums.org.uk

Activities

Objects: TO PROMOTE THE EFFICIENCY OF THE ADMINISTRATION OF EDUCATIONAL CHARITIES IN DIRECT PURSUIT OF THEIR OBJECTS BY (A) ADVICE, TRAINING AND INFORMATION ABOUT FINANCIAL PLANNING, EFFECTIVE MANAGEMENT PROCEDURES AND THE BEST USE OF AVAILABLE RESOURCES, AND (B) ANY OTHER ASSISTANCE APPROPRIATE TO THE PROVISION OF FINANCIAL PLANNING, PROCEDURAL ADVICE AND RESOURCE MANAGEMENT

Activities: To promote the efficiency of the administration of educational charities in direct pursuit of their objectives by:(a) advice, training and information about financial planning, effective management procedures, and the best use of available resources, and(b) other assistance appropriate to the provision of financial planning, procedural advice and resource management.

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Classification

- **How:** Provides Services, Provides Advocacy/advice/information
- **What:** Education/training
- **Who:** Other Charities Or Voluntary Bodies

Geography

- Scotland
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£4,848,050	£4,813,660	£3,256,792	45
2024-07-31	£4,789,300	£3,796,679	£3,222,401	38
2023-07-31	£4,097,440	£3,396,319	£2,229,780	30
2022-07-31	£3,108,835	£3,118,556	£1,528,659	25
2021-07-31	£2,459,097	£2,199,058	£1,538,380	22
2020-07-31	£2,144,634	£1,911,583	£1,278,342	21

Trustees

Name	Role	Appointed
Colin Campbell		2020-11-20
Elizabeth Colden		2024-11-28
Joanne Sibbald		2023-03-17
Lisa Jeffries		2020-01-30
Martin Williams		2020-01-30
Nathan Caley		2023-11-24
Robert John Bloomer		2026-04-15
Stuart Higgins		2024-11-28

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SOUTHERN UNIVERSITIES MANAGEMENT SERVICES

England & Wales - Charity number 1042175

Accounts

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Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

DIRECTORS REPORT AND FINANCIAL STATEMENTS

for the year ended

31 July 2025

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Southern Universities Management Services

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Southern Universities Management Services

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2025

Company Name:	Southern Universities Management Services
Registered Company Number:	02732244 (Registered in England and Wales)
Registered Charity Number:	1042175
Registered Office and Operational Address:	University of Reading Reading Enterprise Centre Earley Gate Whiteknights Road Reading RG6 6BU

Directors of the Charitable Company:

N Caley	Liverpool School of Tropical Medicine
C Campbell	Newcastle University
S Harrison-Barker	University of Hertfordshire
L Jeffries	University of Reading
J Sibbald	University of Oxford
M Williams	University of Bath
E. Colden (co-opted)	
S. Higgins (co-opted)	

These directors of the charitable company are also trustees of the charity for the purpose of charity law and are referred to as Members of the Management Committee in the Articles of Association.

Senior Management Team:

J Arber (appointed December 2024)	Group Chief Executive
M-B Hyde (resigned November 2025)	Group Chief Executive
D Becker (appointed March 2025)	Group Chief Operating Officer
A Ferguson (appointed September 2024)	Director of Consulting
G Payne	Director of SUPC
S Strutton (appointed March 2025)	Head of Finance

Company Secretary:

S Strutton (appointed March 2025)	Head of Finance
Claire Tudor-Morgan (resigned February 2025)	Head of Finance

Auditors:	James Cowper Kreston Audit Apex Forbury Road Reading RG1 1AX
Legal Advisors:	Field Seymour Parkes LLP 1 London Street Reading RG1 4PN

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The Directors present their annual report together with the audited financial statements of the charitable company for the year ended 31 July 2025. The Report of the Directors is the Directors' Report as required by S.417 of the Companies Act 2006 and the Directors' Report as required by the Charities Act 2011. The financial statements comply with the requirements of the Companies Act 2006, the Charities Act 2011, the charitable company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 17 July 1992 and registered as a charity on 18 November 1994. The charitable company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. The current Memorandum and Articles of Association were adopted on 16 November 2021. Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. As at 31 July 2025 there were 60 Members and the total number of such guarantees was 60 (2024: 55).

Appointment of Directors

Under the provisions of the Articles of Association the directors are appointed for an initial term not exceeding four years by the Members of the charitable company by ordinary resolution. Directors may be elected for a second term not exceeding four years but may not serve more than two terms of office unless they are appointed as Chair of the Management Committee during their second term of office. Directors retire in rotation.

Director Induction and Training

SUMS directors include member representatives both from the institutions that comprise the charitable company's membership and those that represent the institutions that subscribe to SUPC. As such they have a good understanding of how the charitable company is structured and operates and will have typically already worked with the various business units of SUMS in their capacity as member representative. As part of the induction process new directors participate in discussions with the Group Chief Executive Officer (CEO). The Charity Commission publication 'The Essential Trustee' along with the Memorandum and Articles of Association and a role profile are distributed to new directors.

Management

The charitable company is organised into two divisions: SUMS Consulting and Southern Universities Purchasing Consortium (SUPC). In 2019 the company underwent changes to its Articles of Association to create an equal balance of representation from the different business units of SUMS within its Management Committee. The Management Committee now comprises a minimum of six directors; three representatives appointed from the Members of the charitable company and three appointed to represent SUPC. In addition, a student representative has been co-opted to the Management Committee whenever possible, this has not been possible during 2024/25. The CEO carries out day-to-day management of the charitable company under the direction of the members of the Management Committee.

The company has 34 full-time employees, 13 part-time employees and a pool of associate consultants.

SUMS Consulting provides management consultancy services. Its principal activity is to promote the efficiency of the administration of educational charities in direct pursuit of their objects through the conduct of management consultancy assignments at the request of beneficiaries.

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SUPC provides services to higher education institutions and further education colleges that are its subscribers. Its principal activity is the co-ordination of purchasing activity between its beneficiaries in order to share expertise and to achieve efficiency in purchasing.

Remuneration Policy for Key Management Personnel

The salary policy, which includes the framework for setting pay for all staff including key management personnel is reviewed by the Management Committee at least every two years. The basis of the annual salary review is to give an annual cost of living increase, and consider any further increases related to performance and changes to each role across the year. The cost-of-living increase is set having regard to the award applied to the HE sector, whilst the review of performance and roles is undertaken with benchmarking against similar roles both within and outside the sector considered. Merit-based bonus awards are made across the group.

Related Parties

The University of Reading is a member of the charitable company for which it pays the annual subscription fee. The University of Reading also provides payroll, supplier payments, banking services, pensions facilities, IT infrastructure and IT support to the charitable company. The charitable company makes payment to the University of Reading for the services provided and for rentals for the premises occupied under lease by the charitable company.

Risk Management

Major risks to which the charitable company is exposed are reviewed regularly, documented in a Risk Register and categorised according to their severity based on their likelihood and impact. Actions and procedures have been established to identify and mitigate these risks. The Risk Register is reviewed by the Management Committee annually, with dynamic risks being reviewed at each meeting of the Management Committee and the Executive Group.

The current key risks are:

Risk	Mitigation
Unforeseen reduction in income streams or margins	• Investment in service development and exploration of new markets, including targeted growth of non-core income • Proactive growth of SUPC affiliate base • Development of new SUPC frameworks in train • Reserves policy • Overhead cost management, including use of associates as a variable cost • Control of pro bono provision and use of associates for non-fee paying work.
Challenge to Membership as all university costs come under increased scrutiny	• Membership value proposition • Notice period of 12 months • Member relationship management programme • Development of revised membership documentation outlining obligations and limitations • Greater visibility and presence at sector events.
Reputational risk from: a) high profile work for UUK Taskforce; b) exposure in international markets; c) diversification into other sectors;	• Group Strategic Plans 2030 • QA procedures • Investment in communications • Reputation enhancement embedded in staff objectives • Risk assessment at the start of non-standard project.

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d) d) involvement in cost reduction projects	
Systems are immature and unable to meet emerging needs and support load	• Development of Ops resourcing and system development plan, supported by CapEx budget • Allocation of additional project management resources to systems improvements • Resource Management System successfully procured and deployed • IT Operations Manager in full-time role.

Objectives and Activities, Achievements and Performance

In setting the objectives and planning the activities of the charitable company the Management Committee has given consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on the advancement of education. The objects for which the charitable company is established are to promote the efficiency of the administration of educational charities in direct pursuit of their objects by:

(a) advice, training and information about financial planning, effective management procedures, and the best use of available resources, and

(b) any other assistance appropriate to the provision of financial planning, procedural advice and resource management.

The services provided promote the efficiency and effectiveness of educational charities. The directors have access to the Charity Commission's website which they review regularly, to help ensure that the aims of the charitable company meet the public benefit requirement. The directors confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

SUMS Consulting this year has continued to focus on delivering consulting assignments, seminars and workshop events to help Members ensure their organisations are efficient and effective given the challenges faced by the Higher Education sector, and particularly in light of the challenging economic climate and the need for universities to be sustainable.

SUPC continues to focus on providing collaborative procurement solutions to its members. It has developed a new Procurement Value Assessment tool, to help SUMS Group members and clients identify procurement efficiency opportunities.

The objectives, activities, output and achievements of SUMS Consulting and SUPC are set out in detail in their separate annual reviews that focus on their operating activities. These reports are available either from their respective websites (www.sums.ac.uk and www.supc.ac.uk), or upon request to the charitable company at its registered office. Copies of the annual reviews are distributed widely within the HE sector and beyond.

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STRATEGIC REPORT

Financial Review

The financial year to 31 July 2025 saw a surplus for the charitable company of £34k (2024: £993k). An increase in membership brought growth in subscription income from £2.6m in 2023/24 to £2.8m in 2024/25.

Incoming Resources

Overall income for the year is £4,848k, an increase of £59k (1%) on prior year (2024: £4,789k), with the majority of income (57%) obtained from SUMS and SUPC membership subscriptions.

Resources Expended

Operating expenditure (excluding pension provision movements) for the year is £4,814k, an increase of £474k (10%) on prior year (2024: £4,340k).

As with prior years, the largest proportion of expenditure relates to professional staff and consultants' costs, to deliver consultancy and support activities.

Reserves Policy

The directors review and consider the charitable company's reserves in the context of risks and funding. In setting a reserves policy the directors aim to establish reasonable, but not absolute protection against risks and to balance this with the need to deploy resources in pursuit of the company's charitable objectives. SUMS maintains financial reserves to provide flexibility to meet:

- Future investments for new and/or growing areas of activity
- Annual fluctuations in operating income and/or expenditure
- The liability that may arise from increased deficits in the USS defined benefit pension scheme
- An element of financial risk, to which the company is exposed
- Most potential unexpected costs.

The Management Committee set the target for the 2024/25 financial year for free reserves – working capital – to be maintained in a range of 6 and 9 months of operating costs. Free reserves held at 31 July 2025 were within this target range.

Reserves Held

Total reserves at the end of the financial year were £3,257k (2024: £3,222k), an increase of £35k (1%) on prior year. Designated reserves were nil at 31 July 2025.

Principal Funding Sources

The majority of the charitable company's funding is from its membership subscriptions and subscribers. As at 31 July 2025 there were 61 Members of the charitable company (2024: 55) and 59 subscribers to SUPC: 46 full subscribers and 13 associates (2024: 60).

Additional funding comes from consulting work over and above core membership work, retention of some framework levy for contract support activities, and fees for events.

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Investment Policy

SUMS' key investment objective remains to preserve the capital value of its investments with a low level of risk, whilst ensuring that an adequate level of assets is readily available to meet all expected cash flow requirements. In this regard, all investments are held within cash or near cash investments and are spread across several institutions who fulfil the criteria set out within the SUMS investment policy.

Going Concern

Having reviewed the strategic risks, the current financial position of SUMS and the financial projections which sit alongside the overarching strategy, the directors consider that adequate resources continue to be available to fund future plans. Accordingly, the directors are of the view that the Charity is a going concern.

Future Plans

The charitable company plans to continue similar activities into future periods, tailoring the content of these activities to meet specific member needs alongside focusing on the issues, challenges and opportunities emerging for the Higher Education sector.

SUMS Consulting will continue to offer Members access to specialist HE expertise through the provision of consulting services and access to its knowledge hub, along with a range of member events and publications. SUMS Consulting will ensure its capabilities continue to meet the evolving requirements of Members in areas such as digital transformation, efficiency and effectiveness, and student wellbeing. SUMS Consulting's modular efficiencies and Target Operating Model offering will continue to help universities realise efficiencies. This includes a procurement module that leverages the expertise within SUPC. SUMS will also support the wider HE sector through the provision of fee paid consulting services to non-Members, as required.

SUPC will continue to deliver value for money to members through the provision of compliant frameworks and value adding services that enhance the core offering. In addition, SUPC is to continue its successful strategic partnership with sister consortium, LUPC and membership of UK Universities Purchasing Consortia (UKUPC), with the aim of offering greater value to members through aligned activity and driving up collaborative procurement across the HE sector.

SUPC is offering a Procurement Value Assessment (PVA) that helps universities seeking to identify non-pay efficiency opportunities and benchmark their procurement. SUPC will continue to provide specialist procurement consulting and other resources to the sector with the aim of improving sector procurement.

Appointment of new Chief Executive

Marie-Bernarde Hyde retired from her role as Chief Executive on 30th November 2024. The management committee selected Joel Arber, SUMS Group Managing Director, to take over the role of CEO from 1st December 2024.

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Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

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

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

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

The auditors, James Cowper Kreston Audit, have indicated their willingness to stay in office.

The financial statements were approved by the directors on 28 January 2026 and signed on their behalf by:

M Williams

Martin Williams 28 Jan 2026 11:28:29 GMT (UTC +0)

……..

M. Williams
Director

Date: 28 January 2026

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OPINION

We have audited the financial statements of Southern Universities Management Services (the 'charitable company') for the year ended 31 July 2025 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2025 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our 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 Directors' Report.

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

- adequate 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors 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 Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors (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 Directors 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 Directors 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 Directors either intend to liquidate the charitable 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

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The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

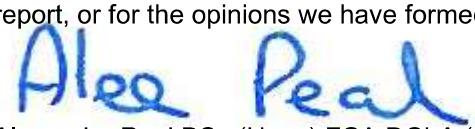
The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Peal BSc (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of
James Cowper Kreston Audit
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 2 February 2026

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Southern Universities Management Services

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2025

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £	Total Funds 2024 £
Income:					
Income from Charitable activities					
Subscription income		2,783,050	-	2,783,050	2,644,493
Consulting income		1,126,701	-	1,126,701	1,343,107
Event income		49,760	-	49,760	138,200
Grant income		-	4,209	4,209	1,602
Other income		63,922	-	63,922	18,345
Framework levy retained		680,342	-	680,342	494,162
Investment income		140,066	-	140,066	149,391
Total income	3	**4,843,841**	**4,209**	**4,848,050**	**4,789,300**
Expenditure on:					
Expenditure on charitable activities:					
Travel and meeting costs		126,058	-	126,058	107,521
Professional staff and consultants		3,138,815	-	3,138,815	2,917,304
Pension provision		-	-	-	(543,550)
Administration costs		1,270,290	4,209	1,274,499	1,092,345
Premises		72,143	-	72,143	67,224
Governance		202,145	-	202,145	155,835
Total expenditure	4	**4,809,451**	**4,209**	**4,813,660**	**3,796,679**
Net (expenditure)/income and net movement in funds for the year		**34,390**	**-**	**34,390**	**992,621**
Reconciliation of funds					
Total funds brought forward		3,222,401	-	3,222,401	2,229,780
Total funds carried forward	15	**3,256,791**	**-**	**3,256,791**	**3,222,401**

The Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 14 to 27 form part of these financial statements.

Company Number: 02732244
Registered Charity Number: 1042175

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Southern Universities Management Services

BALANCE SHEET AS AT 31 JULY 2025

	Note	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Tangible assets	7		-		-
Current assets					
Debtors	8	1,784,220		1,935,158	
Investments: short-term investments	9	2,340,961		1,930,407	
Cash at bank and in hand		1,026,575		986,485	
		5,151,756		4,852,050	
Creditors					
Amounts falling due within one year	10	(1,894,964)		(1,629,649)	
Net current assets			3,256,792		3,222,401
Creditors					
Amounts falling due after one year	11		-		-
Total net assets	16		3,256,792		3,222,401
The funds of the charity:					
Unrestricted funds					
General funds			3,256,792		3,222,401
Designated funds			-		-
Restricted funds			-		-
Total charity funds	16		3,256,792		3,222,401

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The directors have elected for the financial statements to be audited in accordance with the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 28 January 2026, and are signed on their behalf by:

M Williams

Martin Williams 28 Jan 2026 11:28:29 GMT (UTC +0)

.....

M. Williams
Director

Company Number: 02732244
Registered Charity Number: 1042175

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Southern Universities Management Services

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2025

	Note	2025 £	2024 £
Operating Activities			
Cash used in operations	19	(213,247)	168,228
Investing Activities			
Interest received		140,065	149,391
Net cash used in Investing Activities		140,065	149,391
Financing Activities			
Movements in investments		(410,554)	(320,169)
Movements in monies held by University of Reading		523,826	(39,596)
Net cash used in Financing Activities		113,272	(359,765)
Change in cash and cash equivalents in the year		40,090	(42,146)
Cash and cash equivalents at beginning of the year		986,485	1,028,631
Cash and cash equivalents at end of the year		1,026,575	986,485

The notes on pages 14 to 27 form part of these financial statements.

Company Number: 02732244
Registered Charity Number: 1042175

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1. General information & Principal Accounting Policies

Southern Universities Management Services ("the charitable company") is a public benefit entity limited by guarantee domiciled and incorporated in England and Wales (registered company number 02732244). The address of the charitable company's registered office and principal place of business is University of Reading, Reading Enterprise Centre, Earley Gate, Whiteknights Road, Reading, RG6 6BU.

A summary of the more important accounting policies, including those affecting the most significant items in these financial statements, is set out below:

a) Basis of accounting

The accounts have been prepared under the Companies Act 2006 and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 (effective 1 January 2019) – (Charities SORP (FRS 102)). The accounts are drawn up on the historical cost basis of accounting.

Monetary amounts in these accounts are rounded to the nearest £ except where otherwise indicated.

b) Going concern

After making enquiries, the directors have a reasonable expectation that the charitable company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the statement of directors' responsibilities. The directors have considered the effect of the current economic climate on the operations of the entity. Based on their analysis and the considerable growth particularly in consulting income over the past three years, they have concluded that the entity remains a going concern.

c) Funds

If there is a restriction on the purpose to which a fund may be put, the fund is classified as a restricted income fund. In instances where restrictions on the use of grants are set, the grant is spent according to these requirements. Designated funds compromise unrestricted funds and are earmarked for specific purposes by the directors.

d) Income

Income attributable to the financial year is recognised as follows:

- subscription fees are accounted for in the year in which the membership benefit is provided
- consultancy income is accounted for on an accruals basis, in the period in which the work is undertaken
- event income is accounted for in the period in which the event occurred
- grant income is accounted for at the point the charity is entitled to the income and performance related conditions are met
- framework levy (previously marketing premium) income is accounted for in the period it is earned
- investment income is accounted for in the period it is earned.

Income is allocated to the appropriate activity within SUMS, SUPC, Marketing and Communications (M&C) and Central by way of individual cost centres.

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1. **General information & Principal Accounting Policies *(continued)***

e) **Funds received as agent**

The charitable company receives rebate income (framework levy) from the suppliers of the SUPC member universities under the purchasing consortium agreements. The income recognised in the accounts is the amount retained by SUMS to further their charitable objectives. All other funds received and dispersed to the member universities are not recognised as income and expenditure in accordance with the Charities SORP 'Accounting for Funds received as Agent'.

f) **Expenditure**

Expenditure is recognised on an accruals basis in the period in which the liability is incurred. All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs are allocated to the appropriate activity within SUMS, SUPC, M&C or Central by way of individual cost centres. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

g) **Governance costs**

Governance costs include costs associated with providing the governance infrastructure and generating required statutory information. The costs include audit, legal and accounting fees and an apportionment of salary costs to approximate time spent on strategic management and governance of the charitable company.

h) **Tangible fixed assets**

Capital items with a cost exceeding £2,000 are capitalised and depreciated. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, which in all cases is estimated at 4 years.

i) **VAT**

Irrecoverable VAT is charged against administration costs.

j) **Investments**

The charitable company has elected to hold funds in deposit accounts with banking institutions. The funds are on deposit and interest has been recognised on an accruals basis.

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1. **General information & Principal Accounting Policies** ***(continued)***

k) **Retirement benefits**

The charitable company participates in both the Universities Superannuation Scheme (USS) and the SUMS Pension Plan (SUMSPP).

The USS is a hybrid pension scheme providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the USS scheme, the assets are not attributed to individual institutions, and a scheme-wide contribution rate is set. SUMS is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", SUMS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. SUMS has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund an overall deficit and so recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The SUMSPP is a defined contribution scheme and the amount charged to expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

l) **Operating leases**

Rentals paid under operating leases are charged to the SoFA on a straight-line basis over the lease term.

m) **Financial Instruments**

The charitable company has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the charitable company becomes a party to the contractual provisions of the instrument, and are offset only when the group has a legal enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise and settle the liability simultaneously.

Financial assets
Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

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1. **General information & Principal Accounting Policies *(continued)***

m) **Financial Instruments (continued)**

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised according to the original terms of the contract. Impairment losses are recognised in the SoFA for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised and are recognised immediately in the SoFA.

Financial liabilities
Financial instruments are classified as liabilities according to the substance of the contractual agreements entered into. Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Derecognising financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or subsequently all the risks and rewards of ownership are transferred to another party, or is some significant risks or rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

n) **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The only accounting estimates which the directors believe that the charitable company has is the reliance on the underlying assumptions which have been used by the actuary in the valuation of the pension scheme deficit. Where an actuarial valuation of the scheme at the balance sheet date shows that the pension scheme is in a net asset position, the Trustees make an assessment of whether it is likely that the trust will be able to recover its share of the net assets in the scheme whether by reductions in confirmed future contribution levels or by refunds of assets from the plan. Where it is considered virtually certain that the Charity will be able to realise its share of the net assets in the scheme, the Charites's share of those net assets is recognised as an asset on the balance sheet. Where the ability of the Charity to recover its share of any plan asset will only be confirmed by one or more future events this is

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regarded as a Contingent asset: in these circumstances no asset is recognised and the pension is included in the Balance sheet at £zero, with any corresponding reduction in the calculated value of the asset passing through 'Actuarial gains/(losses) on defined benefit pension schemes' within the Statement of Financial Activities. The existence and amount of a contingent pension asset is included within the Notes to the accounts.

o) **Taxation**

The charitable company is a registered charity, and as such is entitled to tax exemptions on income and gains properly applied for its charitable purposes.

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2. **Net income/(expenditure) for the year is stated after charging:**

	2025 £	2024 £
Depreciation of tangible assets	-	-
Operating lease costs	48,971	52,252
Trustee liability insurance*	700	700
Auditor's remuneration for:		
- External audit	13,500	10,650
- Taxation - compliance services to the charitable company	-	-

* The cost of liability cover is not separately identified but has an estimated value of £700.

3. **Income by activity**

2025	**SUMS** **£**	**SUPC** **£**	**M&C** **£**	**Total 2025** **£**
Incoming resources from charitable activities				
Subscription income	2,082,750	700,300	-	2,783,050
Consulting income	1,052,171	51,025	23,505	1,126,701
Event income	-	-	49,760	49,760
Grant income	-	-	4,209	4,209
Other income	33,172	19,901	10,849	63,922
Framework levy retained	-	680,342	-	680,342
Investment income	-	-	-	140,066
TOTAL INCOME	3,168,093	1,451,568	88,323	4,848,050

2024	**SUMS** **£**	**SUPC** **£**	**M&C** **£**	**Total 2024** **£**
Subscription income	1,962,693	681,800	-	2,644,493
Consulting income	1,142,716	141,446	58,945	1,343,107
Event income	-	-	138,200	138,200
Grant income	-	-	1,602	1,602
Other income	782	17,563	-	18,345
Framework levy retained	-	494,162	-	494,162
Investment income	-	-	-	149,391
TOTAL INCOME	3,106,191	1,334,971	198,747	4,789,300

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4. Expenditure

Analysis of unrestricted expenditure

	Staff costs £	Other £	Depreciation £	Total 2025 £	Total 2024 £
Expenditure on charitable activities					
Travel and meeting costs	-	126,058	-	126,058	107,521
Professional staff & consultants	2,387,657	751,158	-	3,138,815	2,917,304
Pension provision	-	-	-	-	(543,550)
Administration costs	666,647	603,643	-	1,270,290	1,090,743
Premises	-	72,143	-	72,143	67,224
Governance	175,569	26,576	-	202,145	155,835
	3,229,873	1,579,578	-	4,809,451	3,795,077

Analysis of total expenditure by activity

Activity based 2025	SUMS £	SUPC £	M&C £	Central £	Total 2025 £
Expenditure on charitable activities					
Travel & meeting costs	99,337	15,289	3,209	8,223	126,058
Professional staff & consultants	2,287,269	851,546	-	-	3,138,815
Pension provision	-	-	-	-	-
Administration costs	112,204	196,917	256,496	708,883	1,274,500
Premises	-	-	-	72,143	72,143
Governance	81,811	42,551	-	77,782	202,144
TOTAL EXPENDITURE	2,580,621	1,106,303	259,705	867,031	4,813,660

Activity based 2024	SUMS £	SUPC* £	M&C £	Central £	Total 2024 £
Expenditure on charitable activities					
Travel & meeting costs	93,239	8,795	3,281	2,206	107,521
Professional staff & consultants	2,258,257	659,047	-	-	2,917,304
Pension provision	-	-	-	(543,550)	(543,550)
Administration costs	107,534	289,978	244,543	450,290	1,092,345
Premises	-	-	-	67,224	67,224
Governance	70,507	27,487	-	57,841	155,835
TOTAL EXPENDITURE	2,529,537	985,307	247,824	34,011	3,796,679

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5. Analysis of restricted fund income and expenditure

Two grants were received, one from the University of Reading to cover the salary cost of an internship placement for a University of Reading student at SUMS and a second for AI training.

	2025 £	2024 £
Incoming resources		
Grant income	4,209	1,602
Total incoming resources	4,209	1,602
Outgoing resources		
Administration costs	4,209	1,602
Total outgoing resources	4,209	1,602
Net movement in funds in the year	-	-

6. Staff costs and numbers

Staff costs were as follows:	2025 £	2024 £
Salaries and wages	2,732,893	2,214,397
Employer's national insurance costs	319,717	250,393
Employer's pension costs	230,285	209,611
	3,282,895	2,674,401

The average number of staff employed during the year was 45 (2024: 38); various associates were engaged to provide services. The average number of full-time equivalents of persons employed during the year was 42 (2024: 35).

The total of employee benefits (including salary, employers pension contribution and employer's national insurance contributions) paid to the senior management team, as disclosed on page 1, in the year totalled £753,215 (2024: £530,180).

The number of staff who received emoluments (excluding employers pension contribution and employer's national insurance contributions) in the following ranges was:

	2025	2024
£60,001 to £70,000	5	3
£70,001 to £80,000	5	2
£80,001 to £90,000	1	3
£90,001 to £100,000	5	3
£100,001 to £110,000	2	1
£110,001 to £120,000	0	1
£120,001 to £130,000	1	1
£130,001 to £140,000	0	1
£140,001 to £150,000	1	0

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7. Fixed assets

	IT Equipment	Fixtures & Fittings	Total
	£	£	£
Cost:			
At 1 August 2024	800	4,833	5,633
Disposals	(800)	(4,833)	(5,633)
At 31 July 2025	-	-	-
Accumulated Depreciation:			
At 1 August 2024	800	4,833	5,633
Disposals	(800)	(4,833)	(5,633)
At 31 July 2025	-	-	-
Net book value at 31 July 2025	-	-	-
Net book value at 31 July 2024	-	-	-

8. Debtors

	2025	2024
	£	£
Trade debtors	852,972	517,552
Other debtors	733,350	695,882
Money held on trust by The University of Reading	197,898	721,724
	1,784,220	1,935,158

9. Short term investments

Investment funds totalling £2,340,961 were held in in UK Treasury Bills and cash deposits with Nationwide Building Society, Standard Chartered, Nordea, Sumitomo and Charity Bank the end of the year. Interest generated from investments was recorded against income and expenditure.

	2025	2024
	£	£
Cash deposits	2,340,961	1,930,407

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10. Creditors: amounts falling due within one year

	2025	2024
	£	£
Trade creditors	96,786	206,191
Accruals	195,360	229,705
Deferred income	706,496	291,171
Other creditors (VAT due to HMRC)	212,085	161,537
Funds received as agent	684,237	741,045
	1,894,964	1,629,649

11. Creditors: amounts falling due after one year

	2025		2024	
	£	£	£	£
Provision b/fwd		-		543,550
Employer contributions relating to the recovery plan	-		(20,695)	
Unwinding of the discount rate	-		12,502	
Impact of the change in assumptions	-		(535,357)	
Net movement		-		(543,550)
Provision c/fwd		-		-

The above provision related to the requirement under charity SORP that charities must recognise as a liability the present value of future contributions relating to the funding of a pension deficit. A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. No deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The charity is no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the profit and loss account.

12. Deferred income

Deferred income comprises advance membership and consultancy.

	£
Balance at 1 August 2024	291,171
Amount released to income earned from charitable activities	(291,171)
Amount deferred in year	775,296
Balance at 31 July 2025	775,296

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13. Funds received as agent

The charitable company acts as an intermediary agent for volume rebates (framework levy) payable under contract by suppliers to subscribers to SUPC. SUPC collects the framework levy, retains an agreed proportion and then distributes the balance to subscribers. The charitable company has no legal ownership of the distributable resources and no responsibility for their ultimate application. The amounts collected and due to be collected are therefore not recognised in the Statement of Financial Activities.

	2025	2024
	£	£
Opening balance at 1 August	741,045	701,233
Received during the year	2,434,071	2,054,462
Rebate income retained	(680,342)	(494,162)
Paid out during the year	(1,810,537)	(1,520,488)
Total funds held as agent at 31 July	684,237	741,045

14. Operating leases

The total of future minimum lease payments (excluding service charges) under non-cancellable operating leases for the following periods are:

	2025	2024
	£	£
Under 1 year	45,047	44,460
Later than 1 year and not later than 5 years	20,065	18,525
Later than 5 years	-	-

Lease payments of £48,971 (2024: £52,252) were recognised as an expense in the accounts.

15. Movement in funds

Unrestricted funds	2025	2025	2025
	General	Designated	Total
	£	£	£
Balance at 1 August 2024	3,222,401	-	3,222,401
Incoming resources	4,848,050	-	4,848,050
Outgoing resources	(4,809,451)	-	(4,809,451)
Balance at 31 July 2025	3,256,791	-	3,256,791

Designated funds held at 31 July 2025 were nil (2024: nil).

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15. **Movement in funds *(continued)***

Unrestricted funds	**2024 General**	**2024 Designated**	**2024 Total**
	£	**£**	**£**
Balance at 1 August 2023	2,229,780	-	2,229,780
Incoming resources	4,787,698	-	4,787,698
Outgoing resources	(3,795,077)	-	(3,795,077)
Balance at 31 July 2024	3,222,401	-	3,222,401

Restricted funds	**2025**	**2024**
	£	**£**
Balance at 1 August	-	-
Incoming resources	4,209	1,602
Outgoing resources	(4,209)	(1,602)
Balance at 31 July	-	-

16. **Analysis of net assets between funds**

2025

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	3,256,792	-	3,256,792
Restricted	-	-	-	-
Total net assets	-	3,256,792	-	3,256,792

2024

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	3,222,401	-	3,222,401
Restricted	-	-	-	-
Total net assets	-	3,222,401	-	3,222,401

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17. Related party transactions

No director of the charitable company or any persons connected with them have received any remuneration, and two directors claimed reimbursement of expenses during the year which totalled £500.

During the year £39,249 (2024: £30,011) was paid by the Charity to an individual under a contract of employment through the Charity payroll in line with the pay policy and normal pay scales. The individual is connected to Joel Arber, SUMS Group CEO.

Southern Universities Management Services has a service agreement with the University of Reading. During the year the charitable company received the following value of goods and services from the University of Reading:

	2025 £	2024 £
Room hire and catering	3,945	8,610
IT and telecommunications	45,657	2,250
Printing and postage services	1,069	238
Rent and maintenance	68,847	65,030
Professional fees	26,200	31,850
	145,718	107,978

The University of Reading is also a member of the charitable company and a subscriber to SUPC. Subscriptions and fees are paid by them which are consistent with all other Members. The subscription fees and other income received from the University of Reading are set out below:

	2025 £	2024 £
SUMS membership fee	40,800	39,200
SUPC membership fee	13,500	12,950
Consulting income	88,680	124,610
Other income	30,000	-
Grant income	1,709	1,602
	174,689	178,362

The grant received from the University related to salary costs for a short-term internship placement of a University of Reading student at SUMS during 2024/25.

At 31 July 2025, the University of Reading held investment funds of £197,898 (2024: £721,724) on trust for the charitable company.

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18. Pensions

Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme. At 31 March 2025, USS had 234,000 active members and the institution currently has 10 active members participating in the scheme.

The scheme assets are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Appointments to the board of the trustee are determined by the trustee company's Articles of Association. There are currently twelve members of the trustee board, of which four are appointed by Universities UK, three are appointed by the University and College Union (of whom at least one must be a USS pensioner member) and the remaining five are independent directors appointed by the board.

Part of the trustee's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns, form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and is targeted at achieving returns required to meet the scheme's liabilities.

USS completed its latest full valuation as of 31 March 2023. Following this, some changes to scheme benefits were introduced. These included: increasing the salary cap, increasing the accrual rate and increasing the limit on benefit increases.

According to the latest Report and Accounts, the asset value of the DB section on 31 March 2025 was £73.3 billion and is the market value of the scheme's DB assets based on the audited asset value in the scheme's accounts. This was a decrease of £1.5 billion from 31 March 2024. The estimated deficit has reduced as the scheme has moved from being 114% funded in 2024 on a Technical Provisions basis to 116% funded in 2025.

USS is a "last man standing" scheme, so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme. As the funding level has considerably improved, there is now less risk that these employers will need to fund any significant shortfall.

Southern Universities Management Services Group Personal Pension Plan (the Plan)

A trust-based defined contribution scheme (University of Reading Pension Scheme - URPS) was set up to replace the University of Reading Employees' Pension Fund (UREPF) for new entrants from 1 August 2011. SUMS participated in URPS, which is administered by Aviva, until 31 March 2019. From 1 April 2019, the SUMS Group Personal Pension Plan was set up. The scheme was set up due to the Master Trust Regulation introduced in the Pension Schemes Act 2017. Members of URPS employed by SUMS were transferred to the new arrangement but retained their accrued benefits in URPS.

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The Plan is a contract-based Group Personal Pension arrangement with members holding an individual contract with the Plan provider, Aviva, directly. The scheme is a Qualifying Scheme for auto-enrolment purposes. The latest re-enrolment date was 1 January 2023.

As at 31 July 2025, the Plan had 35 active members.

The contribution rate (ignoring salary sacrifice) payable by SUMS is 5% of pensionable salaries for members who have been employed less than 5 years and 7% for members who have been employed 5 years and over. Members must contribute a minimum of 4% of their pensionable salaries to the scheme. Pension contributions are usually deducted via salary sacrifice.

The pension costs incurred in relation to the respective schemes are set out below:

Pension costs	2025		2024	
	Employer contribution	Active members	Employer contribution	Active members
USS	145,136	10	141,182	9
SUMSPP	85,149	35	68,429	31
	230,285	45	209,611	40

19. **Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2025 £	2024 £
Net (expenditure)/income	34,391	992,621
Adjustments for:		
Depreciation of tangible fixed assets	-	-
Investment income	(140,066)	(149,391)
Movement on debtors	(372,888)	100,994
Movement on creditors	265,316	(775,996)
Cash used in operations	(213,247)	168,228

Company Number: 02732244
Registered Charity Number: 1042175

SOUTHERN UNIVERSITIES MANAGEMENT SERVICES

England & Wales - Charity number 1042175

Accounts

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

DIRECTORS REPORT AND FINANCIAL STATEMENTS

for the year ended

31 July 2024

Southern Universities Management Services

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Southern Universities Management Services

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2024

Company Name:	Southern Universities Management Services
Registered Company Number:	02732244 (Registered in England and Wales)
Registered Charity Number:	1042175
Registered Office and Operational Address:	University of Reading Reading Enterprise Centre Earley Gate Whiteknights Road Reading RG6 6BU

Directors of the Charitable Company:

N Caley (appointed 24 November 2023)	Liverpool School of Tropical Medicine
C Campbell	Newcastle University
S Harrison-Barker	University of Hertfordshire
L Jeffries	University of Reading
J Sibbald	University of Oxford
M Williams	University of Bath
E. Colden (co-opted – appointed 28 November 2024)	
S. Higgins (co-opted – appointed 28 November 2024)	

These directors of the charitable company are also trustees of the charity for the purpose of charity law and are referred to as Members of the Management Committee in the Articles of Association.

Senior Management Team:

M-B Hyde	Group Chief Executive
J Arber	Group Managing Director
G Payne (appointed 1 January 2024)	Head of SUPC
C Tudor-Morgan	Head of Finance and Operations

Company Secretary:

C Tudor-Morgan	Head of Finance and Operations

Auditors:	James Cowper Kreston Audit Reading Bridge House George Street Reading RG1 8LS
Legal Advisors:	Field Seymour Parkes LLP 1 London Street Reading RG1 4PN

The Directors present their annual report together with the audited financial statements of the charitable company for the year ended 31 July 2024. The Report of the Directors is the Directors' Report as required by S.417 of the Companies Act 2006 and the Directors' Report as required by the Charities Act 2011. The financial statements comply with the requirements of the Companies Act 2006, the Charities Act 2011, the charitable company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 17 July 1992 and registered as a charity on 18 November 1994. The charitable company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. The current Memorandum and Articles of Association were adopted on 16 November 2021. Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. As at 31 July 2024 there were 55 Members and the total number of such guarantees was 55 (2023: 47).

Appointment of Directors

Under the provisions of the Articles of Association the directors are appointed for an initial term not exceeding four years by the Members of the charitable company by ordinary resolution. Directors may be elected for a second term not exceeding four years but may not serve more than two terms of office unless they are appointed as Chair of the Management Committee during their second term of office. Directors retire in rotation.

Director Induction and Training

SUMS directors include member representatives both from the institutions that comprise the charitable company's membership and those that represent the institutions that subscribe to SUPC. As such they have a good understanding of how the charitable company is structured and operates and will have typically already worked with the various business units of SUMS in their capacity as member representative. As part of the induction process new directors participate in discussions with the Group Chief Executive (CE). The Charity Commission publication 'The Essential Trustee' along with the Memorandum and Articles of Association and a role profile are distributed to new directors.

Management

The charitable company is organised into two divisions: SUMS Consulting and Southern Universities Purchasing Consortium (SUPC) that includes the Procurement Shared Service (PSS). In 2019 the company underwent changes to its Articles of Association to create an equal balance of representation from the different business units of SUMS within its Management Committee. The Management Committee now comprises a minimum of six directors; three representatives appointed from the Members of the charitable company and three appointed to represent Southern Universities Purchasing Consortium (SUPC). In addition, a student representative has been co-opted to the Management Committee. The CE carries out day-to-day management of the charitable company under the direction of the members of the Management Committee.

The company has 31 full-time employees, 9 part-time employees and a pool of associate consultants.

SUMS Consulting provides management consultancy services. Its principal activity is to promote the efficiency of the administration of educational charities in direct pursuit of their objects through the conduct of management consultancy assignments at the request of beneficiaries.

SUPC provides services to higher education institutions and further education colleges that are its subscribers. Its principal activity is the co-ordination of purchasing activity between its beneficiaries in order to share expertise and to achieve efficiency in purchasing.

PSS provides specialist procurement support to higher education institutions and further education colleges to help them secure value for money from their procurement activities. This includes the delivery of the Procurement Maturity Assessment Programme to English HEI's.

Remuneration Policy for Key Management Personnel

The salary policy, which includes the framework for setting pay for all staff including key management personnel is reviewed by the Management Committee at least every two years. The basis of the annual salary review is to give an annual cost of living increase, and consider any further increases related to performance and changes to each role across the year. The cost-of-living increase is set having regard to the award applied to the HE sector, whilst the review of performance and roles is undertaken with benchmarking against similar roles both within and outside the sector considered. The consulting team participate in a performance related payment scheme and merit-based bonus awards are made across the group.

Related Parties

The University of Reading is a member of the charitable company for which it pays the annual subscription fee. The University of Reading also provides payroll, supplier payments, banking services, pensions facilities, IT infrastructure and IT support to the charitable company. The charitable company makes payment to the University of Reading for the services provided and for rentals for the premises occupied under lease by the charitable company.

Risk Management

Major risks to which the charitable company is exposed are reviewed regularly, documented in a Risk Register and categorised according to their severity based on their likelihood and impact. Actions and procedures have been established to identify and mitigate these risks. The Risk Register is reviewed by the Management Committee annually, with dynamic risks being reviewed at each meeting of the Management Committee and the Executive Group.

The current key risks are:

Risk	**Mitigation**
Challenge to Membership as all university costs come under increased scrutiny	• Development of SUMS Consulting and SUPC strategies to 2030 with Board consultations • Focus on supporting members with efficiencies and Target Operating Model work • Focus on demonstrating the value of membership and Member Relationship Management
The potential failure to meet planned financial targets	• Investment in new business development including the launch and post implementation review of new consultancy products • Close monitoring of financial performance and cashflow against budgets and forecasts

Objectives and Activities, Achievements and Performance

In setting the objectives and planning the activities of the charitable company the Management Committee has given consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on the advancement of education. The objects for which the charitable company is established are to promote the efficiency of the administration of educational charities in direct pursuit of their objects by:

(a) advice, training and information about financial planning, effective management procedures, and the best use of available resources, and

(b) any other assistance appropriate to the provision of financial planning, procedural advice and resource management.

The services provided promote the efficiency and effectiveness of educational charities. The directors have access to the Charity Commission's website which they review regularly, to help ensure that the aims of the charitable company meet the public benefit requirement. The directors confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

SUMS Consulting this year has continued to focus on delivering consulting assignments, seminars and workshop events to help Members ensure their organisations are efficient and effective given the challenges faced by the Higher Education sector, and particularly in light of the challenging economic climate and the need for universities to be sustainable.

SUPC continues to focus on providing collaborative procurement solutions to its members. It has developed a new Procurement Value Assessment tool, to help SUMS Group members and clients identify procurement efficiency opportunities.

The objectives, activities, output and achievements of SUMS Consulting and SUPC are set out in detail in their separate annual reviews that focus on their operating activities. These reports are available either from their respective websites (www.sums.org.uk and www.supc.ac.uk), or upon request to the charitable company at its registered office. Copies of the annual reviews are distributed widely within the HE sector and beyond.

STRATEGIC REPORT

Financial Review

The financial year to 31 July 2024 saw a surplus for the charitable company of £993k (2023: £701k). An increase in membership brought growth in subscription income from £2.2m in 2022/23 to £2.6m in 2023/24. A reduction to nil in the USS pension scheme provision following the latest published valuation contributed £544k to the surplus.

Incoming Resources

Overall income for the year is £4,789k, an increase of £692k (17%) on prior year (2023: £4,097k), with the majority of income (55%) obtained from SUMS and SUPC membership subscriptions.

Resources Expended

Operating expenditure (excluding pension provision movements) for the year is £4,340k, an increase of £825k (23%) on prior year (2023: £3,515k). With a pension provision reduction of £544k included, total expenditure increased to £3,797k (2023: £3,396k).

As with prior years, the largest proportion of expenditure relates to professional staff and consultants' costs, to deliver consultancy and support activities.

Reserves Policy

The directors review and consider the charitable company's reserves in the context of risks and funding. In setting a reserves policy the directors aim to establish reasonable, but not absolute protection against risks and to balance this with the need to deploy resources in pursuit of the company's charitable objectives. SUMS maintains financial reserves to provide flexibility to meet:

- Future investments for new and/or growing areas of activity
- Annual fluctuations in operating income and/or expenditure
- The liability that may arise from increased deficits in the USS defined benefit pension scheme
- An element of financial risk, to which the company is exposed
- Most potential unexpected costs.

The Management Committee set the target for the 2023/24 financial year for free reserves – working capital – to be maintained in a range of 6 and 9 months of operating costs. Free reserves held at 31 July 2024 were within this target range.

Reserves Held

Total reserves at the end of the financial year were £3,222k (2023: £2,230k), an increase of £992k (44%) on prior year. Designated reserves were nil at 31 July 2024.

Principal Funding Sources

The majority of the charitable company's funding is from its membership subscriptions and subscribers. As at 31 July 2024 there were 55 Members of the charitable company (2023: 47) and 60 subscribers to SUPC: 46 full subscribers and 14 associates (2023: 62).

Additional funding comes from consulting work over and above core membership work, retention of some framework levy for contract support activities, and fees for events.

Investment Policy

SUMS' key investment objective remains to preserve the capital value of its investments with a low level of risk, whilst ensuring that an adequate level of assets is readily available to meet all expected cash flow requirements. In this regard, all investments are held within cash or near cash investments and are spread across several institutions who fulfil the criteria set out within the SUMS investment policy.

Going Concern

Having reviewed the strategic risks, the current financial position of SUMS and the financial projections which sit alongside the overarching strategy, the directors consider that adequate resources continue to be available to fund future plans. Accordingly, the directors are of the view that the Charity is a going concern.

Future Plans

The charitable company plans to continue similar activities into future periods, tailoring the content of these activities to meet specific member needs alongside focusing on the issues, challenges and opportunities emerging for the Higher Education sector.

SUMS Consulting will continue to offer Members access to specialist HE expertise through the provision of consulting services and access to its knowledge hub, along with a range of member events and publications. SUMS Consulting will ensure its capabilities continue to meet the evolving requirements of Members in areas such as digital transformation, efficiency and effectiveness, and student wellbeing. SUMS Consulting's modular efficiencies and Target Operating Model offering will continue to help universities realise efficiencies. This includes a procurement module that leverages the expertise within SUPC. SUMS will also support the wider HE sector through the provision of fee paid consulting services to non-Members, as required.

SUPC will continue to deliver value for money to members through the provision of compliant frameworks and value adding services that enhance the core offering. In addition, SUPC is to continue its successful strategic partnership with sister consortium, LUPC and membership of UK Universities Purchasing Consortia (UKUPC), with the aim of offering greater value to members through aligned activity and driving up collaborative procurement across the HE sector.

SUPC is offering a Procurement Value Assessment (PVA) that helps universities seeking to identify non-pay efficiency opportunities and benchmark their procurement. SUPC will continue to provide specialist procurement consulting and other resources to the sector with the aim of improving sector procurement.

Appointment of new Chief Executive

Marie-Bernarde Hyde will retire from her role as Chief Executive on 30th November 2024. The management committee have selected Joel Arber, SUMS Group Managing Director, to take over the role of CE from 1st December 2024.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

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

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

In so far as the directors are aware:

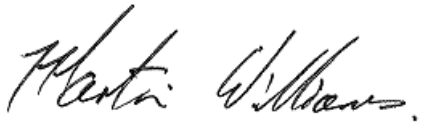
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

The auditors, James Cowper Kreston Audit, have indicated their willingness to stay in office.

The financial statements were approved by the directors on …28 November 2024…….....and signed on their behalf by:



……..
M. Williams
Director

Date: …28 November 2024…….

OPINION

We have audited the financial statements of Southern Universities Management Services (the 'charitable company') for the year ended 31 July 2024 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our 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 Directors' Report.

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

- adequate 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors 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 Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors (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 Directors 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 Directors 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 Directors either intend to liquidate the charitable 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

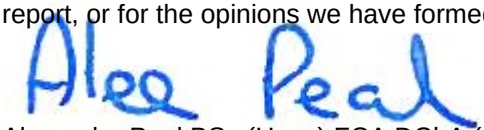
The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Peal BSc (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of
James Cowper Kreston Audit
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 7 April 2025

Southern Universities Management Services

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2024

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £	Total Funds 2023 £
Income:					
Income from Charitable activities					
Subscription income		2,644,493	-	2,644,493	2,187,950
Consulting income		1,343,107	-	1,343,107	1,384,002
Event income		138,200	-	138,200	4,495
Grant income		-	1,602	1,602	6,371
Other income		18,345	-	18,345	6,258
Framework levy retained		494,162	-	494,162	450,186
Investment income		149,391	-	149,391	58,178
Total income	3	**4,787,698**	**1,602**	**4,789,300**	**4,097,440**
Expenditure on:					
Expenditure on charitable activities:					
Travel and meeting costs		107,521	-	107,521	72,508
Professional staff and consultants		2,917,304	-	2,917,304	2,207,510
Pension provision		(543,550)	-	(543,550)	(119,089)
Administration costs		1,090,743	1,602	1,092,345	1,040,931
Premises		67,224	-	67,224	68,745
Governance		155,835	-	155,835	125,714
Total expenditure	4	**3,795,077**	**1,602**	**3,796,679**	**3,396,319**
Net (expenditure)/income and net movement in funds for the year		**992,621**	**-**	**992,621**	**701,121**
Reconciliation of funds					
Total funds brought forward		2,229,780	-	2,229,780	1,528,659
Total funds carried forward	15	**3,222,401**	**-**	**3,222,401**	**2,229,780**

The Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 15 to 28 form part of these financial statements.

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

BALANCE SHEET AS AT 31 JULY 2024

	Note	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Tangible assets	7		-		-
Current assets					
Debtors	8	1,935,158		1,996,556	
Investments: short-term investments	9	1,930,407		1,610,238	
Cash at bank and in hand		986,485		1,028,631	
		4,852,050		4,635,425	
Creditors					
Amounts falling due within one year	10	(1,629,649)		(1,862,096)	
Net current assets			3,222,401		2,773,330
Creditors					
Amounts falling due after one year	11		-		(543,550)
Total net assets	16		3,222,401		2,229,780
The funds of the charity:					
Unrestricted funds					
General funds			3,222,401		2,229,780
Designated funds			-		-
Restricted funds			-		-
Total charity funds	16		3,222,401		2,229,780

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The directors have elected for the financial statements to be audited in accordance with the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 28 November 2024, and are signed on their behalf by:

……
M. Williams
Director

Southern Universities Management Services

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2024

	Note	2024 £	2023 £
Operating Activities			
Cash used in operations	19	168,228	754,370
Investing Activities			
Interest received		149,391	58,178
Net cash used in Investing Activities		149,391	58,178
Financing Activities			
Movements in investments		(320,169)	(563,896)
Movements in monies held by University of Reading		(39,596)	(24,332)
Net cash used in Financing Activities		(359,765)	(588,228)
Change in cash and cash equivalents in the year		(42,146)	224,320
Cash and cash equivalents at beginning of the year		1,028,631	804,311
Cash and cash equivalents at end of the year		986,485	1,028,631

The notes on pages 15 to 28 form part of these financial statements.

Company Number: 02732244
Registered Charity Number: 1042175

1. General information & Principal Accounting Policies

Southern Universities Management Services ("the charitable company") is a public benefit entity limited by guarantee domiciled and incorporated in England and Wales (registered company number 02732244). The address of the charitable company's registered office and principal place of business is University of Reading, Reading Enterprise Centre, Earley Gate, Whiteknights Road, Reading, RG6 6BU.

A summary of the more important accounting policies, including those affecting the most significant items in these financial statements, is set out below:

a) Basis of accounting

The accounts have been prepared under the Companies Act 2006 and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 (effective 1 January 2019) – (Charities SORP (FRS 102)). The accounts are drawn up on the historical cost basis of accounting.

Monetary amounts in these accounts are rounded to the nearest £ except where otherwise indicated.

b) Going concern

After making enquiries, the directors have a reasonable expectation that the charitable company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the statement of directors' responsibilities. The directors have considered the effect of the current economic climate on the operations of the entity. Based on their analysis and the considerable growth particularly in consulting income over the past three years, they have concluded that the entity remains a going concern.

c) Funds

If there is a restriction on the purpose to which a fund may be put, the fund is classified as a restricted income fund. In instances where restrictions on the use of grants are set, the grant is spent according to these requirements. Designated funds compromise unrestricted funds and are earmarked for specific purposes by the directors.

d) Income

Income attributable to the financial year is recognised as follows:

- subscription fees are accounted for in the year in which the membership benefit is provided
- consultancy income is accounted for on an accruals basis, in the period in which the work is undertaken
- event income is accounted for in the period in which the event occurred
- grant income is accounted for at the point the charity is entitled to the income and performance related conditions are met
- framework levy (previously marketing premium) income is accounted for in the period it is earned
- investment income is accounted for in the period it is earned.

Income is allocated to the appropriate activity within SUMS, SUPC, Marketing and Communications (M&C) and Central by way of individual cost centres.

1. **General information & Principal Accounting Policies *(continued)***

e) **Funds received as agent**

The charitable company receives rebate income (framework levy) from the suppliers of the SUPC member universities under the purchasing consortium agreements. The income recognised in the accounts is the amount retained by SUMS to further their charitable objectives. All other funds received and dispersed to the member universities are not recognised as income and expenditure in accordance with the Charities SORP 'Accounting for Funds received as Agent'.

f) **Expenditure**

Expenditure is recognised on an accruals basis in the period in which the liability is incurred. All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs are allocated to the appropriate activity within SUMS, SUPC, M&C or Central by way of individual cost centres. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

g) **Governance costs**

Governance costs include costs associated with providing the governance infrastructure and generating required statutory information. The costs include audit, legal and accounting fees and an apportionment of salary costs to approximate time spent on strategic management and governance of the charitable company.

h) **Tangible fixed assets**

Capital items with a cost exceeding £2,000 are capitalised and depreciated. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, which in all cases is estimated at 4 years.

i) **VAT**

Irrecoverable VAT is charged against administration costs.

j) **Investments**

The charitable company has elected to hold funds in deposit accounts with banking institutions. The funds are on deposit and interest has been recognised on an accruals basis.

1. **General information & Principal Accounting Policies *(continued)***

k) **Retirement benefits**

The charitable company participates in both the Universities Superannuation Scheme (USS) and the SUMS Pension Plan (SUMSPP).

The USS is a hybrid pension scheme providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the USS scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. SUMS is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", SUMS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. SUMS has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund an overall deficit, and so recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The SUMSPP is a defined contribution scheme and the amount charged to expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

l) **Operating leases**

Rentals paid under operating leases are charged to the SoFA on a straight-line basis over the lease term.

m) **Financial Instruments**

The charitable company has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the charitable company becomes a party to the contractual provisions of the instrument, and are offset only when the group has a legal enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise and settle the liability simultaneously.

Financial assets
Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

1. **General information & Principal Accounting Policies *(continued)***

m) **Financial Instruments (continued)**

Where the arrangements with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised according to the original terms of the contract. Impairment losses are recognised in the SoFA for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, and are recognised immediately in the SoFA.

Financial liabilities
Financial instruments are classified as liabilities according to the substance of the contractual agreements entered into. Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangements with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instruments and subsequently measured at amortised cost.

Derecognising financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or subsequently all the risks and rewards of ownership are transferred to another party, or is some significant risks or rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

n) **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The only accounting estimates which the directors believe that the charitable company has is the reliance on the underlying assumptions which have been used by the actuary in the valuation of the pension scheme deficit.

o) **Taxation**

The charitable company is a registered charity, and as such is entitled to tax exemptions on income and gains properly applied for its charitable purposes.

2. **Net income/(expenditure) for the year is stated after charging:**

	2024 £	2023 £
Depreciation of tangible assets	-	-
Operating lease costs	52,252	63,160
Trustee liability insurance*	700	650
Auditor's remuneration for:		
- External audit	10,650	9,650
- Taxation - compliance services to the charitable company	-	-

* The cost of liability cover is not separately identified but has an estimated value of £700.

3. **Income by activity**

2024	**SUMS** **£**	**SUPC** **£**	**M&C** **£**	**Total 2024** **£**
Incoming resources from charitable activities				
Subscription income	1,962,693	681,800	-	2,644,493
Consulting income	1,142,716	141,446	58,945	1,343,107
Event income	-	-	138,200	138,200
Grant income	-	-	1,602	1,602
Other income	782	17,563	-	18,345
Framework levy retained	-	494,162	-	494,162
Investment income	-	-	-	149,391
TOTAL INCOME	3,106,191	1,334,971	198,747	4,789,300

2023	**SUMS** **£**	**SUPC** **£**	**M&C** **£**	**Total 2023** **£**
Subscription income	1,526,200	661,750	-	2,187,950
Consulting income	1,360,717	23,285*	-	1,384,002
Event income	-	-	4,495	4,495
Grant income	-	-	6,371	6,371
Other income	-	1,500	4,758	6,258
Framework levy retained	-	450,186	-	450,186
Investment income	-	-	-	58,178
TOTAL INCOME	2,886,917	1,136,721	15,624	4,097,440

* SUPC consulting income was separately identified as PSS income previously.

4. **Expenditure**

Analysis of unrestricted expenditure

	Staff costs £	Other £	Depreciation £	Total 2024 £	Total 2023 £
Expenditure on charitable activities					
Travel and meeting costs	-	107,521	-	107,521	72,508
Professional staff & consultants	1,932,942	984,362	-	2,917,304	2,207,510
Pension provision	-	(543,550)	-	(543,550)	(119,089)
Administration costs	607,701	483,042	-	1,090,743	1,034,560
Premises	-	67,224	-	67,224	68,745
Governance	132,156	23,679	-	155,835	125,714
	2,672,799	1,122,278	-	3,795,077	3,389,948

Analysis of total expenditure by activity

Activity based 2024	SUMS £	SUPC £	M&C £	Central £	Total 2024 £
Expenditure on charitable activities					
Travel & meeting costs	93,239	8,795	3,281	2,206	107,521
Professional staff & consultants	2,258,257	659,047	-	-	2,917,304
Pension provision	-	-	-	(543,550)	(543,550)
Administration costs	107,534	289,978	244,543	450,290	1,092,345
Premises	-	-	-	67,224	67,224
Governance	70,507	27,487	-	57,841	155,835
TOTAL EXPENDITURE	2,529,536	985,307	247,824	34,012	3,796,679

Activity based 2023	SUMS £	SUPC* £	M&C £	Central £	Total 2023 £
Expenditure on charitable activities					
Travel & meeting costs	57,077	6,925	6,545	1,961	72,508
Professional staff & consultants	1,770,410	437,100	-	-	2,207,510
Pension provision	-	-	-	(119,089)	(119,089)
Administration costs	51,798	327,382	218,308	443,443	1,040,931
Premises	-	-	-	68,745	68,745
Governance	55,943	20,473	-	49,299	125,714
TOTAL EXPENDITURE	1,935,228	791,880	224,853	444,359	3,396,319

* SUPC includes expenditure that was separately identified as PSS expenditure previously.

5. Analysis of restricted fund income and expenditure

One grant was received from the University of Reading to cover the salary cost of an internship placement for a University of Reading student at SUMS.

	2024 £	2023 £
Incoming resources		
Grant income	1,602	6,371
Total incoming resources	1,602	6,371
Outgoing resources		
Administration costs	1,602	6,371
Total outgoing resources	1,602	6,371
Net movement in funds in the year	-	-

6. Staff costs and numbers

Staff costs were as follows:	2024 £	2023 £
Salaries and wages	2,214,397	1,806,905
Employer's national insurance costs	250,393	185,950
Employer's pension costs	209,611	202,754
	2,674,401	2,195,609

The average number of staff employed during the year was 38 (2023: 30); various associates were engaged to provide services. The average number of full-time equivalents of persons employed during the year was 35 (2023: 28).

The total of employee benefits (including salary, employers pension contribution and employer's national insurance contributions) paid to the senior management team, as disclosed on page 1, in the year totalled £530,180 (2023: £492,314).

The number of staff who received emoluments (excluding employers pension contribution and employer's national insurance contributions) in the following ranges was:

	2024	2023
£60,001 to £70,000	3	5
£70,001 to £80,000	2	1
£80,001 to £90,000	3	3
£90,001 to £100,000	3	1
£100,001 to £110,000	1	0
£110,001 to £120,000	1	2
£120,001 to £130,000	1	0
£130,001 to £140,000	1	0

7. Fixed assets

	IT Equipment	Fixtures & Fittings	Total
	£	£	£
Cost:			
At 1 August 2023	800	4,833	5,633
At 31 July 2024	**800**	**4,833**	**5,633**
Accumulated Depreciation:			
At 1 August 2023	800	4,833	5,633
At 31 July 2024	**800**	**4,833**	**5,633**
Net book value at 31 July 2024	**-**	**-**	**-**
Net book value at 31 July 2023	-	-	-

8. Debtors

	2024	2023
	£	£
Trade debtors	517,552	683,878
Other debtors	695,882	630,551
Money held on trust by The University of Reading	721,724	682,127
	1,935,158	1,996,556

9. Short term investments

Investment funds totalling £1,930,407 were held in cash deposits with Nationwide Building Society, Natwest, Nordea, SEB and Charity Bank at the end of the year. Interest generated from investments was recorded against income and expenditure.

	2024	2023
	£	£
Cash deposits	1,930,407	1,610,238

10. Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	206,191	184,878
Accruals	229,705	304,579
Deferred income	291,171	479,116
Other creditors (VAT due to HMRC)	161,537	192,290
Funds received as agent	741,045	701,233
	1,629,649	1,862,096

11. Creditors: amounts falling due after one year

	2024		2023	
	£	£	£	£
Provision b/fwd		543,550		662,639
Employer contributions relating to the recovery plan	(20,695)		(45,280)	
Unwinding of the discount rate	12,502		21,933	
Impact of the change in assumptions	(535,357)		(95,742)	
Net movement		(543,550)		(119,089)
Provision c/fwd		-		543,550

The above provision related to the requirement under charity SORP that charities must recognise as a liability the present value of future contributions relating to the funding of a pension deficit. A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. No deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The charity is no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the profit and loss account.

12. Deferred income

Deferred income comprises advance membership and consultancy.

	£
Balance at 1 August 2023	479,116
Amount released to income earned from charitable activities	(479,116)
Amount deferred in year	291,171
Balance at 31 July 2024	291,171

13. Funds received as agent

The charitable company acts as an intermediary agent for volume rebates (framework levy) payable under contract by suppliers to subscribers to SUPC. SUPC collects the framework levy, retains an agreed proportion and then distributes the balance to subscribers. The charitable company has no legal ownership of the distributable resources and no responsibility for their ultimate application. The amounts collected and due to be collected are therefore not recognised in the Statement of Financial Activities.

	2024	2023
	£	£
Opening balance at 1 August	701,233	611,829
Received during the year	2,054,462	1,875,091
Rebate income retained	(494,162)	(450,186)
Paid out during the year	(1,520,488)	(1,335,501)
Total funds held as agent at 31 July	741,045	701,233

14. Operating leases

The total of future minimum lease payments (excluding service charges) under non-cancellable operating leases for the following periods are:

	2024	2023
	£	£
Under 1 year	44,460	31,580
Later than 1 year and not later than 5 years	18,525	-
Later than 5 years	-	-

Lease payments of £52,252 (2023: £63,160) were recognised as an expense in the accounts.

15. Movement in funds

Unrestricted funds	**2024**	**2024**	**2024**
	General	**Designated**	**Total**
	£	**£**	**£**
Balance at 1 August 2023	2,229,780	-	2,229,780
Incoming resources	4,787,698	-	4,787,698
Outgoing resources	(3,795,077)	-	(3,795,077)
Balance at 31 July 2024	3,222,401	-	3,222,401

Designated funds held at 31 July 2024 were nil (2023: nil).

15. **Movement in funds *(continued)***

Unrestricted funds	**2023 General**	**2023 Designated**	**2023 Total**
	£	**£**	**£**
Balance at 1 August 2022	1,528,659	-	1,528,659
Incoming resources	4,091,069	-	4,091,069
Outgoing resources	(3,389,948)	-	(3,389,948)
Balance at 31 July 2023	2,229,780	-	2,229,780

Restricted funds	**2024**	**2023**
	£	**£**
Balance at 1 August	-	-
Incoming resources	1,602	6,371
Outgoing resources	(1,602)	(6,371)
Balance at 31 July	-	-

16. **Analysis of net assets between funds**

2024

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	3,222,401	-	3,222,401
Restricted	-	-	-	-
Total net assets	-	3,222,401	-	3,222,401

2023

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	2,773,330	(543,550)	2,229,780
Restricted	-	-	-	-
Total net assets	-	2,773,330	(543,550)	2,229,780

17. **Related party transactions**

No director of the charitable company or any persons connected with them have received any remuneration, and one director claimed reimbursement of expenses during the year which totalled £453.

During the year, £30,011 (2023: £12,616) was paid by the Charity to an individual under a contract of employment through the Charity payroll in line with the pay policy and normal pay scales. The individual is connected to Joel Arber, SUMS Group Managing Director.

Southern Universities Management Services has a service agreement with the University of Reading. During the year the charitable company received the following value of goods and services from the University of Reading:

	2024 £	2023 £
Room hire and catering	8,610	5,535
IT and telecommunications	2,250	3,370
Printing and postage services	238	142
Rent and maintenance	65,030	65,735
Professional fees	31,850	28,384
	107,978	103,166

The University of Reading is also a member of the charitable company and a subscriber to SUPC. Subscriptions and fees are paid by them which are consistent with all other Members. The subscription fees and other income received from the University of Reading are set out below:

	2024 £	2023 £
SUMS membership fee	39,200	37,000
SUPC membership fee	12,950	12,300
Consulting income	124,610	2,190
Grant income	1,602	6,371
	178,362	57,861

The grant received from the University related to salary costs for a short-term internship placement of a University of Reading student at SUMS during 2023/24.

At 31 July 2024, the University of Reading held investment funds of £721,724 (2023: £682,127) on trust for the charitable company.

18. **Pensions**

Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme. At 31 March 2024, USS had 232,360 active members and the institution currently has 9 active members participating in the scheme.

The scheme assets are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Appointments to the board of the trustee are determined by the trustee company's Articles of Association. There are currently twelve members of the trustee board, of which four are appointed by Universities UK, three are appointed by the University and College Union (of whom at least one must be a USS pensioner member) and the remaining five are independent directors appointed by the board.

Part of the trustee's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns, form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and is targeted at achieving returns required to meet the scheme's liabilities.

USS completed its latest full valuation during the last scheme year, calculated as of 31 March 2023. Following this, some changes to scheme benefits were introduced. These included: increasing the salary cap, increasing the accrual rate and increasing the limit on benefit increases.

According to the latest Report and Accounts, the asset value of the DB section on 31 March 2024 was £74.8 billion and is the market value of the scheme's DB assets based on the audited asset value in the scheme's accounts. This was an increase of £1.7 billion from 31 March 2023. The estimated deficit has reduced as the scheme has moved from being 111% funded in 2023 on a Technical Provisions basis to 114% funded in 2024.

USS is a "last man standing" scheme, so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme. As the funding level has considerably improved, there is now less risk that these employers will need to fund any significant shortfall.

Southern Universities Management Services Group Personal Pension Plan (the Plan)

A trust-based defined contribution scheme (University of Reading Pension Scheme - URPS) was set up to replace the University of Reading Employees' Pension Fund (UREPF) for new entrants from 1 August 2011. SUMS participated in URPS, which is administered by Aviva, until 31 March 2019. From 1 April 2019, the SUMS Group Personal Pension Plan was set up. The scheme was set up due to the Master Trust Regulation introduced in the Pension Schemes Act 2017. Members of URPS employed by SUMS were transferred to the new arrangement but retained their accrued benefits in URPS.

The Plan is a contract-based Group Personal Pension arrangement with members holding an individual contract with the Plan provider, Aviva, directly. The scheme is a Qualifying Scheme for auto-enrolment purposes. The latest re-enrolment date was 1 January 2023.

As at 31 July 2024, the Plan had 31 active members.

The contribution rate (ignoring salary sacrifice) payable by SUMS is 5% of pensionable salaries for members who have been employed less than 5 years and 7% for members who have been employed 5 years and over. Members must contribute a minimum of 4% of their pensionable salaries to the scheme. Pension contributions are usually deducted via salary sacrifice.

The pension costs incurred in relation to the respective schemes are set out below:

Pension costs	**2024**		**2023**	
	Employer contribution	**Active members**	**Employer contribution**	**Active members**
USS	141,182	9	157,751	8
SUMSPP	68,429	31	45,003	25
	209,611	40	202,754	33

19. **Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2024	**2023**
	£	**£**
Net (expenditure)/income	992,621	701,121
Adjustments for:		
Depreciation of tangible fixed assets	-	-
Investment income	(149,391)	(58,178)
Movement on debtors	100,995	(140,002)
Movement on creditors	(775,996)	251,429
Cash used in operations	168,228	754,370

SOUTHERN UNIVERSITIES MANAGEMENT SERVICES

England & Wales - Charity number 1042175

Accounts

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

DIRECTORS REPORT AND FINANCIAL STATEMENTS

for the year ended

31 July 2023

Southern Universities Management Services

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Southern Universities Management Services

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2023

Company Name:	Southern Universities Management Services
Registered Company Number:	02732244 (Registered in England and Wales)
Registered Charity Number:	1042175
Registered Office and Operational Address:	University of Reading Reading Enterprise Centre Earley Gate Whiteknights Road Reading RG6 6BU

Directors of the Charitable Company:

C Campbell	Newcastle University
S Harrison-Barker	University of Hertfordshire
L Jeffries	University of Reading
J Sibbald (appointed 17 March 2023)	University of Oxford
M Williams	University of Bath

These directors of the charitable company are also trustees of the charity for the purpose of charity law and are referred to as Members of the Management Committee in the Articles of Association.

Senior Management Team:

M-B Hyde	Group Chief Executive
J Arber	Group Managing Director
L Kopec (appointed 1 February 2023)	Head of SUPC
C Tudor-Morgan	Head of Finance and Operations

Company Secretary:

C Tudor-Morgan	Head of Finance and Operations
Auditors:	James Cowper Kreston Audit Reading Bridge House George Street Reading RG1 8LS
Legal Advisors:	Field Seymour Parkes LLP 1 London Street Reading RG1 4PN

The Directors present their annual report together with the audited financial statements of the charitable company for the year ended 31 July 2023. The Report of the Directors is the Directors' Report as required by S.417 of the Companies Act 2006 and the Directors' Report as required by the Charities Act 2011. The financial statements comply with the requirements of the Companies Act 2006, the Charities Act 2011, the charitable company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 17 July 1992 and registered as a charity on 18 November 1994. The charitable company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. The current Memorandum and Articles of Association were adopted on 16 November 2021. Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. As at 31 July 2023 there were 47 Members and the total number of such guarantees was 47 (2022: 36).

Appointment of Directors

Under the provisions of the Articles of Association the directors are appointed for an initial term not exceeding four years by the Members of the charitable company by ordinary resolution. Directors may be elected for a second term not exceeding four years but may not serve more than two terms of office unless they are appointed as Chair of the Management Committee during their second term of office. Directors retire in rotation.

Director Induction and Training

SUMS directors include member representatives both from the institutions that comprise the charitable company's membership and those that represent the institutions that subscribe to SUPC. As such they have a good understanding of how the charitable company is structured and operates and will have typically already worked with the various business units of SUMS in their capacity as member representative. As part of the induction process new directors participate in discussions with the Group Chief Executive (CE). The Charity Commission publication 'The Essential Trustee' along with the Memorandum and Articles of Association and a role profile are distributed to new directors.

Management

The charitable company is organised into two divisions: SUMS Consulting and Southern Universities Purchasing Consortium (SUPC) that includes the Procurement Shared Service (PSS). In 2019 the company underwent changes to its Articles of Association to create an equal balance of representation from the different business units of SUMS within its Management Committee. The Management Committee now comprises a minimum of six directors; three representatives appointed from the Members of the charitable company and three appointed to represent Southern Universities Purchasing Consortium (SUPC). In addition, a student representative has been co-opted to the Management Committee. The CE carries out day-to-day management of the charitable company under the direction of the members of the Management Committee.

The company has 27 full-time employees, 7 part-time employees and a pool of associate consultants.

SUMS Consulting provides management consultancy services. Its principal activity is to promote the efficiency of the administration of educational charities in direct pursuit of their objects through the conduct of management consultancy assignments at the request of beneficiaries.

SUPC provides services to higher education institutions and further education colleges that are its subscribers. Its principal activity is the co-ordination of purchasing activity between its beneficiaries in order to share expertise and to achieve efficiency in purchasing.

PSS provides specialist procurement support to higher education institutions and further education colleges to help them secure value for money from their procurement activities. This includes the delivery of the Procurement Maturity Assessment Programme to English HEI's.

Remuneration Policy for Key Management Personnel

The salary policy, which includes the framework for setting pay for all staff including key management personnel is reviewed by the Management Committee every two years. The basis of the annual salary review is to give an annual cost of living increase, and consider any further increases related to performance and changes to each role across the year. The cost-of-living increase is set having regard to the award applied to the HE sector, whilst the review of performance and roles is undertaken against both the banding structure in place, with benchmarking against similar roles both within and outside the sector considered. The consulting team participate in a performance related payment scheme and merit based bonus awards are made across the group.

Related Parties

The University of Reading is a member of the charitable company for which it pays the annual subscription fee. The University of Reading also provides payroll, supplier payments, banking services, pensions facilities, IT infrastructure and IT support to the charitable company. The charitable company makes payment to the University of Reading for the services provided and for rentals for the premises occupied under lease by the charitable company.

Risk Management

Major risks to which the charitable company is exposed are reviewed regularly, documented in a Risk Register and categorised according to their severity based on their likelihood and impact. Actions and procedures have been established to identify and mitigate these risks. The Risk Register is reviewed by the Management Committee annually, with dynamic risks being reviewed at each meeting of the Management Committee and the Executive Group.

The current key risks are:

Risk	**Mitigation**
Uncertainty around potential future USS pension scheme deficits	• Deficit recovery plans in place at scheme level • Ensuring pension scheme provisions remain appropriate • Targeting a minimum 5% annual surplus to maintain appropriate level of reserves
Unanticipated inflation causing costs to be unexpectedly higher than budgeted	• Ensuring cost increases are factored into forecasts and budgets as soon as possible • Enhanced intelligence gathering from various sources inside and outside the sector • Robust challenge of price increases where appropriate
The potential failure to meet planned financial targets	• Investing in new business and service development including the launch of new consultancy products • Strengthening of core staff capabilities, supplemented by a growing pool of associate consultants • Close monitoring of financial performance and cashflow against budgets and forecasts

Objectives and Activities, Achievements and Performance

In setting the objectives and planning the activities of the charitable company the Management Committee has given consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on the advancement of education. The objects for which the charitable company is established are to promote the efficiency of the administration of educational charities in direct pursuit of their objects by:

(a) advice, training and information about financial planning, effective management procedures, and the best use of available resources, and

(b) any other assistance appropriate to the provision of financial planning, procedural advice and resource management.

The services provided promote the efficiency and effectiveness of educational charities. The directors have access to the Charity Commission's website which they review regularly, to help ensure that the aims of the charitable company meet the public benefit requirement. The directors confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

SUMS Consulting this year has continued to focus on delivering consulting assignments, seminars and workshop events to help Members ensure their organisations are efficient and effective given the challenges faced by the Higher Education sector, and particularly in light of the challenging economic climate and the need for universities to be sustainable.

SUPC continues to focus on providing collaborative procurement solutions to its members.

The Procurement Shared Service (PSS) has focused on the delivery of a procurement maturity assessment programme and procurement consultancy support to English Higher Education institutions with the aim of supporting institutions to improve procurement, their efficiency and effectiveness, and the value for money they deliver.

The objectives, activities, output and achievements of SUMS Consulting and SUPC are set out in detail in their separate annual reviews that focus on their operating activities. These reports are available either from their respective websites (www.sums.org.uk and www.supc.ac.uk), or upon request to the charitable company at its registered office. Copies of the annual reviews are distributed widely within the HE sector and beyond.

STRATEGIC REPORT

Financial Review

The financial year to 31 July 2023 saw a surplus for the charitable company of £701k (2022: £10k deficit). There was significant growth in the year in both fee-paid consultancy, from £908k in 2021/22 to £1.384m in 2022/23, and in subscription income, from £1.685m to £2.188m. Increased earnings from investments and a reduction in the USS pension scheme provision of £119k also contributed to the surplus.

Incoming Resources

Overall income for the year is £4,097k, an increase of £989k (32%) on prior year (2022: £3,109k), with the majority of income (53%) obtained from SUMS and SUPC subscriptions.

Resources Expended

Overall expenditure for the year is £3,396k which includes the reduction in pension provision costs, and represents a net increase of £277k (9%) versus prior year (2022: £3,119k).

As with prior years, the largest proportion of expenditure relates to professional staff and consultants' costs, to deliver consultancy and support activities.

Reserves Policy

The directors review and consider the charitable company's reserves in the context of risks and funding. In setting a reserves policy the directors aim to establish reasonable, but not absolute protection against risks and to balance this with the need to deploy resources in pursuit of the company's charitable objectives. SUMS maintains financial reserves to provide flexibility to meet:

- Future investments for new and/or growing areas of activity
- Annual fluctuations in operating income and/or expenditure
- The liability that may arise from increased deficits in the USS defined benefit pension scheme
- An element of financial risk, to which the company is exposed
- Most potential unexpected costs.

The Management Committee set the target for the 2022/23 financial year for free reserves – working capital – to be maintained in a range of 6 and 9 months of operating costs. Free reserves held at 31 July 2023 were within this target range.

Reserves Held

Total reserves at the end of the financial year were £2,230k (2022: £1,529k), a 46% increase on prior year. Designated reserves were nil at 31 July 2023.

Principal Funding Sources

The majority of the charitable company's funding is from its membership subscriptions and subscribers. As at 31 July 2023 there were 47 Members of the charitable company (2022: 36) and 62 subscribers to SUPC: 46 full subscribers and 16 associates (2022: 61).

Additional funding comes from consulting work over and above core membership work, retention of some framework levy for contract support activities, and fees for events.

Investment Policy

SUMS' key investment objective is to preserve the capital value of its investments with a low level of risk, whilst ensuring that an adequate level of assets is readily available to meet all expected cash flow requirements. In this regard, all investments are held within cash or near cash investments and are spread across several institutions who fulfil the criteria set out within the SUMS investment policy.

Going Concern

Having reviewed the strategic risks, the current financial position of SUMS and the financial projections which sit alongside the overarching strategy, the directors consider that adequate resources continue to be available to fund future plans. Accordingly, the directors are of the view that the Charity is a going concern.

Future Plans

The charitable company plans to continue similar activities into future periods, tailoring the content of these activities to meet specific member needs alongside focusing on the issues, challenges and opportunities emerging for the Higher Education sector.

SUMS Consulting will continue to offer Members access to specialist HE expertise through the provision of consulting services and access to its knowledge hub, along with a range of member events and publications. SUMS Consulting will ensure its capabilities continue to meet the evolving requirements of Members in areas such as digital transformation, efficiency and effectiveness, and student wellbeing. SUMS Consulting has developed a modular efficiencies and Target Operating Model offering that will help universities realise efficiencies. This includes a procurement module that leverages the expertise within SUPC and PSS. SUMS will also support the wider HE sector through the provision of fee paid consulting services to non-Members, as required.

SUPC will continue to deliver value for money to members through the provision of compliant frameworks and value adding services that enhance the core offering. In addition, SUPC is to continue its successful strategic partnership with sister consortium, LUPC and membership of UK Universities Purchasing Consortia (UKUPC), with the aim of offering greater value to members through aligned activity and driving up collaborative procurement across the HE sector.

The Procurement Shared Service (PSS) is offering a Procurement Maturity Assessment (PMA+) and Procurement Value Assessment (PVA) that are delivered virtually and meet the needs of universities seeking to benchmark their procurement. PSS will continue to provide specialist procurement consulting and other resources to the sector with the aim of improving sector procurement.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

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

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

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

The auditors, James Cowper Kreston Audit, have indicated their willingness to stay in office.

The financial statements were approved by the directors on 30 November 2023 and signed on their behalf by:

……..
M. Williams
Director

Date: …30 November 2023…….

OPINION

We have audited the financial statements of Southern Universities Management Services (the 'charitable company') for the year ended 31 July 2023 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our 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 Directors' Report.

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

- adequate 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors 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 Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors (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 Directors 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 Directors 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 Directors either intend to liquidate the charitable 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Peal BSc (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of
James Cowper Kreston Audit
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 23 January 2024

Southern Universities Management Services

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2023

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £	Total Funds 2022 £
Income:					
Income from Charitable activities					
Subscription income		2,187,950	-	2,187,950	1,684,594
Consulting income		1,384,002	-	1,384,002	908,139
Event income		4,495	-	4,495	44,723
Grant income		-	6,371	6,371	1,995
Other income		6,258	-	6,258	16,231
Marketing premium retained		450,186	-	450,186	447,184
Investment income		58,178	-	58,178	5,969
Total income	3	**4,091,069**	**6,371**	**4,097,440**	**3,108,835**
Expenditure on:					
Expenditure on charitable activities:					
Travel and meeting costs		72,508	-	72,508	43,092
Professional staff and consultants		2,207,510	-	2,207,510	1,667,323
Pension provision		(119,089)	-	(119,089)	441,111
Administration costs		1,034,560	6,371	1,040,931	773,781
Premises		68,745	-	68,745	70,000
Governance		125,714	-	125,714	123,249
Total expenditure	4	**3,389,948**	**6,371**	**3,396,319**	**3,118,556**
Net (expenditure)/income and net movement in funds for the year		**701,121**	**-**	**701,121**	**(9,721)**
Reconciliation of funds					
Total funds brought forward		1,528,659	-	1,528,659	1,538,380
Total funds carried forward	15	**2,229,780**	**-**	**2,229,780**	**1,528,659**

The Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 15 to 29 form part of these financial statements.

Company Number: 02732244
Registered Charity Number: 1042175

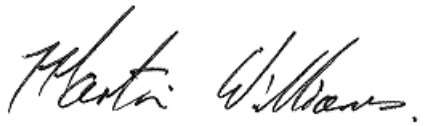
Southern Universities Management Services

BALANCE SHEET AS AT 31 JULY 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	7		-		-
Current assets					
Debtors	8	1,996,556		1,832,222	
Investments: short-term investments	9	1,610,238		1,046,342	
Cash at bank and in hand		1,028,631		804,311	
		4,635,425		3,682,875	
Creditors					
Amounts falling due within one year	10	(1,862,096)		(1,491,577)	
Net current assets			2,773,330		2,191,298
Creditors					
Amounts falling due after one year	11		(543,550)		(662,639)
Total net assets	16		2,229,780		1,528,659
The funds of the charity:					
Unrestricted funds					
General funds			2,229,780		1,528,659
Designated funds			-		-
Restricted funds			-		-
Total charity funds	16		2,229,780		1,528,659

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The directors have elected for the financial statements to be audited in accordance with the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 30 November 2023, and are signed on their behalf by:



M. Williams
Director

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2023

	Note	2023 £	2022 £
Operating Activities			
Cash used in operations	19	754,370	415,596
Investing Activities			
Interest received		58,178	5,969
Net cash used in Investing Activities		58,178	5,969
Financing Activities			
Movements in investments		(563,896)	(252,779)
Movements in monies held by University of Reading		(24,332)	(100,080)
Net cash used in Financing Activities		(588,228)	(352,859)
Change in cash and cash equivalents in the year		224,320	68,706
Cash and cash equivalents at beginning of the year		804,311	735,605
Cash and cash equivalents at end of the year		1,028,631	804,311

The notes on pages 15 to 29 form part of these financial statements.

Company Number: 02732244
Registered Charity Number: 1042175

1. General information & Principal Accounting Policies

Southern Universities Management Services ("the charitable company") is a public benefit entity limited by guarantee domiciled and incorporated in England and Wales (registered company number 02732244). The address of the charitable company's registered office and principal place of business is University of Reading, Reading Enterprise Centre, Earley Gate, Whiteknights Road, Reading, RG6 6BU.

A summary of the more important accounting policies, including those affecting the most significant items in these financial statements, is set out below:

a) Basis of accounting

The accounts have been prepared under the Companies Act 2006 and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 (effective 1 January 2019) – (Charities SORP (FRS 102)). The accounts are drawn up on the historical cost basis of accounting.

Monetary amounts in these accounts are rounded to the nearest £ except where otherwise indicated.

b) Going concern

After making enquiries, the directors have a reasonable expectation that the charitable company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the statement of directors' responsibilities. The directors have considered the effect of the current economic climate on the operations of the entity. Based on their analysis and the considerable growth particularly in consulting income over the past two years, they have concluded that the entity remains a going concern.

c) Funds

If there is a restriction on the purpose to which a fund may be put, the fund is classified as a restricted income fund. In instances where restrictions on the use of grants are set, the grant is spent according to these requirements. Designated funds compromise unrestricted funds and are earmarked for specific purposes by the directors.

d) Income

Income attributable to the financial year is recognised as follows:

- subscription fees are accounted for in the year in which the membership benefit is provided
- consultancy income is accounted for on an accruals basis, in the period in which the work is undertaken
- event income is accounted for at the date the event occurred
- grant income is accounted for at the point the charity is entitled to the income and performance related conditions are met
- marketing premium income is accounted for in the period it is earned
- investment income is accounted for in the period it is earned.

Income is allocated to the appropriate activity within SUMS, SUPC, PSS, Marketing and Communications (M&C) and Central by way of individual cost centres.

1. **General information & Principal Accounting Policies *(continued)***

e) **Funds received as agent**

The charitable company receives rebate income from the suppliers of the SUPC member universities under the purchasing consortium agreements. The income recognised in the accounts is the amount retained by SUMS to further their charitable objectives. All other funds received and dispersed to the member universities are not recognised as income and expenditure in accordance with the Charities SORP 'Accounting for Funds received as Agent'.

f) **Expenditure**

Expenditure is recognised on an accruals basis in the period in which the liability is incurred. All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs are allocated to the appropriate activity within SUMS, SUPC, PSS, M&C or Central by way of individual cost centres. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

g) **Governance costs**

Governance costs include costs associated with providing the governance infrastructure and generating required statutory information. The costs include audit, legal and accounting fees and an apportionment of salary costs to approximate time spent on strategic management and governance of the charitable company.

h) **Tangible fixed assets**

Capital items with a cost exceeding £2,000 are capitalised and depreciated. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, which in all cases is estimated at 4 years.

i) **VAT**

Irrecoverable VAT is charged against administration costs.

j) **Investments**

The charitable company has elected to hold funds in deposit accounts with banking institutions. The funds are on deposit and interest has been recognised on an accruals basis.

1. **General information & Principal Accounting Policies *(continued)***

k) **Retirement benefits**

The charitable company participates in both the Universities Superannuation Scheme (USS) and the SUMS Pension Plan (SUMSPP).

The USS is a hybrid pension scheme providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the USS scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. SUMS is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", SUMS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. SUMS has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, and so recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The SUMSPP is a defined contribution scheme and the amount charged to expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

l) **Operating leases**

Rentals paid under operating leases are charged to the SoFA on a straight-line basis over the lease term.

m) **Financial Instruments**

The charitable company has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the charitable company becomes a party to the contractual provisions of the instrument, and are offset only when the group has a legal enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise and settle the liability simultaneously.

Financial assets
Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

1. **General information & Principal Accounting Policies *(continued)***

m) **Financial Instruments (continued)**

Where the arrangements with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised according to the original terms of the contract. Impairment losses are recognised in the SoFA for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, and are recognised immediately in the SoFA.

Financial liabilities
Financial instruments are classified as liabilities according to the substance of the contractual agreements entered into. Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangements with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instruments and subsequently measured at amortised cost.

Derecognising financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or subsequently all the risks and rewards of ownership are transferred to another party, or is some significant risks or rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

n) **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The only accounting estimates which the directors believe that the charitable company has is the reliance on the underlying assumptions which have been used by the actuary in the valuation of the pension scheme deficit.

o) **Taxation**

The charitable company is a registered charity, and as such is entitled to tax exemptions on income and gains, properly applied for its charitable purposes.

2. **Net income/(expenditure) for the year is stated after charging:**

	2023 £	2022 £
Depreciation of tangible assets	-	-
Operating lease costs	63,160	63,059
Trustee liability insurance*	650	600
Auditor's remuneration for:		
- External audit	9,650	8,960
- Taxation - compliance services to the charitable company	-	-

* The cost of liability cover is not separately identified but has an estimated value of £650.

3. **Income by activity**

2023	**SUMS** **£**	**SUPC** **£**	**PSS** **£**	**M&C** **£**	**Total 2023** **£**
Incoming resources from charitable activities					
Subscription income	1,526,200	661,750	-	-	2,187,950
Consulting income	1,360,717	-	23,285	-	1,384,002
Event income	-	-	-	4,495	4,495
Grant income	-	-	-	6,371	6,371
Other income	-	1,500	-	4,758	6,258
Marketing premium retained	-	450,186	-	-	450,186
Investment income	-	-	-	-	58,178
TOTAL INCOME	2,886,917	1,113,436	23,285	15,624	4,097,440

2022	**SUMS** **£**	**SUPC** **£**	**PSS** **£**	**M&C** **£**	**Total 2022** **£**
Incoming resources from charitable activities					
Subscription income	1,049,436	635,158	-	-	1,684,594
Consulting income	869,158	1,110	37,871	-	908,139
Event income	-	-	-	44,723	44,723
Grant income	-	-	-	1,995	1,995
Other income	8,781	-	-	7,450	16,231
Marketing premium retained	-	447,184	-	-	447,184
Investment income	-	-	-	-	5,969
TOTAL INCOME	1,927,375	1,083,452	37,871	54,168	3,108,835

4. **Expenditure**

Analysis of unrestricted expenditure

	Staff costs £	Other £	Depreciation £	Total 2023 £	Total 2022 £
Expenditure on charitable activities					
Travel and meeting costs	-	72,508	-	72,508	43,092
Professional staff & consultants	1,451,873	755,637	-	2,207,510	1,667,323
Pension provision	-	(119,089)	-	(119,089)	441,111
Administration costs	621,882	412,678	-	1,034,560	771,786
Premises	-	68,745	-	68,745	70,000
Governance	115,483	10,231	-	125,714	123,249
	2,189,238	1,200,710	-	3,389,948	3,116,562

Analysis of total expenditure by activity

Activity based 2023	SUMS £	SUPC £	PSS £	M&C £	Central £	Total 2023 £
Expenditure on charitable activities						
Travel & meeting costs	57,077	6,723	202	6,545	1,961	72,508
Professional staff & consultants	1,770,410	423,012	14,088	-	-	2,207,510
Pension provision	-	-	-	-	(119,089)	(119,089)
Administration costs	51,798	307,610	19,772	218,308	443,443	1,040,931
Premises	-	-	-	-	68,745	68,745
Governance	55,943	20,473	-	-	49,299	125,714
TOTAL EXPENDITURE	1,935,228	757,818	34,062	224,853	444,359	3,396,319

Activity based 2022	SUMS £	SUPC £	PSS £	M&C £	Central £	Total 2022 £
Expenditure on charitable activities						
Travel & meeting costs	20,969	4,155	-	16,623	1,345	43,092
Professional staff & consultants	1,207,960	434,381	24,874	108	-	1,667,323
Pension provision	-	-	-	-	441,111	441,111
Administration costs	30,111	193,135	934	163,080	386,522	773,782
Premises	-	-	-	-	70,000	70,000
Governance	46,429	27,529	-	-	49,291	123,249
TOTAL EXPENDITURE	1,305,469	659,200	25,808	179,811	948,269	3,118,556

5. Analysis of restricted fund income and expenditure

Three grants were received from The University of Reading to cover the salary costs of three internship placements for University of Reading students at SUMS.

	2023 £	2022 £
Incoming resources		
Grant income	6,371	1,995
Total incoming resources	6,371	1,995
Outgoing resources		
Administration costs	6,371	1,995
Total outgoing resources	6,371	1,995
Net movement in funds in the year	-	-

6. Staff costs and numbers

Staff costs were as follows:	2023 £	2022 £
Salaries and wages	1,806,905	1,443,446
Employer's national insurance costs	185,950	152,876
Employer's pension costs	202,754	184,487
	2,195,609	1,780,808

The average number of staff employed during the year was 30 (2022: 25); various associates were engaged to provide services. The average number of full-time equivalents of persons employed during the year was 28 (2022: 24).

The total of employee benefits (including salary, employers pension contribution and employers national insurance contributions) paid to the senior management team, as disclosed on page 1, in the year totalled £492,314 (2022: £461,953).

The number of staff who received emoluments (excluding employers pension contribution and employers national insurance contributions) in the following ranges was:

	2023	2022
£60,001 to £70,000	5	2
£70,001 to £80,000	1	1
£80,001 to £90,000	3	3
£90,001 to £100,000	1	1
£100,001 to £110,000	0	0
£110,001 to £120,000	2	2
£120,001 to £130,000	0	0
£130,001 to £140,000	0	0

7. **Fixed assets**

	IT Equipment	Fixtures & Fittings	Total
	£	£	£
Cost:			
At 1 August 2022	800	4,833	5,633
At 31 July 2023	**800**	**4,833**	**5,633**
Accumulated Depreciation:			
At 1 August 2022	800	4,833	5,633
At 31 July 2023	**800**	**4,833**	**5,633**
Net book value at 31 July 2023	**-**	**-**	**-**
Net book value at 31 July 2022	-	-	-

8. **Debtors**

	2023	2022
	£	£
Trade debtors	683,878	562,052
Other debtors	630,551	612,374
Money held on trust by The University of Reading	682,127	657,796
	1,996,556	1,832,222

9. **Short term investments**

Investment funds totalling £1,610,238 were held in cash deposits with Nationwide Building Society, Natwest, Standard Chartered, Bank of Montreal and Charity Bank. Interest generated was recorded against income and expenditure.

	2023	2022
	£	£
Cash deposits	1,610,238	1,046,342

10. **Creditors: amounts falling due within one year**

	2023	2022
	£	£
Trade creditors	184,878	149,331
Accruals	304,579	117,668
Deferred income	479,116	473,005
Other creditors (VAT due to HMRC)	192,290	139,744
Funds received as agent	701,233	611,829
	1,862,096	1,491,577

11. **Creditors: amounts falling due after one year**

	2023		2022	
	£	£	£	£
Provision b/fwd		662,639		276,528
Employer contributions relating to the recovery plan	(45,280)		(17,044)	
Unwinding of the discount rate	21,933		2,406	
Impact of the change in assumptions	(95,742)		400,749	
Net movement		(119,089)		386,111
Provision c/fwd		543,550		662,639

The above provision relates to the requirement under charity SORP that charities must recognise as a liability the present value of future contributions relating to the funding of a pension deficit.

12. **Deferred income**

Deferred income comprises advance membership and consultancy.

	£
Balance at 1 August 2022	473,005
Amount released to income earned from charitable activities	(473,005)
Amount deferred in year	479,116
Balance at 31 July 2023	479,116

13. **Funds received as agent**

The charitable company acts as an intermediary agent for volume rebates (framework levy) payable under contract by suppliers to subscribers to SUPC. SUPC collects the rebates, retains an agreed proportion and then distributes the balance to subscribers. The charitable company has no legal ownership of the distributable resources and no responsibility for their ultimate application. The amounts collected and due to be collected are therefore not recognised in the Statement of Financial Activities.

	2023	2022
	£	£
Opening balance at 1 August	611,829	414,304
Received during the year	1,875,091	1,577,186
Rebate income retained	(450,186)	(447,184)
Paid out during the year	(1,335,501)	(932,477)
Total funds held as agent at 31 July	701,233	611,829

14. **Operating leases**

The total of future minimum lease payments under non-cancellable operating leases for the following periods are:

	2023	2022
	£	£
Under 1 year	31,580	31,580
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-

Lease payments of £63,160 (2022: £63,059) were recognised as an expense in the accounts.

15. **Movement in funds**

Unrestricted funds	**2023**	**2023**	**2023**
	General	**Designated**	**Total**
	£	**£**	**£**
Balance at 1 August 2022	1,528,659	-	1,528,659
Incoming resources	4,091,069	-	4,091,069
Outgoing resources	(3,389,948)	-	(3,389,948)
Balance at 31 July 2023	2,229,780	-	2,229,780

Designated funds held at 31 July 2023 were nil (2022: nil).

15. **Movement in funds *(continued)***

Unrestricted funds	**2022 General**	**2022 Designated**	**2022 Total**
	£	**£**	**£**
Balance at 1 August 2021	1,354,380	184,000	1,538,380
Incoming resources	3,106,840	-	3,106,840
Outgoing resources	(2,932,561)	(184,000)	(3,116,561)
Balance at 31 July 2022	1,528,659	-	1,528,659

Restricted funds	**2023**	**2022**
	£	**£**
Balance at 1 August	-	-
Incoming resources	6,371	1,995
Outgoing resources	(6,371)	(1,995)
Balance at 31 July	-	-

16. **Analysis of net assets between funds**

2023

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	2,773,330	(543,550)	2,229,780
Restricted	-	-	-	-
Total net assets	-	2,773,330	(543,550)	2,229,780

2022

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	2,191,298	(662,639)	1,528,659
Restricted	-	-	-	-
Total net assets	-	2,191,298	(662,639)	1,528,659

17. **Related party transactions**

No director of the charitable company or any persons connected with them have received any remuneration, and no director claimed reimbursement of expenses during the year.

Southern Universities Management Services has a service agreement with The University of Reading. During the year the charitable company received the following value of goods and services from The University of Reading:

	2023	2022
	£	£
Room hire and catering	5,535	1,730
IT and telecommunications	3,370	2,115
Printing and postage services	142	1,579
Rent and maintenance	65,735	65,423
Professional fees	28,384	36,887
	103,166	107,734

The University of Reading is also a member of the charitable company and a subscriber to SUPC. Subscriptions and fees are paid by them which are consistent with all other Members. The subscription fees and other income received from the University of Reading are set out below:

	2023	2022
	£	£
SUMS membership fee	37,000	35,900
SUPC membership fee	12,300	11,900
Consulting income	2,190	-
Grant income	6,371	1,995
	57,861	49,795

The grants received from the University related to salary costs for three short-term internship placements of University of Reading students at SUMS during 2022/23.

At 31 July 2023, The University of Reading held investment funds of £682,127 (2022: £657,796) on trust for the charitable company.

18. **Pensions**

Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme. At 31 March 2023, USS had 223,229 active members and the institution currently has 8 active members participating in the scheme.

The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Appointments to the board of the trustee are determined by the trustee company's Articles of Association. There are currently twelve members of the trustee board, of which four are appointed by Universities UK, three are appointed by the University and College Union (of whom at least one must be a USS pensioner member) and the remaining are independent directors appointed by the board.

Part of the trustee's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns, form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers.

The fund is invested in a wide range of assets classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and is targeted at achieving returns required to meet the scheme's liabilities.

According to the latest Report and Accounts, the asset value of the DB section at 31 March 2023 was £73.1 billion and is the market value of the scheme's DB assets based on the audited asset value in the scheme's accounts. This was a decrease of £15.8 billion from 31 March 2022. The estimated deficit has reduced as the scheme has moved from being 98% funded in 2022 on a Technical Provisions basis to 111% funded in 2023. The decrease was exceeded by reductions in actuarial liabilities (using the monitoring basis) resulting in the improvement in funding ratio.

During the last scheme year, USS completed its latest full valuation, calculated as at 31 March 2023. Following this, a consultation period for members and prospective members of the scheme to review and respond to the proposed changes will be in effect from 25 September 2023.

As part of the 2023 valuation, some changes to the Scheme will take effect from 1 April 2024, subject to a statutory employer-led consultation with affected employees and their representatives. These changes as follows:

Salary Cap (inflationary increases)

The Retirement Income Builder (CRB Section) accrual only occurs for salaries up to a cap.

It is proposed that the salary threshold will increase from the current level of £41,004 to within the range of £66,400 to £73,040 with effect from 1 April 2024 (the threshold applied would be determined by the annual rate of CPI inflation to September 2023). Accrual over the salary cap will contribute to the Investment Builder (DC section).

Accrual rate

The annual rate at which defined benefits will be built up will be increased from 1/85 of salary (up to the salary cap) to 1/75 pension and 3/75 lump sum with effect from 1 April 2024.

Benefit increases

It is proposed that the cap on increases to benefits built up from 1 April 2022 goes up from 2.5% to a maximum of 10% (before and after retirement) to take into account inflation.

USS is a “last man standing” scheme, so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme. As the funding level has considerably improved, there is now less risk that these employers will need to fund any significant shortfall.

Southern Universities Management Services Group Personal Pension Plan (the Plan)

A trust-based defined contribution scheme (University of Reading Pension Scheme - URPS) was set up to replace UREPF for new entrants from 1 August 2011. SUMS participated in URPS, which is administered by Aviva, until 31 March 2019. From 1 April 2019, the SUMS Group Personal Pension Plan was set up. The scheme was set up due to the Master Trust Regulation introduced in the Pension Schemes Act 2017. Members of URPS employed by SUMS were transferred to the new arrangement but retain their accrued benefits in URPS.

The Plan is a contract-based Group Personal Pension arrangement with members holding an individual contract with the Plan provider, Aviva, directly. The scheme is a Qualifying Scheme for auto-enrolment purposes. The latest re-enrolment date was 1 January 2020.

As at 31 July 2023, the Plan had 25 active members. The contribution rate (ignoring salary sacrifice) payable by SUMS is 5% of pensionable salaries for members who have been employed less than 5 years and 7% for members who have been employed 5 years and over. Members must contribute a minimum 4% of their pensionable salaries to the scheme. Pension contributions are usually deducted via salary sacrifice.

The pension costs incurred in relation to the respective schemes are set out below:

	2023		2022	
Pension costs	**Employer contribution**	**Active members**	**Employer contribution**	**Active members**
USS	157,751	8	148,235	9
UREPF	-	-	61,505*	-
SUMSPP	45,003	25	29,747	17
	202,754	33	239,487	26

* This included the one-off payment of £55,000 paid on termination of SUMS’ participation.

Company Number: 02732244
Registered Charity Number: 1042175

19. **Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2023 £	2022 £
Net (expenditure)/income	701,121	(9,721)
Adjustments for:		
Depreciation of tangible fixed assets	-	-
Investment income	(58,178)	(5,969)
Movement on debtors	(140,002)	(212,532)
Movement on creditors	251,429	643,818
Cash used in operations	754,370	415,596

SOUTHERN UNIVERSITIES MANAGEMENT SERVICES

England & Wales - Charity number 1042175

Accounts

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

DIRECTORS REPORT AND FINANCIAL STATEMENTS

for the year ended

31 July 2022

Southern Universities Management Services

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Southern Universities Management Services

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2022

Company Name:	Southern Universities Management Services
Registered Company Number:	02732244 (Registered in England and Wales)
Registered Charity Number:	1042175
Registered Office and Operational Address:	University of Reading Reading Enterprise Centre Earley Gate Whiteknights Road Reading RG6 6BU

Directors of the Charitable Company:

C Campbell	Newcastle University
S Harrison-Barker	University of Hertfordshire
L Jeffries	University of Reading
H Wain (resigned August 2022)	University of Cambridge
M Williams	University of Bath

These directors of the charitable company are also trustees of the charity for the purpose of charity law and are referred to as Members of the Management Committee in the Articles of Association.

Senior Management Team:

M-B Hyde	Group Chief Executive
J Arber	Group Managing Director
R Johnson	Head of Procurement Services
C Tudor-Morgan	Head of Finance and Operations

Company Secretary:

C Tudor-Morgan	Head of Finance and Operations
Auditors:	James Cowper Kreston Reading Bridge House George Street Reading RG1 8LS
Legal Advisors:	Field Seymour Parkes LLP 1 London Street Reading RG1 4PN

The Directors present their annual report together with the audited financial statements of the charitable company for the year ended 31 July 2022. The Report of the Directors is the Directors' Report as required by S.417 of the Companies Act 2006 and the Directors' Report as required by the Charities Act 2011. The financial statements comply with the requirements of the Companies Act 2006, the Charities Act 2011, the charitable company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 17 July 1992 and registered as a charity on 18 November 1994. The charitable company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. The current Memorandum and Articles of Association were adopted on 16 November 2021. Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. As at 31 July 2022 there were 36 Members and the total number of such guarantees was 36 (2021: 28).

Appointment of Directors

Under the provisions of the Articles of Association the directors are appointed for an initial term not exceeding four years by the Members of the charitable company by ordinary resolution. Directors may be elected for a second term not exceeding four years but may not serve more than two terms of office unless they are appointed as Chair of the Management Committee during their second term of office. Directors retire in rotation.

Director Induction and Training

SUMS directors include member representatives both from the institutions that comprise the charitable company's membership and those that represent the institutions that subscribe to SUPC. As such they have a good understanding of how the charitable company is structured and operates and will have already worked with the various business units of SUMS in their capacity as member representative. As part of the induction process new directors participate in discussions with the Group Chief Executive (CE). The Charity Commission publication 'The Essential Trustee' along with the Memorandum and Articles of Association and a role profile are distributed to new directors.

Management

The charitable company is organised into three divisions: SUMS Consulting, Southern Universities Purchasing Consortium (SUPC) and Procurement Shared Service (PSS). In 2019 the company underwent changes to its Articles of Association to create an equal balance of representation from the different business units of SUMS within its Management Committee. The Management Committee now comprises a minimum of six directors; three representatives appointed from the Members of the charitable company and three appointed to represent Southern Universities Purchasing Consortium (SUPC). The CE carries out day-to-day management of the charitable company under the direction of the members of the Management Committee.

The company has 20 full-time employees, 7 part-time employees and a pool of associate consultants.

SUMS Consulting provides management consultancy services. Its principal activity is to promote the efficiency of the administration of educational charities in direct pursuit of their objects through the conduct of management consultancy assignments at the request of beneficiaries.

SUPC provides services to higher education institutions and further education colleges that are its subscribers. Its principal activity is the co-ordination of purchasing activity between its beneficiaries in order to share expertise and to achieve efficiency in purchasing.

PSS provides specialist procurement support to higher education institutions and further education colleges to help them secure value for money from their procurement activities. This includes the delivery of the Procurement Maturity Assessment Programme to English HEI's.

Remuneration Policy for Key Management Personnel

The salary policy, which includes the framework for setting pay for all staff including key management personnel is reviewed by the Management Committee every two years. The basis of the annual salary review is to give an annual cost of living increase, and consider any further increases related to performance and changes to each role across the year. The cost-of-living increase is set having regard to the award applied to the HE sector, whilst the review of performance and roles is undertaken against both the banding structure in place, with benchmarking against similar roles both within and outside the sector considered every two to three years.

Related Parties

The University of Reading is a member of the charitable company for which it pays the annual subscription fee. The University of Reading also provides payroll, supplier payments, banking services, pensions facilities, IT infrastructure and IT support to the charitable company. The charitable company makes payment to the University of Reading for the services provided and for rentals for the premises occupied under lease by the charitable company.

Risk Management

Major risks to which the charitable company is exposed are reviewed regularly, documented in a Risk Register and categorised according to their severity based on their likelihood and impact. Actions and procedures have been established to identify and mitigate these risks. The Risk Register is reviewed by the Management Committee annually, with dynamic risks being reviewed at each meeting of the Management Committee and the Executive Group.

The current key risks are:

Risk	Mitigation
The potential impact of USS pension scheme deficits	• Deficit recovery plans in place at scheme level • Ensuring pension scheme provisions remain appropriate • Targeting a 5% annual surplus to maintain appropriate level of reserves
The potential failure to meet planned financial targets	• Investing in new business and service development including the launch of new and larger-scale products • Strengthening of core staff capabilities, supplemented by a growing pool of associate consultants • Close monitoring of financial performance and cashflow against budgets and forecasts
Universities ceasing membership as all university costs come under increased scrutiny given the challenging economic climate	• Focus on efficiencies and target operating model services to generate savings for members • Member relationship management with increased remote engagement

Objectives and Activities, Achievements and Performance

In setting the objectives and planning the activities of the charitable company the Management Committee has given consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on the advancement of education. The objects for which the charitable company is established are to promote the efficiency of the administration of educational charities in direct pursuit of their objects by:

(a) advice, training and information about financial planning, effective management procedures, and the best use of available resources, and

(b) any other assistance appropriate to the provision of financial planning, procedural advice and resource management.

The services provided promote the efficiency and effectiveness of educational charities. The directors have access to the Charity Commission's website which they review regularly, to help ensure that the aims of the charitable company meet the public benefit requirement. The directors confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

SUMS Consulting this year has continued to focus on delivering consulting assignments, seminars and workshop events to help Members ensure their organisations are efficient and effective given the challenges faced by the Higher Education sector, and particularly in light of the challenging economic climate and the need for universities to be sustainable.

SUPC continues to focus on providing collaborative procurement solutions to its members.

The Procurement Shared Service (PSS) division has focused on the delivery of a procurement maturity assessment programme and procurement consultancy support to English Higher Education institutions with the aim of supporting institutions to improve procurement, their efficiency and effectiveness, and the value for money they deliver.

The objectives, activities, output and achievements of SUMS Consulting and SUPC are set out in detail in their separate annual reviews that focus on their operating activities. These reports are available either from their respective websites (www.sums.org.uk and www.supc.ac.uk), or upon request to the charitable company at its registered office. Copies of the annual reviews are distributed widely within the HE sector and beyond.

Company Number: 02732244
Registered Charity Number: 1042175

STRATEGIC REPORT

Financial Review

The financial year to 31 July 2022 saw a small overall deficit for the charitable company of £9,721 (2021: £260k surplus). Significant growth in fee-paid consultancy, from £551k in 2020/21 to £908k in 2021/22, and growth in subscription income, from £1.498m to £1.685m, were largely offset by a substantial increase in the USS pension scheme provision of £386k. In addition, a one-off Section 75 payment of £55k was made to the UREPF pension scheme trustees upon the retirement of the last active employee in the scheme. With the easing of Covid restrictions allowing for new hybrid ways of working, travel and in-person meeting costs also rose to £43k (2021: £1k).

Incoming Resources

Overall income for the year is £3,109k, an increase of £650k (26%) on prior year (2021: £2,459k), with the majority of income (54%) obtained from SUMS and SUPC subscriptions.

Resources Expended

Overall expenditure for the year is £3,119k which includes all pension provision and settlement costs, an increase of £919k (42%) versus prior year (2021: £2,199k).

As with prior years, the largest proportion of expenditure (53%) relates to professional staff and consultants' costs, to deliver consultancy and support activities to our Members.

Reserves Policy

The directors review and consider the charitable company's reserves in the context of risks and funding. In setting a reserves policy the directors aim to establish reasonable, but not absolute protection against risks and to balance this with the need to deploy resources in pursuit of the company's charitable objectives. SUMS maintains financial reserves to provide flexibility to meet:

- Future investments for new and/or growing areas of activity
- Annual fluctuations in operating income and/or expenditure
- The liability that is to arise from SUMS defined benefit pension schemes
- An element of financial risk, to which the company is exposed
- Most potential unexpected costs.

The Management Committee set the target for the 2021/22 financial year for free reserves – working capital – to be maintained in a range of 6 and 9 months of operating costs. Free reserves held at 31 July 2022 were within this target range.

Reserves Held

The University of Reading Employees' Pension Fund (UREPF) was closed to new entrants on 31 August 2011 and since then the number of active members of the scheme has been in decline. SUMS ceased to have any active members of the scheme on 31 May 2022 and a cessation event was triggered. The liability had been estimated by the scheme's actuaries to be £184k as at 31 July 2020 and this amount was held in a designated fund in accordance with the reserves policy. The final valuation of the liability was £55k, which was paid during the financial year. Designated reserves were nil at 31 July 2022.

Total reserves at the end of the financial year were £1,529k (2021: £1,538k), a 0.6% reduction on prior year.

Principal Funding Sources

The majority of the charitable company's funding is from its membership subscriptions and subscribers. As at 31 July 2022 there were 36 Members of the charitable company (2021: 28) and 61 subscribers to SUPC: 46 full subscribers and 15 associates (2021: 61).

Additional funding comes from consulting work over and above core membership work, retention of some marketing rebates for contract support activities, and fees for events.

Investment Policy

SUMS' key investment objective is to preserve the capital value of its investments with a low level of risk, whilst ensuring that an adequate level of assets is readily available to meet all expected cash flow requirements. In this regard, all investments are held within cash or near cash investments and are spread across several institutions who fulfil the criteria set out within the SUMS investment policy.

Going Concern

Having reviewed the strategic risks, the current financial position of SUMS and the financial projections which sit alongside the overarching strategy, the directors consider that adequate resources continue to be available to fund future plans. Accordingly, the directors are of the view that the Charity is a going concern.

Future Plans

The charitable company plans to continue similar activities into future periods, tailoring the content of these activities to meet specific member needs alongside focusing on the issues, challenges and opportunities emerging for the Higher Education sector.

SUMS Consulting will continue to offer Members access to specialist HE expertise through the provision of consulting services and access to its knowledge hub, along with a range of member events and publications. SUMS Consulting will ensure its capabilities continue to meet the evolving requirements of Members in areas such as digital transformation, efficiency and effectiveness, and student wellbeing. SUMS Consulting has developed a modular efficiencies and Target Operating Model offering that will help universities realise efficiencies. This includes a procurement module that leverages the expertise within SUPC and PSS. SUMS will also support the wider HE sector through the provision of fee paid consulting services to non-Members, as required.

SUPC will continue to deliver value for money to members through the provision of compliant frameworks and value adding services that enhance the core offering. In addition, SUPC is to continue its successful strategic partnership with sister consortium, LUPC and membership of UK Universities Purchasing Consortia (UKUPC), with the aim of offering greater value to members through aligned activity and driving up collaborative procurement across the HE sector.

The Procurement Shared Service division (PSS) is offering a Procurement Maturity Assessment product (PMA+) that is delivered virtually and meets the needs of universities seeking to benchmark their procurement, as recommended by government in the recent Procurement Green Paper. PSS will continue to provide specialist procurement consulting and other resources to the sector with the aim of improving sector procurement.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

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

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

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

The auditors, James Cowper Kreston, have indicated their willingness to stay in office.

The financial statements were approved by the directors on 1/12/2022 and signed on their behalf by:

M. Williams
Director

Date: 1/12/22

OPINION

We have audited the financial statements of Southern Universities Management Services (the 'charitable company') for the year ended 31 July 2022 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our 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 Directors' Report.

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

- adequate 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors 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 Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors (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 Directors 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 Directors 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 Directors either intend to liquidate the charitable 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Peal DChA BSc (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Southern Universities Management Services

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2022

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Total Funds 2021 £
Income:					
Income from Charitable activities					
Subscription income		1,684,594	-	1,684,594	1,497,676
Consulting income		908,139	-	908,139	550,788
Event income		44,723	-	44,723	24,449
Grant income		-	1,995	1,995	2,520
Other income		16,231	-	16,231	6,875
Marketing premium retained		447,184	-	447,184	373,256
Investment income		5,969	-	5,969	3,533
Total income	3	3,106,840	1,995	3,108,835	2,459,097
Expenditure on:					
Expenditure on charitable activities:					
Travel and meeting costs		43,092	-	43,092	1,308
Professional staff and consultants		1,667,323	-	1,667,323	1,336,103
Pension provision		441,111	-	441,111	(10,231)
Administration costs		771,786	1,995	773,781	677,896
Premises		70,000	-	70,000	69,287
Governance		123,249	-	123,249	124,695
Total expenditure	4	3,116,561	1,995	3,118,556	2,199,058
Net (expenditure)/income and net movement in funds for the year		**(9,721)**	-	**(9,721)**	**260,038**
Reconciliation of funds					
Total funds brought forward		1,538,380	-	1,538,380	1,278,342
Total funds carried forward	15	1,528,659	-	1,528,659	1,538,380

The Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 15 to 28 form part of these financial statements.

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

BALANCE SHEET AS AT 31 JULY 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	7		-		-
Current assets					
Debtors	8	1,832,222		1,519,610	
Investments: short-term investments	9	1,046,342		793,563	
Cash at bank and in hand		804,311		735,605	
		3,682,875		3,048,778	
Creditors					
Amounts falling due within one year	10	(1,491,577)		(1,233,870)	
Net current assets			2,191,298		1,814,908
Creditors					
Amounts falling due after one year	11		(662,639)		(276,528)
Total net assets	16		1,528,659		1,538,380
The funds of the charity:					
Unrestricted funds					
General funds			1,528,659		1,354,380
Designated funds			-		184,000
Restricted funds			-		-
Total charity funds	16		1,528,659		1,538,380

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The directors have elected for the financial statements to be audited in accordance with the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on .....1./.12../.2022., and are signed on their behalf by:

.....

M. Williams
Director

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2022

	Note	2022 £	2021 £
Operating Activities			
Cash used in operations	19	415,596	176,322
Investing Activities			
Interest received		5,969	3,533
Net cash used in Investing Activities		5,969	3,533
Financing Activities			
Movements in investments		(252,779)	163,862
Movements in monies held by University of Reading		(100,080)	17,674
Net cash used in Financing Activities		(352,859)	181,536
Change in cash and cash equivalents in the year		68,706	361,391
Cash and cash equivalents at beginning of the year		735,605	374,214
Cash and cash equivalents at end of the year		804,311	735,605

The notes on pages 15 to 28 form part of these financial statements

Company Number: 02732244
Registered Charity Number: 1042175

1. General information & Principal Accounting Policies

Southern Universities Management Services ("the charitable company") is a public benefit entity limited by guarantee domiciled and incorporated in England and Wales (registered company number 02732244). The address of the charitable company's registered office and principal place of business is University of Reading, Reading Enterprise Centre, Earley Gate, Whiteknights Road, Reading, RG6 6BU.

A summary of the more important accounting policies, including those affecting the most significant items in these financial statements, is set out below:

a) Basis of accounting

The accounts have been prepared under the Companies Act 2006 and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 (effective 1 January 2019) – (Charities SORP (FRS 102)). The accounts are drawn up on the historical cost basis of accounting.

Monetary amounts in these accounts are rounded to the nearest £ except where otherwise indicated.

b) Going concern

After making enquiries, the directors have a reasonable expectation that the charitable company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the statement of directors' responsibilities. The directors have considered the effect of the current economic climate on the operations of the entity. Based on their analysis and the considerable growth particularly in consulting income over the past two years, they have concluded that the entity remains a going concern.

c) Funds

If there is a restriction on the purpose to which a fund may be put, the fund is classified as a restricted income fund. In instances where restrictions on the use of grants are set, the grant is spent according to these requirements. Designated funds compromise unrestricted funds and are earmarked for specific purposes by the directors.

d) Income

Income attributable to the financial year is recognised as follows:

- subscription fees are accounted for in the year in which the membership benefit is provided
- consultancy income is accounted for on an accruals basis, in the period in which the work is undertaken
- event income is accounted for at the date the event occurred
- grant income is accounted for at the point the charity is entitled to the income and performance related conditions are met
- marketing premium income is accounted for in the period it is earned
- investment income is accounted for in the period it is earned.

Income is allocated to the appropriate activity within SUMS, SUPC, PSS, Marketing and Communications (M&C) and Central by way of individual cost centres.

1. **General information & Principal Accounting Policies *(continued)***

e) **Funds received as agent**

The charitable company receives rebate income from the suppliers of the SUPC member universities under the purchasing consortium agreements. The income recognised in the accounts is the amount retained by SUMS to further their charitable objectives. All other funds received and dispersed to the member universities are not recognised as income and expenditure in accordance with the Charities SORP 'Accounting for Funds received as Agent'.

f) **Expenditure**

Expenditure is recognised on an accruals basis in the period in which the liability is incurred. All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs are allocated to the appropriate activity within SUMS, SUPC, PSS, M&C or Central by way of individual cost centres. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

g) **Governance costs**

Governance costs include costs associated with providing the governance infrastructure and generating required statutory information. The costs include audit, legal and accounting fees and an apportionment of salary costs to approximate time spent on strategic management and governance of the charitable company.

h) **Tangible fixed assets**

Capital items with a cost exceeding £2,000 are capitalised and depreciated. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, which in all cases is estimated at 4 years.

i) **VAT**

Irrecoverable VAT is charged against administration costs.

j) **Investments**

The charitable company has elected to hold funds in deposit accounts with banking institutions. The funds are on deposit and interest has been recognised on an accruals basis.

1. General information & Principal Accounting Policies *(continued)*

k) Retirement benefits

The charitable company participates in both the Universities Superannuation Scheme (USS) and the SUMS Pension Plan (SUMSPP).

The USS is a hybrid pension scheme providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the USS scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. SUMS is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", SUMS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. SUMS has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, and so recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The SUMSPP is a defined contribution scheme and the amount charged to expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The charitable company also participated in the University of Reading Employees' Pension Fund (UREPF) until 31 May 2022 when the last remaining active member retired. Further information is provided in Note 18.

l) Operating leases

Rentals paid under operating leases are charged to the SoFA on a straight-line basis over the lease term.

m) Financial Instruments

The charitable company has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the charitable company becomes a party to the contractual provisions of the instrument, and are offset only when the group has a legal enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise and settle the liability simultaneously.

Financial assets
Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

1. **General information & Principal Accounting Policies *(continued)***

m) **Financial Instruments (continued)**

Where the arrangements with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised according to the original terms of the contract. Impairment losses are recognised in the SoFA for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, and are recognised immediately in the SoFA.

Financial liabilities
Financial instruments are classified as liabilities according to the substance of the contractual agreements entered into. Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangements with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instruments and subsequently measured at amortised cost.

Derecognising financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or subsequently all the risks and rewards of ownership are transferred to another party, or is some significant risks or rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

n) **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The only accounting estimates which the directors believe that the charitable company has is the reliance on the underlying assumptions which have been used by the actuary in the valuation of the pension scheme deficit.

o) **Taxation**

The charitable company is a registered charity, and as such is entitled to tax exemptions on income and gains, properly applied for its charitable purposes.

2. Net income/(expenditure) for the year is stated after charging:

	2022 £	2021 £
Depreciation of tangible assets	-	-
Operating lease costs	63,059	64,399
Trustee liability insurance*	600	500
Auditor's remuneration for:		
- External audit	8,960	7,500
- Taxation - compliance services to the charitable company	-	-

* The cost of liability cover is not separately identified but has an estimated value of £600.

3. Income by activity

2022	SUMS £	SUPC £	PSS £	M&C £	Total 2022 £
Incoming resources from charitable activities					
Subscription income	1,049,436	635,158	-	-	1,684,594
Consulting income	869,158	1,110	37,871	-	908,139
Event income	-	-	-	44,723	44,723
Grant income	-	-	-	1,995	1,995
Other income	8,781	-	-	7,450	16,231
Marketing premium retained	-	447,184	-	-	447,184
Investment income	-	-	-	-	5,969
TOTAL INCOME	1,927,375	1,083,452	37,871	54,168	3,108,835

2021	SUMS £	SUPC £	PSS £	M&C £	Total 2021 £
Incoming resources from charitable activities					
Subscription income	875,909	621,767	-	-	1,497,676
Consulting income	447,913	-	102,875	-	550,788
Event income	-	-	-	24,449	24,449
Grant income	-	-	-	2,520	2,520
Other income	-	800	-	6,075	6,875
Marketing premium retained	-	373,256	-	-	373,256
Investment income	-	-	-	-	3,533
TOTAL INCOME	1,323,822	995,823	102,875	33,044	2,459,097

Company Number: 02732244
Registered Charity Number: 1042175

4. Expenditure

Analysis of unrestricted expenditure

	Staff costs £	Other £	Depreciation £	Total 2022 £	Total 2021 £
Expenditure on charitable activities					
Travel and meeting costs	-	43,092	-	43,092	1,308
Professional staff & consultants	1,158,678	508,645	-	1,667,323	1,336,103
Pension provision	-	441,111	-	441,111	(10,231)
Administration costs	504,986	266,800	-	771,786	675,376
Premises	-	70,000	-	70,000	69,287
Governance	115,149	8,100	-	123,249	124,695
	1,778,813	1,337,749	-	3,116,562	2,196,538

Analysis of total expenditure by activity

Activity based 2022	SUMS £	SUPC £	PSS £	M&C £	Central £	Total 2022 £
Expenditure on charitable activities						
Travel & meeting costs	20,969	4,155	-	16,623	1,345	43,092
Professional staff & consultants	1,207,960	434,381	24,874	108	-	1,667,323
Pension provision	-	-	-	-	441,111	441,111
Administration costs	30,111	193,135	934	163,080	386,522	773,782
Premises	-	-	-	-	70,000	70,000
Governance	46,429	27,529	-	-	49,291	123,249
TOTAL EXPENDITURE	1,305,469	659,200	25,808	179,811	948,269	3,118,556

Activity based 2021	SUMS £	SUPC £	PSS £	M&C £	Central £	Total 2021 £
Expenditure on charitable activities						
Travel & meeting costs	101	(172)	(270)	1,649	-	1,308
Professional staff & consultants	844,939	405,046	72,795	13,323	-	1,336,103
Pension provision	-	-	-	-	(10,231)	(10,231)
Administration costs	15,207	195,679	833	122,786	343,392	677,896
Premises	-	-	-	-	69,287	69,287
Governance	35,403	24,889	-	-	64,404	124,695
TOTAL EXPENDITURE	895,650	625,442	73,358	137,758	466,851	2,199,058

Company Number: 02732244
Registered Charity Number: 1042175

5. Analysis of restricted fund income and expenditure

One grant was received from The University of Reading to cover the salary costs of an internship placement for a University of Reading student at SUMS.

	2022 £	2021 £
Incoming resources		
Grant income	1,995	2,520
Total incoming resources	1,995	2,520
Outgoing resources		
Administration costs	1,995	2,520
Total outgoing resources	1,995	2,520
Net movement in funds in the year	-	-

6. Staff costs and numbers

Staff costs were as follows:	2022 £	2021 £
Salaries and wages	1,443,446	1,210,463
Employer's national insurance costs	152,876	124,903
Employer's pension costs	184,487	172,201
	1,780,808	1,507,567

The average number of staff employed during the year was 25 (2021: 22); various associates were engaged to provide services. The average number of full-time equivalents of persons employed during the year was 24 (2021: 21).

The total of employee benefits (including salary, employers pension contribution and employers national insurance contributions) paid to the senior management team, as disclosed on page 1, in the year totalled £461,953 (2021: £419,413).

The number of staff who received emoluments (excluding employers pension contribution and employers national insurance contributions) in the following ranges was:

	2022	2021
£60,001 to £70,000	2	3
£70,001 to £80,000	1	2
£80,001 to £90,000	3	1
£90,001 to £100,000	1	0
£100,001 to £110,000	0	2
£110,001 to £120,000	2	0
£120,001 to £130,000	0	0
£130,001 to £140,000	0	0

7. Fixed assets

	IT Equipment	Fixtures & Fittings	Total
	£	£	£
Cost:			
At 1 August 2021	800	4,833	5,633
Disposals	-	-	-
At 31 July 2022	800	4,833	5,633
Accumulated Depreciation:			
At 1 August 2021	800	4,833	5,633
Charge for the year	-	-	-
Disposals	-	-	-
At 31 July 2022	800	4,833	5,633
Net book value at 31 July 2022	-	-	-
Net book value at 31 July 2021	-	-	-

8. Debtors

	2022	2021
	£	£
Trade debtors	562,052	721,414
Other debtors	612,374	240,481
Money held on trust by the University of Reading	657,796	557,715
	1,832,222	1,519,610

9. Short term investment

Investment funds were held with Nationwide Building Society and Charity Bank totalling £1,046,342. Interest generated was recorded against income and expenditure.

	2022	2021
	£	£
Cash deposits	1,046,342	793,536

Company Number: 02732244
Registered Charity Number: 1042175

10. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	149,331	137,744
Accruals	117,668	103,689
Deferred income	473,005	372,887
Other creditors (VAT due to HMRC)	139,744	205,246
Funds received as agent	611,829	414,304
	1,491,577	1,233,870

11. Creditors: amounts falling due after one year

	2022 £	2022 £	2021 £	2021 £
Provision b/fwd		276,528		286,759
Employer contributions relating to the recovery plan	(17,044)		(13,312)	
Unwinding of the discount rate	2,406		2,093	
Impact of the change in assumptions	400,749		988	
Net movement		386,111		(10,231)
Provision c/fwd		662,639		276,528

The above provision relates to the requirement under charity SORP that charities must recognise as a liability the present value of future contributions relating to the funding of a pension deficit.

12. Deferred income

Deferred income comprises advance membership and consultancy.

	£
Balance as at 1 August 2021	372,887
Amount released to income earned from charitable activities	(372,887)
Amount deferred in year	473,005
Balance as at 31 July 2022	473,005

Company Number: 02732244
Registered Charity Number: 1042175

13. Funds received as agent

The charitable company acts as an intermediary agent for volume rebates payable under contract by suppliers to subscribers to SUPC. SUPC collects the rebates, retains an agreed proportion and then distributes the balance to subscribers. The charitable company has no legal ownership of the distributable resources and no responsibility for their ultimate application. The amounts collected and due to be collected are therefore not recognised in the Statement of Financial Activities.

	2022	2021
	£	£
Opening balance 1 August	414,304	434,534
Received during the year	1,577,186	1,123,337
Rebate income retained	(447,184)	(373,256)
Paid out during the year	(932,477)	(770,311)
Total funds held as agent at 31 July	611,829	414,304

14. Operating leases

The total of future minimum lease payments under non-cancellable operating leases for the following periods are:

	2022	2021
	£	£
Under 1 year	31,580	31,580
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-

Lease payments of £63,059 (2021: £64,399) were recognised as an expense in the accounts.

15. Movement in funds

Unrestricted funds	2022	2022	2022
	General	Designated	Total
	£	£	£
Balance at 1 August 2021	1,354,380	184,000	1,538,380
Incoming resources	3,106,840	-	3,106,840
Outgoing resources	(2,932,561)	(184,000)	(3,116,561)
Balance 31 July 2022	1,528,659	-	1,528,659

The designated funds held as at 31 July 2022 were nil (2021: £184,000 relating to pension provision for the UREPF).

15. **Movement in funds *(continued)***

Unrestricted funds	**2021 General**	**2021 Designated**	**2021 Total**
	£	**£**	**£**
Balance at 1 August 2020	1,096,342	182,000	1,278,342
Incoming resources	2,456,576	-	2,456,576
Outgoing resources	(2,198,538)	2,000	(2,196,538)
Balance 31 July 2021	1,354,380	184,000	1,538,380

Restricted funds	**2022**	**2021**
	£	**£**
Balance at 1 August	-	-
Incoming resources	1,995	2,520
Outgoing resources	(1,995)	(2,520)
Balance 31 July	-	-

16. **Analysis of net assets between funds**

2022

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	2,191,298	(662,639)	1,528,659
Restricted	-	-	-	-
Total net assets	-	2,191,298	(662,639)	1,528,659

2021

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	1,814,908	(276,528)	1,538,380
Restricted	-	-	-	-
Total net assets	-	1,814,908	(276,528)	1,538,380

Company Number: 02732244
Registered Charity Number: 1042175

17. Related party transactions

No director of the charitable company or any persons connected with them have received any remuneration, and no director claimed reimbursement of expenses during the year.

Southern Universities Management Services has a service agreement with The University of Reading. During the year the charitable company received the following value of goods and services from The University of Reading:

	2022 £	2021 £
Room hire and catering	1,730	-
IT and telecommunications	2,115	3,650
Printing and postage services	1,579	5
Rent and maintenance	65,423	66,624
Professional fees	36,887	36,420
	107,734	106,700

The University of Reading is also a member of the charitable company and a subscriber to SUPC. Subscriptions and fees are paid by them which are consistent with all other Members. The subscription fees and other income received from the University of Reading are set out below:

	2022 £	2021 £
SUMS membership fee	35,900	35,400
SUPC membership fee	11,900	11,750
Consulting income	-	25,870
Grant income	1,995	2,520
	49,795	75,540

The grant received from the University related to salary costs for one short-term internship placement of a University of Reading student at SUMS.

At 31 July 2022, The University of Reading held investment funds of £657,796 (2021: £557,715) on trust for the charitable company.

18. Pensions

Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme. At 31 March 2022, USS had 212,306 active members and the institution currently has 9 active members participating in the scheme.

The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Appointments to the board of the trustee are determined by the trustee company's Articles of Association. There are currently twelve members of the trustee board, of which four are appointed by Universities UK, three are appointed by the University and College Union (of whom at least one must be a USS pensioner member) and the remaining are independent directors appointed by the board.

Part of the trustees' role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns, form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers.

The fund is invested in a wide range of assets classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and is targeted at achieving returns required to meet the scheme's liabilities.

During the last scheme year, USS completed its latest full valuation, calculated as at 31 March 2020. Following this, a number of changes to scheme benefits were introduced. These included lowering the salary cap, the accrual rate and limiting the inflationary benefit increases.

According to the latest Report and Accounts, the asset value of the DB section at 31 March 2022 was £88.9 billion and is the market value of the scheme's DB assets based on the audited asset value in the scheme's accounts. This was an increase of £8.3 billion from 31 March 2021. The estimated deficit has reduced as the scheme has moved from being 84% funded in 2021 on a Technical Provisions basis to 98% funded in 2022.

USS is a "last man standing" scheme, so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme. As the funding level has considerably improved, there is now less risk that these employers will need to fund any significant shortfall.

University of Reading Employees' Pension Fund (UREPF)

SUMS participated in the University of Reading Employees' Pension Fund (UREPF), a defined benefit scheme governed by a board of Trustees, until 31 May 2022. The last remaining active member retired on this date, triggering a Section 75 debt. This was originally estimated to be £184,000. The default approach to calculating this debt is to conduct a full valuation to establish the latest funding position. However, following an agreement with both employers, the scheme actuary used a roll-forward method to calculate the funding position. This had improved considerably since the previous estimation and so

the amount to be paid by SUMS was reduced to £55,000. The debt was duly paid and SUMS' participation in UREPF ended.

Southern Universities Management Services Group Personal Pension Plan (the Plan)

A trust-based defined contribution scheme (University of Reading Pension Scheme - URPS) was set up to replace UREPF for new entrants from 1 August 2011. SUMS participated in URPS, which is administered by Aviva, until 31 March 2019. From 1 April 2019, the SUMS Group Personal Pension Plan was set up. The scheme was set up due to the Master Trust Regulation introduced in the Pension Schemes Act 2017. Members of URPS employed by SUMS were transferred to the new arrangement but retain their accrued benefits in URPS.

The Plan is a contract based Group Personal Pension arrangement with members holding an individual contract with the Plan provider, Aviva, directly. The scheme is a Qualifying Scheme for auto-enrolment purposes. The latest re-enrolment date was 1 January 2020.

As at 31 July 2022, the Plan had 17 active members. The contribution rate (ignoring salary sacrifice) payable by SUMS is 5% of pensionable salaries for members who have been employed less than 5 years and 7% for members who have been employed 5 years and over. Members must contribute a minimum 4% of their pensionable salaries to the scheme. Pension contributions are usually deducted via salary sacrifice.

The pension costs incurred in relation to the respective schemes are set out below:

Pension costs	2022		2021	
	Employer contribution	Active members	Employer contribution	Active members
USS	148,235	9	140,442	9
UREPF	61,505*	0	7,699	1
SUMSPP	29,747	17	21,618	11
	239,487	26	169,759	21

* This includes the one-off payment of £55,000 paid on termination of SUMS' participation.

19. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2022 £	2021 £
Net (expenditure)/income	(9,721)	260,038
Adjustments for:		
Depreciation of tangible fixed assets	-	-
Investment Income	(5,969)	(3,533)
Movement on debtors	(212,532)	(668,327)
Movement on creditors	643,818	588,144
Cash used in operations	415,596	176,322

SOUTHERN UNIVERSITIES MANAGEMENT SERVICES

England & Wales - Charity number 1042175

Accounts

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

DIRECTORS REPORT AND FINANCIAL STATEMENTS

for the year ended

31 July 2021

Southern Universities Management Services

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Southern Universities Management Services

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2021

Company Name:	Southern Universities Management Services
Registered Company Number:	02732244 (Registered in England and Wales)
Registered Charity Number:	1042175
Registered Office and Operational Address:	University of Reading Reading Enterprise Centre Earley Gate Whiteknights Road Reading RG6 6BU

Directors of the Charitable Company:

C Campbell	Newcastle University
S Harrison-Barker	University of Hertfordshire
L Jeffries	University of Reading
K O'Connell (resigned 1/9/2020)	University of Hull
Z Radnor (resigned 1/7/2021)	City, University of London
H Wain	University of Cambridge
M Williams	University of Bath

These directors of the charitable company are also trustees of the charity for the purpose of charity law and are referred to as Members of the Management Committee in the Articles of Association.

Senior Management Team:

M-B Hyde	Group Chief Executive
J Arber	Group Managing Director
R Johnson	Head of Procurement Services
C Tudor-Morgan	Head of Finance and Operations

Company Secretary:

C Tudor-Morgan	Head of Finance and Operations
Auditors:	James Cowper Kreston Reading Bridge House George Street Reading RG1 8LS
Legal Advisors:	Field Seymour Parkes LLP 1 London Street Reading RG1 4PN

The Directors present their annual report together with the audited financial statements of the charitable company for the year ended 31 July 2021. The Report of the Directors is the Directors' Report as required by S.417 of the Companies Act 2006 and the Directors' Report as required by the Charities Act 2011. The financial statements comply with the requirements of the Companies Act 2006, the Charities Act 2011, the charitable company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 17 July 1992 and registered as a charity on 18 November 1994. The charitable company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. The current Memorandum and Articles of Association were adopted on 16 November 2021. Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. As at 31 July 2021 there were 28 Members and the total number of such guarantees was 28 (2020: 27).

Appointment of Directors

Under the provisions of the Articles of Association the directors are appointed for an initial term not exceeding four years by the Members of the charitable company by ordinary resolution. Directors may be elected for a second term not exceeding four years, but may not serve more than two terms of office unless they are appointed as Chair of the Management Committee during their second term of office. Directors retire in rotation.

Director Induction and Training

SUMS directors include member representatives both from the institutions that comprise the charitable company's membership and those that represent the institutions that subscribe to SUPC. As such they have a good understanding of how the charitable company is structured and operates and will have already worked with the various business units of SUMS in their capacity as member representative. As part of the induction process new directors participate in discussions with the CEO. The Charity Commission publication 'The Essential Trustee' along with the Memorandum and Articles of Association and a role profile are distributed to new directors.

Management

The charitable company is organised into three divisions: SUMS Consulting, Southern Universities Purchasing Consortium (SUPC) and Procurement Shared Service (PSS). In 2019 the company underwent changes to its Articles of Association to create an equal balance of representation from the different business units of SUMS within its Management Committee. The Management Committee now comprises a minimum of six directors; three representatives appointed from the Members of the charitable company and three appointed to represent Southern Universities Purchasing Consortium (SUPC). The Group Chief Executive carries out day-to-day management of the charitable company under the direction of the members of the Management Committee.

The company has 17 full-time employees, 5 part-time employees and a pool of associate consultants.

SUMS Consulting provides management consultancy services. Its principal activity is to promote the efficiency of the administration of educational charities in direct pursuit of their objects through the conduct of management consultancy assignments at the request of beneficiaries.

SUPC provides services to higher education institutions and further education colleges that are its subscribers. Its principal activity is the co-ordination of purchasing activity between its beneficiaries in order to share expertise and to achieve efficiency in purchasing.

PSS provides specialist procurement support to higher education institutions and further education colleges to help them secure value for money from their procurement activities. This includes the delivery of the Procurement Maturity Assessment Programme to English HEI's.

Remuneration Policy for Key Management Personnel

The salary policy, which includes the framework for setting pay for all staff including key management personnel is reviewed by the Management Committee every two years. The basis of the annual salary review is to give an annual cost of living increase, and consider any further increases related to performance and changes to each role across the year. The cost of living increase is set having regard to the award applied to the HE sector, whilst the review of performance and roles are undertaken against both the banding structure in place, with benchmarking against similar roles both within and outside the sector considered every two to three years.

Related Parties

The University of Reading is a member of the charitable company for which it pays the annual subscription fee. The University of Reading also provides payroll, supplier payments, banking services, pensions facilities, IT infrastructure and IT support to the charitable company. The charitable company makes payment to the University of Reading for the services provided and for rentals for the premises occupied under lease by the charitable company.

Risk Management

Major risks to which the charitable company is exposed are reviewed regularly, documented in a Risk Register and categorised according to their severity based on their likelihood and impact. Actions and procedures have been established to identify and mitigate these risks. The Risk Register is reviewed by the Management Committee annually, with dynamic risks being reviewed at each meeting of the Management Committee and the Executive Group.

The current key risks are:

Risk	Mitigation
Universities ceasing membership due to financial pressures from Covid-19	• Focus on efficiencies and target operating model services to generate savings for members • Member relationship management with increased remote engagement
The potential failure to meet planned financial targets	• Investing in service development including the launch of new products • Strengthening of core staff capabilities, supplemented by a pool of associate consultants • Close monitoring of financial performance and cashflow against budgets and forecasts
The potential impact of final salary pension scheme deficits	• Deficit recovery plans in place at scheme level • Ensuring pension scheme provisions remain appropriate • Targeting a 5% annual surplus to maintain appropriate level of reserves

Objectives and Activities, Achievements and Performance

In setting the objectives and planning the activities of the charitable company the Management Committee has given consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on the advancement of education. The objects for which the charitable company is established are to promote the efficiency of the administration of educational charities in direct pursuit of their objects by:

(a) advice, training and information about financial planning, effective management procedures, and the best use of available resources, and

(b) any other assistance appropriate to the provision of financial planning, procedural advice and resource management.

The services provided promote the efficiency and effectiveness of educational charities. The directors have access to the Charity Commission's website which they review regularly, to help ensure that the aims of the charitable company meet the public benefit requirement. The directors confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

SUMS Consulting this year has continued to focus on delivering consulting assignments, seminars and workshop events to help Members ensure their organisations are efficient and effective given the challenges faced by the Higher Education sector, and particularly in light of the Covid-19 pandemic.

SUPC continues to focus on providing collaborative procurement solutions to its members.

The Procurement Shared Service (PSS) division has focused on the delivery of a procurement maturity assessment programme and procurement consultancy support to English Higher Education institutions with the aim of supporting institutions to improve procurement, their efficiency and effectiveness, and the value for money they deliver.

The objectives, activities, output and achievements of SUMS Consulting and SUPC are set out in detail in their separate annual reviews that focus on their operating activities. These reports are available either from their respective websites (www.sums.org.uk and www.supc.ac.uk), or upon request to the charitable company at its registered office. Copies of the annual reviews are distributed widely within the HE sector and beyond.

STRATEGIC REPORT

Financial Review

The financial year to 31 July 2021 saw an overall surplus for the charitable company of £260k (2020: £233k surplus). Significant growth in fee-paid consultancy, from £261k in 2019/20 to £551k in 2020/21, plus savings in travel and accommodation costs versus pre-Covid levels, accounted for the majority of the surplus.

Incoming Resources

Overall income for the year is £2,459k, an increase of 15% on prior year (2020: £2,145k), with the majority (61%) obtained from SUMS and SUPC subscription income.

Resources Expended

Overall expenditure for the year is £2,199k, an increase of £287k (15%) versus prior year (2020: £1,912k) and in line with the increased overall income.

As with prior years, the largest proportion of expenditure (67%) relates to professional staff and consultants' costs in place to deliver consultancy and support activities to our Members.

Reserves Policy

The directors review and consider the charitable company's reserves in the context of risks and funding. In setting a reserves policy the directors aim to establish reasonable, but not absolute protection against risks and to balance this with the need to deploy resources in pursuit of the company's charitable objectives. SUMS maintains financial reserves to provide flexibility to meet:

- Future investments for new and/or growing areas of activity
- Annual fluctuations in operating income and/or expenditure
- The liability that is to arise from SUMS defined benefit pension schemes, for which reserves are to be held within a designated fund
- An element of financial risk, to which the company is exposed
- Most potential unexpected costs.

The Management Committee set a target for the 2020/21 financial year for free reserves – working capital – to be maintained in a range of 6 and 9 months of operating costs. Free reserves held at 31 July 2021 were within this target range.

Reserves Held

The University of Reading Employees' Pension Fund (UREPF) was closed to new entrants on 31 August 2011 and since then the number of active members of the scheme has been in decline. At the point the charitable company ceases to have any active members of the scheme a cessation event will be triggered. The potential liability arising from this was estimated by the scheme's actuaries as at 31 July 2020 to be £184k. This amount is being held in a designated fund in accordance with the reserves policy.

Reserves at the end of the financial year were £1,538k (2020: £1,278k), a 20% increase on prior year. These reserves include designated reserves of £184k (2020: £182k), held in relation to UREPF pension scheme liability detailed in note 18. The pension scheme designated reserve will stay in place until a s75 secession event is triggered.

Principal Funding Sources

The majority of the charitable company's funding is from its membership subscriptions and subscribers. As at 31 July 2021 there were 28 Members of the charitable company (2020: 27) and 61 subscribers to SUPC: 46 full subscribers and 15 associates (2020: 61 subscribers; 47 full and 14 associates). Additional funding comes from consulting work over and above core membership work, retention of some marketing rebates for contract support activities, and fees for events.

Investment Policy

SUMS key investment objective is to preserve the capital value of its investments with a low level of risk, whilst ensuring that an adequate level of assets are readily available to meet all expected cash flow requirements. In this regard, all investments are held within cash or near cash investments and are spread across a number of institutions who fulfil the criteria set out within the SUMS investment policy.

Going Concern

Having reviewed the strategic risks, the current financial position of SUMS and the financial projections which sit alongside the overarching strategy, the directors consider that adequate resources continue to be available to fund future plans for the foreseeable future. Accordingly, the directors are of the view that the Charity is a going concern.

Future Plans

The charitable company plans to continue similar activities into future periods, tailoring the content of these activities to meet specific member needs alongside focusing on the issues, challenges and opportunities emerging for the Higher Education sector.

SUMS Consulting will continue to offer Members access to specialist HE expertise through the provision of consulting services and access to its knowledge hub, along with a range of member events and publications. SUMS Consulting will ensure its capabilities continue to meet the evolving requirements of Members in areas such as digital transformation, efficiency and effectiveness, and student wellbeing. SUMS Consulting has developed a modular efficiencies and Target Operating Model offering that will help universities realise efficiencies. This includes a procurement module that leverages the expertise within SUPC and PSS. SUMS will also support the wider HE sector through the provision of fee paid consulting services to non-Members, as required.

SUPC will continue to deliver value for money to members through the provision of compliant frameworks and value adding services. Value adding services enhance the core offering and allow members to tailor their membership package to meet their specific requirements. In addition, SUPC is to continue its successful strategic partnership with sister consortium, LUPC and membership of UK Universities Purchasing Consortia (UKUPC), with the aim of offering greater value to members through aligned activity and driving up collaborative procurement across the HE sector.

The Procurement Shared Service division (PSS) is offering an improved Procurement Maturity Assessment product (PMA+) that is delivered virtually and meets the needs of universities seeking to benchmark their procurement, as recommended by government in the recent Procurement Green Paper. PSS will continue to provide specialist procurement consulting and other resources to the sector with the aim of improving sector procurement.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

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

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

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

The auditors, James Cowper Kreston, have indicated their willingness to stay in office.

The financial statements were approved by the directors on 25 November 2021 and signed on their behalf by:

M. Williams
Director

Date: 25/11/21

OPINION

We have audited the financial statements of Southern Universities Management Services (the 'charitable company') for the year ended 31 July 2021 set out on pages 12 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

- the directors' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our 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 Directors' Report.

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

- adequate 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 Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- the Directors 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 Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors (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 Directors 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 Directors 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 Directors either intend to liquidate the charitable 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;

- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Peal BSc (Hons) DCA DChA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

1 March 2022

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
Income:					
Income from Charitable activities					
Subscription income		1,497,676	-	1,497,676	1,492,438
Consulting income		550,788	-	550,788	260,652
Event income		24,449	-	24,449	31,142
Grant income		-	2,520	2,520	4,322
Other income		6,875	-	6,875	3,595
Marketing premium retained		373,256	-	373,256	340,000
Investment income		3,533	-	3,533	12,486
Total income	3	**2,456,577**	**2,520**	**2,459,097**	**2,144,635**
Expenditure on:					
Expenditure on charitable activities:					
Travel and meeting costs		1,308	-	1,308	74,515
Professional staff and consultants		1,336,103	-	1,336,103	1,187,362
Pension provision		(10,231)	-	(10,231)	(115,698)
Administration costs		675,376	2,520	677,896	584,402
Premises		69,287	-	69,287	79,319
Governance		124,695	-	124,695	101,683
Total expenditure	4	**2,196,538**	**2,520**	**2,199,058**	**1,911,583**
Net (expenditure)/income and net movement in funds for the year		**260,038**	**-**	**260,038**	**233,052**
Reconciliation of funds					
Total funds brought forward		1,278,342	-	1,278,342	1,045,290
Total funds carried forward	15	**1,538,380**	**-**	**1,538,380**	**1,278,342**

The Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 15 to 30 form part of these financial statements.

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

BALANCE SHEET AS AT 31 JULY 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	7		-		-
Current assets					
Debtors	8	1,519,610		868,957	
Investments: short-term investments	9	793,563		957,425	
Cash at bank and in hand		735,605		374,214	
		3,048,778		2,200,596	
Creditors					
Amounts falling due within one year	10	(1,233,870)		(635,495)	
Net current assets			1,814,908		1,565,101
Creditors					
Amounts falling due after one year	11		(276,528)		(286,759)
Total net assets	16		1,538,380		1,278,342
The funds of the charity:					
Unrestricted funds					
General funds			1,354,380		1,096,342
Designated funds			184,000		182,000
Restricted funds			-		-
Total charity funds	16		1,538,380		1,278,342

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The directors have elected for the financial statements to be audited in accordance with the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 25 NOVEMBER 2021, and are signed on their behalf by:

M. Williams
Director

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2021

	Note	2021 £	2020 £
Operating Activities			
Cash used in operations	19	176,322	22,446
Investing Activities			
Interest received		3,533	12,486
Net cash used in Investing Activities		3,533	12,486
Financing Activities			
Movements in investments		163,862	(4,425)
Movements in monies held by University of Reading		17,674	13,376
Net cash used in Financing Activities		181,536	8,951
Change in cash and cash equivalents in the year		361,391	43,882
Cash and cash equivalents at beginning of the year		374,214	330,332
Cash and cash equivalents at end of the year		735,605	374,214

The notes on pages 15 to 30 form part of these financial statements

Company Number: 02732244
Registered Charity Number: 1042175

1. General information & Principal Accounting Policies

Southern Universities Management Services ("the charitable company") is a public benefit entity limited by guarantee domiciled and incorporated in England and Wales (registered company number 02732244). The address of the charitable company's registered office and principal place of business is University of Reading, Reading Enterprise Centre, Earley Gate, Whiteknights Road, Reading, RG6 6BU.

A summary of the more important accounting policies, including those affecting the most significant items in these financial statements, is set out below:

a) Basis of accounting

The accounts have been prepared under the Companies Act 2006 and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 (effective 1 January 2015) – (Charities SORP (FRS 102)). The accounts are drawn up on the historical cost basis of accounting.

Monetary amounts in these accounts are rounded to the nearest £ except where otherwise indicated.

b) Going concern

After making enquiries, the directors have a reasonable expectation that the charitable company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the statement of directors' responsibilities. The directors have considered the effect of the Covid pandemic on the operations of the entity and based on their analysis and the performance since March 2020 they have concluded that the entity has not been significantly affected and remains a going concern.

c) Funds

If there is a restriction on the purpose to which a fund may be put, the fund is classified as a restricted income fund. In instances where restrictions on the use of grants are set, the grant is spent according to these requirements. Designated funds compromise unrestricted funds, where are earmarked for particular purposes by the directors.

d) Income

Income attributable to the financial year is recognised as follows:

- subscription fees are accounted for in the year in which the membership benefit is provided
- consultancy income is accounted for on an accruals basis, in the period in which the work is undertaken
- event income is accounted for as at the date the event occurred
- grant income is accounted at the point the charity is entitled to the income and performance related conditions are met
- marketing premium income is accounted for in the period it is earned
- investment income is accounted for in the period it is earned.

Income is allocated to the appropriate activity within SUMS, SUPC, PSS, Marketing and Communications (M&C) and Central by way of individual cost centres.

1. **General information & Principal Accounting Policies** ***(continued)***

e) **Funds received as agent**

The charitable company receives rebate income from the suppliers of the SUPC member universities under the purchasing consortium agreements. The income recognised in the accounts is the amount retained by SUMS to further their charitable objectives. All other funds received and dispersed to the member universities are not recognised as income and expenditure in accordance with the Charities SORP 'Accounting for Funds received as Agent'.

f) **Expenditure**

Expenditure is recognised on an accruals basis in the period in which the liability is incurred. All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs are allocated to the appropriate activity within SUMS, SUPC, PSS, M&C or Central by way of individual cost centres. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

g) **Governance costs**

Governance costs include costs associated with providing the governance infrastructure and generating required statutory information. The costs include audit, legal and accounting fees and an apportionment of salary costs to approximate time spent on strategic management and governance of the charitable company.

h) **Tangible fixed assets**

Capital items with a cost exceeding £1,000 are capitalised and depreciated. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, which in all cases is estimated at 4 years.

i) **VAT**

Irrecoverable VAT is charged against administration costs.

j) **Investments**

The charitable company has elected to hold funds in deposit accounts with banking institutions. The funds are on deposit and interest has been recognised on an accruals basis.

1. **General information & Principal Accounting Policies** *(continued)*

k) **Retirement benefits**

The charitable company participates in the both the Universities Superannuation Scheme (USS) and the University of Reading Employees' Pension Fund (UREPF). The USS scheme is a hybrid pension scheme providing defined benefits (for all members), as well as defined contribution benefits. The UREPF scheme is a defined benefit scheme. The assets of the schemes are held in separate trustee-administered funds.

Because of the mutual nature of the USS scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. SUMS is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", SUMS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. SUMS has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, and so recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Because of the nature of the UREPF scheme, the charitable company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 102 Section 28, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The charitable company also participated in the University of Reading Pension Scheme (URPS) until 31 March 2019, and from 1 April 2019 a new scheme: the SUMS Pension Scheme (SUMSPP), both defined contribution schemes. For defined contribution schemes the amount charged to expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

l) **Operating leases**

Rentals paid under operating leases are charged to the SoFA on a straight-line basis over the lease term.

m) **Financial Instruments**

The charitable company has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the charitable company becomes a party to the contractual provisions of the instrument, and are offset only when the group has a legal enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise and settle the liability simultaneously.

Financial assets
Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Company Number: 02732244
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1. **General information & Principal Accounting Policies *(continued)***

m) **Financial Instruments (continued)**

Where the arrangements with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised according to the original terms of the contract. Impairment losses are recognised in the SoFA for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, and are recognised immediately in the SoFA.

Financial liabilities
Financial instruments are classified as liabilities according to the substance of the contractual agreements entered into. Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangements with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instruments and subsequently measured at amortised cost.

Derecognising financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or subsequently all the risks and rewards of ownership are transferred to another party, or is some significant risks or rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

n) **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The only accounting estimates which the directors believe that the charitable company has is the reliance on the underlying assumptions which have been used by the actuary in the valuation of the pension scheme deficit.

o) **Taxation**

The charitable company is a registered charity, and as such is entitled to tax exemptions on income and gains, properly applied for its charitable purposes.

2. **Net income/(expenditure) for the year is stated after charging:**

	2021 £	2020 £
Depreciation of tangible assets	-	-
Operating lease costs	64,399	75,457
Trustee liability insurance*	500	500
Auditor's remuneration for:		
- External audit	7,500	7,500
- Taxation - compliance services to the charitable company	-	-

* The cost of liability cover is not separately identified but has a declared value of £500 following advice from the insurers.

3. **Income by activity**

2021	SUMS £	SUPC £	PSS £	M&C £	Total 2021 £
Incoming resources from charitable activities					
Subscription income	875,909	621,767	-	-	1,497,676
Consulting income	447,913	-	102,875	-	550,788
Event income	-	-	-	24,449	24,449
Grant income	-	-	-	2,520	2,520
Other income	-	800	-	6,075	6,875
Marketing premium retained	-	373,256	-	-	373,256
Investment income	-	-	-	-	3,533
TOTAL INCOME	1,323,822	995,823	102,875	33,044	2,459,097

2020	SUMS £	SUPC £	PSS £	M&C £	Total 2020 £
Incoming resources from charitable activities					
Subscription income	879,138	613,300	-	-	1,492,438
Consulting income	209,657	-	50,994	-	260,651
Event income	-	-	-	31,142	31,142
Grant income	-	-	-	4,322	4,322
Other income	-	1,400	130	2,065	3,595
Marketing premium retained	-	340,000	-	-	340,000
Investment income	-	-	-	-	12,486
TOTAL INCOME	1,088,795	954,700	51,124	37,529	2,144,634

4. Expenditure

Analysis of unrestricted expenditure

	Staff costs £	Other £	Depreciation £	Total 2021 £	Total 2020 £
Expenditure on charitable activities					
Travel and meeting costs	-	1,308	-	1,308	74,515
Professional staff & consultants	944,572	391,531	-	1,336,103	1,187,362
Pension provision	-	(10,231)	-	(10,231)	(115,698)
Administration costs	451,371	224,005	-	675,376	580,080
Premises	-	69,287	-	69,287	79,319
Governance	109,104	15,591	-	124,695	101,683
	1,505,047	691,491	-	2,196,538	1,907,261

Analysis of total expenditure by activity

Activity based 2021	SUMS £	SUPC £	PSS £	M&C £	Central £	Total 2021 £
Expenditure on charitable activities						
Travel & meeting costs	101	(172)	(270)	1,649	-	1,308
Professional staff & consultants	844,939	405,046	72,795	13,323	-	1,336,103
Pension provision	-	-	-	-	(10,231)	(10,231)
Administration costs	15,207	195,679	833	122,786	343,392	677,896
Premises	-	-	-	-	69,287	69,287
Governance	35,403	24,889	-	-	64,404	124,695
TOTAL EXPENDITURE	895,650	625,442	73,358	137,758	466,851	2,199,058

Activity based 2020	SUMS £	SUPC £	PSS £	M&C £	Central £	Total 2020 £
Expenditure on charitable activities						
Travel & meeting costs	31,754	11,863	1,277	27,839	1,782	74,515
Professional staff & consultants	782,966	359,086	41,996	3,314	-	1,187,362
Pension provision	-	-	-	-	(115,698)	(115,698)
Administration costs	11,614	145,517	18,194	142,845	266,233	584,402
Premises	-	-	-	-	79,319	79,319
Governance	35,572	22,920	-	-	43,190	101,683
TOTAL EXPENDITURE	861,906	539,386	61,647	173,998	274,826	1,911,583

Company Number: 02732244
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5. Analysis of restricted fund income and expenditure

Two grants were received from The University of Reading to cover the salary costs of internship placements for University of Reading students at SUMS.

	2021 £	2020 £
Incoming resources		
Grant income	2,520	4,322
Total incoming resources	2,520	4,322
Outgoing resources		
Administration costs	2,520	4,322
Total outgoing resources	2,520	4,322
Net movement in funds in the year	-	-

6. Staff costs and numbers

Staff costs were as follows:	2021 £	2020 £
Salaries and wages	1,210,463	1,115,419
Employer's national insurance costs	124,903	116,729
Employer's pension costs	172,201	174,049
	1,507,567	1,406,197

The average number of staff employed during the year was 22 (2020: 21); various associates were engaged to provide services. The average number of full-time equivalents of persons employed during the year was 21 (2020: 20).

The total of employee benefits (including salary, employers pension contribution and employers national insurance contributions) paid to the senior management team, as disclosed on page 1, in the year totalled £419,413 (2020: £461,348).

The number of staff who received emoluments (excluding employers pension contribution and employers national insurance contributions) in the following ranges was:

	2021	2020
£60,001 to £70,000	3	0
£70,001 to £80,000	2	3
£80,001 to £90,000	1	1
£90,001 to £100,000	0	1
£100,001 to £110,000	2	1
£110,001 to £120,000	0	1
£120,001 to £130,000	0	0
£130,001 to £140,000	0	0

7. Fixed assets

	IT Equipment	Fixtures & Fittings	Total
	£	£	£
Cost:			
At 1 August 2020	800	4,833	5,633
Disposals	-	-	-
At 31 July 2021	**800**	**4,833**	**5,633**
Accumulated Depreciation:			
At 1 August 2020	800	4,833	5,633
Charge for the year	-	-	-
Disposals	-	-	-
At 31 July 2021	**800**	**4,833**	**5,633**
Net book value at 31 July 2021	-	-	-
Net book value at 31 July 2020	-	-	-

8. Debtors

	2021	2020
	£	£
Trade debtors	721,414	220,963
Other debtors	240,481	72,605
Money held on trust by the University of Reading	557,715	575,389
	1,519,610	868,957

9. Short term investment

Investment funds were held with Lloyds Bank, Nationwide Building Society and Charity Bank totalling £793,563. Interest generated was recorded against income and expenditure.

	2021	2020
	£	£
Cash deposits	793,536	957,425

Company Number: 02732244
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10. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	137,744	33,719
Accruals	103,689	83,529
Deferred income	372,887	41,964
Other creditors (VAT due to HMRC)	205,246	41,749
Funds received as agent	414,304	434,534
	1,233,870	635,495

11. Creditors: amounts falling due after one year

	2021		2020	
	£	£	£	£
Provision b/fwd		286,759		402,457
Employer contributions relating to the recovery plan	(13,312)		(11,420)	
Unwinding of the discount rate	2,093		13,281	
Impact of the change in assumptions	988		(117,559)	
Net movement		(10,231)		(115,698)
Provision c/fwd		276,528		286,759

The above provision relates to the requirement under charity SORP that charities must recognise as a liability the present value of future contributions relating to the funding of a pension deficit.

12. Deferred income

Deferred income comprises advance membership, consultancy, PMA and grant income.

	£
Balance as at 1 August 2020	41,964
Amount released to income earned from charitable activities	(41,964)
Amount deferred in year	372,887
Balance as at 31 July 2021	372,887

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13. Funds received as agent

The charitable company acts as an intermediary agent for volume rebates payable under contract by suppliers to subscribers to SUPC. SUPC collects the rebates, retains an agreed proportion and then distributes the balance to subscribers. The charitable company has no legal ownership of the distributable resources and no responsibility for their ultimate application. The amounts collected and due to be collected are therefore not recognised in the Statement of Financial Activities.

	2021	2020
	£	£
Opening balance 1 August	434,534	455,069
Received during the year	1,123,337	1,093,500
Rebate income retained	(373,256)	(340,000)
Paid out during the year	(770,311)	(774,035)
Total fund held as agent at 31 July	414,304	434,534

14. Operating leases

The total of future minimum lease payments under non-cancellable operating leases for the following periods are:

	2021	2020
	£	£
Under 1 year	31,580	31,827
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-

Lease payments of £64,399 (2020: £75,457) were recognised as an expense in the accounts.

15. Movement in funds

Unrestricted funds	2021	2021	2021
	General	Designated	Total
	£	£	£
Balance at 1 August 2020	1,096,342	182,000	1,278,342
Incoming resources	2,456,576	-	2,456,576
Outgoing resources	(2,198,538)	2,000	(2,196,538)
Balance 31 July 2021	1,354,380	184,000	1,538,380

The designated funds held as at 31 July 2021 include pension provisions for the UREPF of £184,000 (2020: £182,000).

15. **Movement in funds *(continued)***

Unrestricted funds	**2020 General**	**2020 Designated**	**2020 Total**
	£	**£**	**£**
Balance at 1 August 2019	863,290	182,000	1,045,290
Incoming resources	2,140,313	-	2,140,313
Outgoing resources	(1,907,261)	-	(1,907,261)
Balance 31 July 2020	1,096,342	182,000	1,278,342

Restricted funds	**2021**	**2020**
	£	**£**
Balance at 1 August	-	-
Incoming resources	2,520	4,322
Outgoing resources	(2,520)	(4,322)
Balance 31 July	-	-

16. **Analysis of net assets between funds**

2021

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	1,814,908	(276,528)	1,538,380
Restricted	-	-	-	-
Total net assets	-	1,814,908	(276,528)	1,538,380

2020

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	1,565,101	(286,759)	1,278,342
Restricted	-	-	-	-
Total net assets	-	1,565,101	(286,759)	1,278,342

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17. Related party transactions

No director of the charitable company or any persons connected with them have received any remuneration during the year. No (2020: two) directors received reimbursement of travel expenses during the year (2020: £267).

Southern Universities Management Services has a service agreement with The University of Reading. During the year the charitable company received the following value of goods and services from The University of Reading:

	2021 £	2020 £
Room hire and catering	-	3,274
IT and telecommunications	3,650	3,412
Printing and postage services	5	1,181
Rent and maintenance	66,624	76,961
Professional fees	36,420	32,232
	106,700	117,060

The University of Reading is also a member of the charitable company and a subscriber to SUPC. Subscriptions and fees are paid by them which are consistent with all other Members. The subscription fees and other income received from the University of Reading are set out below:

	2021 £	2020 £
SUMS membership fee	35,400	34,700
SUPC membership fee	11,750	11,500
Consulting income	25,870	10,560
Grant income	2,520	4,322
	75,540	61,082

The grants received from the University related to salary costs for two short-term internship placements of University of Reading students at SUMS.

At 31 July 2021, The University of Reading held investment funds of £557,715 (2020: £575,389) on trust for the charitable company.

18. Pensions

Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme. At 31 March 2021, USS had 203,995 active members and the institution had 9 active members participating in the scheme.

The assets of the scheme are held in a separate fund administered by the Trustee, Universities Superannuation Scheme Limited. Appointments to the board of the Trustee are determined by the Trustee Company's Articles of Association. There are currently twelve members of the Trustee board, of which three are appointed by Universities UK, four are appointed by the University and College Union (of whom at least one must be a USS pensioner member) and the remaining are independent directors appointed by the board.

Part of the Trustees' role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers.

The fund is invested in a wide range of assets classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and is targeted at achieving returns required to meet the scheme's liabilities.

USS is in the process of finalising the last valuation date, which is calculated as at 31 March 2020. This is the eighth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective to ensure sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels, including interim valuations in years where there is not a full valuation.

Under the Scheme's Trust Deed and Rules, the employer contribution rate is determined by the Trustee, acting on actuarial advice.

USS is a "last man standing" scheme, so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

According to the latest Report and Accounts, the asset value of the DB section at 31 March 2021 was £80.6 billion and is the market value of the Scheme's DB assets based on the audited asset value in the Scheme's accounts. This was an increase of £14.6 billion from 31 March 2020. The estimated Technical Provisions deficit is £15.2 billion, meaning that the scheme is 84% funded on this basis.

As part of the 2020 valuation, some changes to the Scheme will take effect from 1 April 2022, subject to a statutory employer-led consultation with affected employees and their representatives. These changes as follows:

*18. **Pensions (continued)***

Salary Cap (inflationary increases)

The Retirement Income Builder (CRB Section) accrual only occurs for salaries up to a cap. This cap was £59,585.72 for 2020/2021 and will be reduced to £40,000. Accrual over the salary cap will contribute to the Investment Builder (DC section).

Accrual rate

The annual rate at which defined benefits will be built up will be reduced from 1/75 of salary (up to the salary cap) to 1/85.

Benefit increases

The extent to which members' benefits are protected from inflation, based on CPI, will be limited by capping the annual uplift applied to future benefits at 2.5%. Any defined benefits members have already earned will still increase every year in line with previous increases. For benefits earned before October 2011, this is inflation in full. For benefits earned since then it is inflation in full up to 5%, and then by half if inflation is between 5% and 15%.

University of Reading Employees' Pension Fund (UREPF)

SUMS participates in the University of Reading Employees' Pension Fund (UREPF), a defined benefit scheme governed by a board of Trustees. The University of Reading has the power to appoint and remove trustees. There are currently six members of the Trustee board, of which three are nominated by the University of Reading and three are member-nominated Trustees. There is currently a vacancy for a further employer-nominated Trustee.

As at 31 July 2021, UREPF had 190 active members and SUMS had 1 active member participating in the scheme. This member will reach Normal Retirement Age in 2022.

This scheme was closed to new entrants on 31 July 2011. Accrual of final salary benefits ceased on 31 July 2011 and from 1 August 2011 benefit accrual has been on a Career Average basis. However, the closure of the scheme means that a Section 75 debt will arise once the remaining active member leaves the scheme. The actuary's estimate of this debt as at 31 July 2020 was £184,000.

The assets of the scheme are held in a separate fund administered by the Trustees and are managed by Blackrock Investment Management (UK) Limited, L&G Investment Managers, Invesco, Schroders and Insight.

The Fund continues to broadly follow the investment strategy adopted in 2017/2018, ensuring that sufficient income is provided to address the cashflow negative position of the Fund. Quarterly income of approximately £750,000 is currently provided by a buy-and-maintain corporate bond holding, an index-linked gilts holding and a High Lease to Value (HLV) property fund. This quarterly income is sufficient to cover the regular outgoings of the Fund with further funds drawn down on an ad hoc basis to cover irregular expenses. A recent investment in Secured Finance assets is expected to reduce the need for these ad hoc withdrawals.

*18. **Pensions (continued)***

The agreed funding objective is to maintain assets equal to the technical provisions, assessed on an ongoing basis allowing for future salary increases for active members.

The latest full actuarial valuation, dated 31 July 2020, confirmed that Fund showed a technical provisions surplus of £6 million. This is equivalent to a fund level of 103%. The latest actuarial update (as at January 2021) showed that this had increased to 104%, largely due to increases in fixed interest gilt yields placing a lower value on liabilities. In contract, the Fund's assets decreased slightly although this is expected to be a short term trend.

The contribution rate (ignoring Salary Sacrifice) currently payable by SUMS was 23.80% of pensionable salaries for UREPF. Pension contributions are usually deducted via salary sacrifice. Members contribute 6.25%. Additional monthly employer contributions of one twelfth of £500,000 are also paid into the Fund, a portion of which is charged to SUMS.

Southern Universities Management Services Group Personal Pension Plan (the Plan)

A trust-based defined contribution scheme (University of Reading Pension Scheme - URPS) was set up to replace UREPF for new entrants from 1 August 2011. SUMS participated in URPS, which is administered by Aviva, until 31 March 2019. From 1 April 2019, the SUMS Group Personal Pension Plan was set up. The Scheme was set up due to the Master Trust Regulation introduced in the Pension Schemes Act 2017. Members of URPS employed by SUMS were transferred to the new arrangement but retain their accrued benefits in URPS.

The Plan is a contract based Group Personal Pension arrangement with members holding an individual contract with the Plan Provider, Aviva, directly. The Scheme is a Qualifying Scheme for auto-enrolment purposes. The latest Re-enrolment date was 1 January 2020.

As at 31 July 2021, the Plan has 11 active members.

The contribution rate (ignoring Salary Sacrifice) payable by SUMS is 5% of pensionable salaries for members who have been employed less than 5 years and 7% for members who have been employed 5 years and over. Members must contribute a minimum 4% of their pensionable salaries to the Scheme. Pension Contributions are usually deducted via salary sacrifice.

The pension costs incurred in relation to the respective schemes are set out below:

	2021		2020	
Pension costs	**Employer contribution**	**Active members**	**Employer contribution**	**Active members**
USS	140,442	9	147,067	9
UREPF	7,699	1	7,699	1
URPS	0	0	0	0
SUMSPP	21,618	11	19,282	11
	169,759	21	174,048	21

Company Number: 02732244
Registered Charity Number: 1042175

19. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net (expenditure)/income	260,038	233,052
Adjustments for:		
Depreciation of tangible fixed assets	-	-
Investment Income	(3,533)	(12,486)
Movement on debtors	(668,327)	35,096
Movement on creditors	588,144	(233,216)
Cash used in operations	176,322	22,446

20. Post Balance Sheet Event

The Universities Superannuation Scheme (USS) 2020 valuation has now been signed and filed with The Pensions Regulator with an effective date of 1 October 2021. The future service cost of funding the current benefits has changed and constitutes a non-adjusting balance sheet event. The additional cost to SUMS is currently estimated at up to £468k.

Company Number: 02732244
Registered Charity Number: 1042175

SOUTHERN UNIVERSITIES MANAGEMENT SERVICES

England & Wales - Charity number 1042175

Accounts

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

DIRECTORS REPORT AND FINANCIAL STATEMENTS

for the year ended

31 July 2020

Southern Universities Management Services

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Southern Universities Management Services

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2020

Company Name:	Southern Universities Management Services
Registered Company Number:	02732244 (Registered in England and Wales)
Registered Charity Number:	1042175
Registered Office and Operational Address:	University of Reading Reading Enterprise Centre Earley Gate Whiteknights Road Reading RG6 6BU

Directors of the Charitable Company:

B Casey (resigned 31/7/2020)	Oxford Brookes University
S Grant (resigned 30/11/2019)	University of Hertfordshire
D Hopper (resigned 30/11/2019)	University of Leeds
W K T Liew (resigned 30/4/2020)	UWE Bristol
K O'Connell (resigned 1/9/2020)	University of Hull
J Strachan (resigned 30/4/2020)	University of Hull
C Campbell	Newcastle University
L Jeffries	University of Reading
Z Radnor	City, University of London
H Wain	University of Cambridge
M Williams	University of Bath

These directors of the charitable company are also trustees of the charity for the purpose of charity law and are referred to as Members of the Management Committee in the Articles of Association.

Senior Management Team:

M-B Hyde	CEO
J Arber	Managing Consultant and Group Head of Business Development
S Donoghue (resigned 31/12/2019)	Managing Consultant
R Johnson	Head of SUPC Category Management & Services
L Wilde (resigned 02/10/2019)	Head of Finance and Administration
C Tudor-Morgan	Head of Finance and Operations

Company Secretary:

L Wilde (resigned 02/10/2019)	Head of Finance and Administration
C Tudor-Morgan	Head of Finance and Operations

Auditors:	James Cowper Kreston Reading Bridge House George Street Reading RG1 8LS
Legal Advisors:	Clarkslegal 5th floor Thames Tower Station Road, Reading RG1 1LX

The Directors present their annual report together with the audited financial statements of the charitable company for the year ended 31 July 2020. The Report of the Directors is the Directors' Report as required by S.417 of the Companies Act 2006 and the Directors' Report as required by the Charities Act 2011. The financial statements comply with the requirements of the Companies Act 2006, the Charities Act 2011, the charitable company's Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 17 July 1992 and registered as a charity on 18 November 1994. The charitable company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. The current Memorandum and Articles of Association were adopted on 31 August 2019. Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. As at 31 July 2020 there were 27 Members and the total number of such guarantees was 27 (2019: 26).

Appointment of Directors

Under the provisions of the Articles of Association the directors are appointed for an initial term not exceeding four years by the Members of the charitable company by ordinary resolution. Directors may be elected for a second term not exceeding four years, but may not serve more than two terms of office unless they are appointed as Chair of the Management Committee during their second term of office. Directors retire in rotation.

Director Induction and Training

SUMS directors include member representatives both from the institutions that comprise the charitable company's membership and those that represent the institutions that subscribe to SUPC. As such they have a good understanding of how the charitable company is structured and operates and will have already worked with the various business units of SUMS in their capacity as member representative. As part of the induction process new directors participate in discussions with the CEO. The Charity Commission publication 'The Essential Trustee' along with the Memorandum and Articles of Association and a role profile are distributed to new directors.

Management

The charitable company is organised into three divisions: SUMS Consulting, Southern Universities Purchasing Consortium (SUPC) and Procurement Shared Service (PSS). In 2019 the company underwent changes to its Articles of Association to create an equal balance of representation from the different business units of SUMS within its Management Committee. The Management Committee now comprises a minimum of six directors; three representatives appointed from the Members of the charitable company and three appointed to represent Southern Universities Purchasing Consortium (SUPC). The CEO carries out day-to-day management of the charitable company under the direction of the members of the Management Committee.

The company has 16 full-time employees, 6 part-time employees and a pool of associate consultants.

SUMS Consulting provides management consultancy services. Its principal activity is to promote the efficiency of the administration of educational charities in direct pursuit of their objects through the conduct of management consultancy assignments at the request of beneficiaries.

SUPC provides services to higher education institutions and further education colleges that are its subscribers. Its principal activity is the co-ordination of purchasing activity between its beneficiaries in order to share expertise and to achieve efficiency in purchasing.

PSS provides specialist procurement support to higher education institutions and further education colleges to help them secure value for money from their procurement activities. This includes the delivery of the Procurement Maturity Assessment Programme to English HEI's.

Remuneration Policy for Key Management Personnel

The salary policy, which includes the framework for setting pay for all staff including key management personnel is reviewed by the Management Committee every two years. The basis of the annual salary review is to give an annual cost of living increase, and consider any further increases related to performance and changes to each role across the year. The cost of living increase is set having regard to the award applied to the HE sector, whilst the review of performance and roles are undertaken against both the banding structure in place, with benchmarking against similar roles both within and outside the sector considered every two to three years.

Related Parties

The University of Reading is a member of the charitable company for which it pays the annual subscription fee. The University of Reading also provides payroll, supplier payments, banking services, pensions facilities, IT infrastructure and IT support to the charitable company. The charitable company makes payment to the University of Reading for the services provided and for rentals for the premises occupied under lease by the charitable company.

Risk Management

Major risks to which the charitable company is exposed are reviewed regularly, documented in a Risk Register and categorised according to their severity based on their likelihood and impact. Actions and procedures have been established to identify and mitigate these risks. The Risk Register is reviewed by the Management Committee annually, with dynamic risks being reviewed at each meeting of the Management Committee and the Executive Group.

The current key risks are:

Risk	**Mitigation**
Universities ceasing membership due to financial pressures from Covid-19	• Focus on efficiencies and target operating model services to generate savings for members • Member relationship management with increased remote engagement
The potential failure to meet planned financial targets	• Investing in service development including the launch of new products • Strengthening of core staff capabilities, supplemented by a pool of associate consultants • Close monitoring of financial performance and cashflow against budgets and forecasts.
The potential impact of final salary pension scheme deficits	• Deficit recovery plans in place at scheme level • Ensuring pension scheme provisions remain appropriate • Targeting a 5% annual surplus to maintain appropriate level of reserves.

Objectives and Activities, Achievements and Performance

In setting the objectives and planning the activities of the charitable company the Management Committee has given consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on the advancement of education. The objects for which the charitable company is established are to promote the efficiency of the administration of educational charities in direct pursuit of their objects by:

(a) advice, training and information about financial planning, effective management procedures, and the best use of available resources, and

(b) any other assistance appropriate to the provision of financial planning, procedural advice and resource management.

The services provided promote the efficiency and effectiveness of educational charities. The directors have access to the Charity Commission's website which they review regularly, to help ensure that the aims of the charitable company meet the public benefit requirement. The directors confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

SUMS Consulting this year has continued to focus on delivering consulting assignments, seminars and workshop events to help Members ensure their organisations are efficient and effective given the challenges faced by the Higher Education sector, and particularly in light of the Covid-19 pandemic.

SUPC continues to focus on providing collaborative procurement solutions to its members in central and southern England, and also nationally through its collaboration with the other university purchasing consortia.

The Procurement Shared Service (PSS) division has primarily focused on the delivery of a procurement maturity assessment programme and procurement consultancy support to English Higher Education institutions with the aim of supporting institutions to improve their efficiency and effectiveness, and the value for money they deliver.

The objectives, activities, output and achievements of SUMS Consulting and SUPC are set out in detail in their separate annual reviews that focus on their operating activities. These reports are available either from their respective websites (www.sums.org.uk and www.supc.ac.uk), or upon request to the charitable company at its registered office. Copies of the annual reviews are distributed widely within the HE sector and beyond.

STRATEGIC REPORT

Financial Review

The financial year to 31 July 2020 saw an overall surplus for the charitable company of £233k (2019: £228k deficit). A reduction in the USS pension provision of £115k, from £402k in 2018/19 to £287k in 2019/20, contributed approximately half of the surplus.

Incoming Resources

Overall income for the year is £2,145k, an increase of 8% on prior year (2019: £1,984k), with the majority (70%) again obtained from SUMS and SUPC subscription income.

Resources Expended

Overall expenditure for the year is £1,912k, a reduction of £299k (14%) versus prior year (2019: £2,211k). This reduction is primarily due to the adjustment in USS pension provision of £115k (29%) to £287k.

As with prior years, the largest proportion of expenditure (62%) relates to professional staff and consultants' costs in place to deliver consultancy and support activities to our Members.

Reserves Policy

The directors review and consider the charitable company's reserves in the context of risks and funding. In setting a reserves policy the directors aim to establish reasonable, but not absolute protection against risks and to balance this with the need to deploy resources in pursuit of the company's charitable objectives. SUMS maintains financial reserves to provide flexibility to meet:

- Future investments for new and/or growing areas of activity
- Annual fluctuations in operating income and/or expenditure
- The liability that is to arise from SUMS defined benefit pension schemes, for which reserves are to be held within a designated fund
- An element of financial risk, to which the company is exposed
- Most potential unexpected costs.

The Management Committee set a target for the 2019/20 financial year for free reserves – working capital – to be maintained in a range of 6 and 9 months of operating costs.

Reserves Held

The University of Reading Employees' Pension Fund (UREPF) was closed to new entrants on 31 August 2011 and since then the number of active members of the scheme has been in decline. At the point the charitable company ceases to have any active members of the scheme a cessation event will be triggered. The potential liability arising from this was estimated by the scheme's actuaries as at 31 July 2017 to be £182k, which, as at 31 July 2020, is being held in a designated fund in accordance with the reserves policy.

Reserves at the end of the financial year were £1,278k (2019: £1,045k), a 22% increase on prior year. These reserves include designated reserves of £182k (2019: £182k), held in relation to UREPF pension scheme liability detailed in note 18. The pension scheme designated reserve will stay in place until a s75 cessation event is triggered.

Principal Funding Sources

The majority of the charitable company's funding is from its membership subscriptions and subscribers. As at 31 July 2020 there were 27 Members of the charitable company (2019: 26) and 61 subscribers to SUPC: 47 full subscribers and 14 associates (2019: 63 subscribers; 47 full and 16 associates).

Additional funding comes from consulting work over and above core membership work, retention of some marketing rebates for contract support activities and fees for events.

Investment Policy

SUMS key investment objective is to preserve the capital value of its investments with a low level of risk, whilst ensuring that an adequate level of assets are ready available to meet all expected cash flow requirements. In this regard, all investments are held within cash or near cash investments and are spread across a number of counterparties who fulfil the criteria set out within the SUMS investment policy.

Going Concern

Having reviewed the strategic risks, the current financial position of SUMS and the financial projections which sit alongside the overarching strategy, the directors consider that adequate resources continue to be available to fund future plans for the foreseeable future. Accordingly, the directors are of the view that the Charity is a going concern.

Future Plans

The charitable company plans to continue similar activities into future periods, tailoring the content of these activities to meet specific member needs alongside focusing on the issues, challenges and opportunities emerging for the Higher Education sector as a whole.

SUMS Consulting will continue to offer Members access to a range of specialist HE expertise through the provision of consulting services, along with a range of member events and publications. SUMS will ensure its expertise base continues to meet the evolving requirements of the sector in areas such as digital transformation, efficiency and effectiveness, and student wellbeing. SUMS Consulting has developed a modular efficiencies and Target Operating Model offering that will help universities realise efficiencies. This includes a procurement module that leverages the expertise within SUPC. SUMS will also support the wider sector through the provision of consulting services to non-Members, as required.

SUPC will continue to deliver value for money to members through the provision of compliant frameworks and value adding services. These enhance the core offering and allow members to tailor their membership package to meet their specific requirements. In addition, SUPC is to continue its successful strategic partnership with sister consortium, LUPC, the aim of which is to offer greater value to members through aligned activity. SUPC is a member of UK Universities Purchasing Consortia (UKUPC) and will continue to engage in and promote collaborative procurement across the HE sector.

The Procurement Shared Service division is offering an improved Procurement Maturity Assessment product (PMA+) that will be delivered virtually. PSS will also continue to provide specialist procurement resource to the sector to support specific projects and provide advice and assistance.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

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

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

In so far as the directors are aware:

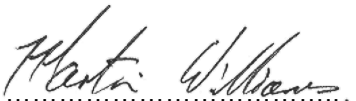
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

The auditors, James Cowper Kreston, have indicated their willingness to stay in office.

The financial statements were approved by the directors on 20th November 2020 and signed on their behalf by:



M. Williams
Director

Date: ……

OPINION

We have audited the financial statements of Southern Universities Management Services (the 'charitable company') for the year ended 31 July 2020 set out on pages 12 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

- the directors' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our 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 Directors' Report.

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

- adequate 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 Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- the Directors 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 Directors' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors (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 Directors 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 Directors 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 Directors either intend to liquidate the charitable 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Peal BSc (Hons) DCA DChA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Southern Universities Management Services

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2020

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Income:					
Income from Charitable activities					
Subscription income		1,492,438	-	1,492,438	1,385,862
Consulting income		260,652	-	260,652	233,741
Event income		31,142	-	31,142	35,143
Grant income		-	4,322	4,322	868
Other income		3,595	-	3,595	5,816
Marketing premium retained		340,000	-	340,000	310,000
Investment income		12,486	-	12,486	12,135
Total income	3	**2,140,313**	**4,322**	**2,144,635**	**1,983,565**
Expenditure on:					
Expenditure on charitable activities:					
Travel and meeting costs		74,515	-	74,515	88,444
Professional staff and consultants		1,187,362	-	1,187,362	1,187,182
Pension provision		(115,698)	-	(115,698)	253,422
Administration costs		580,080	4,322	584,402	495,540
Premises		79,319	-	79,319	78,534
Governance		101,683	-	101,683	107,976
Total expenditure	4	**1,907,261**	**4,322**	**1,911,583**	**2,211,098**
Net (expenditure)/income and net movement in funds for the year		**233,052**	**-**	**233,052**	**(227,533)**
Reconciliation of funds					
Total funds brought forward		1,045,290	-	1,045,290	1,272,823
Total funds carried forward	15	**1,278,342**	**-**	**1,278,342**	**1,045,290**

The Statement of Financial Activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 15 to 30 form part of these financial statements.

Company Number: 02732244
Registered Charity Number: 1042175

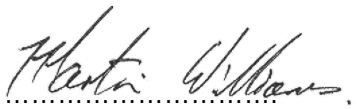
Southern Universities Management Services

BALANCE SHEET AS AT 31 JULY 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	7		-		-
Current assets					
Debtors	8	868,957		917,428	
Investments: short-term investments	9	957,425		953,000	
Cash at bank and in hand		374,214		330,332	
		2,200,596		2,200,760	
Creditors					
Amounts falling due within one year	10	(635,495)		(753,013)	
Net current assets			1,565,101		1,447,747
Creditors					
Amounts falling due after one year	11		(286,759)		(402,457)
Total net assets	16		1,278,342		1,045,290
The funds of the charity:					
Unrestricted funds					
General funds			1,096,342		863,290
Designated funds			182,000		182,000
Restricted funds			-		-
Total charity funds	16		1,278,342		1,045,290

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The directors have elected for the financial statements to be audited in accordance with the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 20th November 2020 and are signed on their behalf by:



M. Williams
Director

Company Number: 02732244
Registered Charity Number: 1042175

Southern Universities Management Services

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2020

	Note	2020 £	2019 £
Operating Activities			
Cash used in operations	19	22,446	195,831
Investing Activities			
Interest received		12,486	12,135
Net cash used in Investing Activities		12,486	12,135
Financing Activities			
Movements in investments		(4,425)	(351,345)
Movements in monies held by University of Reading		13,376	4,011
Net cash used in Financing Activities		8,951	(347,334)
Change in cash and cash equivalents in the year		43,882	(139,368)
Cash and cash equivalents at beginning of the year		330,332	469,700
Cash and cash equivalents at end of the year		374,214	330,332

The notes on pages 15 to 30 form part of these financial statements

Company Number: 02732244
Registered Charity Number: 1042175

1. General information & Principle Accounting Policies

Southern Universities Management Services ("the charitable company") is a public benefit entity limited by guarantee domiciled and incorporated in England and Wales (registered company number 02732244). The address of the charitable company's registered office and principle place of business is University of Reading, Reading Enterprise Centre, Earley Gate, Whiteknights Road, Reading, RG6 6BU.

A summary of the more important accounting policies, including those affecting the most significant items in these financial statements, is set out below:

a) Basis of accounting

The accounts have been prepared under the Companies Act 2006 and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 (effective 1 January 2015) – (Charities SORP (FRS 102)). The accounts are drawn up on the historical cost basis of accounting.

Monetary amounts in these accounts are rounded to the nearest £ except where otherwise indicated.

b) Going concern

After making enquiries, the directors have a reasonable expectation that the charitable company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the statement of directors' responsibilities. The directors have considered the effect of the Covid pandemic on the operations of the entity and based on their analysis and the performance since March 2020 they have concluded that the entity has not been significantly affected and remains a going concern.

c) Funds

If there is a restriction on the purpose to which a fund may be put, the fund is classified as a restricted income fund. In instances where restrictions on the use of grants are set, the grant is spent according to these requirements. Designated funds compromise unrestricted funds, where are earmarked for particular purposes by the directors.

d) Income

Income attributable to the financial year is recognised as follows:

- subscription fees are accounted for in the year in which the membership benefit is provided
- consultancy income is accounted for on an accruals basis, in the period in which the work is undertaken
- event income is accounted for as at the date the event occurred
- grant income is accounted at the point the charity is entitled to the income and performance related conditions are met
- marketing premium income is accounted for in the period it is earned
- investment income is accounted for in the period it is earned.

Income is allocated to the appropriate activity within SUMS, SUPC, PSS, Marketing and Communications (M&C) and Central by way of individual cost centres.

1. **General information & Principle Accounting Policies *(continued)***

e) **Funds received as agent**

The charitable company receives rebate income from the suppliers of the SUPC member universities under the purchasing consortium agreements. The income recognised in the accounts is the amount retained by SUMS to further their charitable objectives. All other funds received and dispersed to the member universities are not recognised as income and expenditure in accordance with the Charities SORP 'Accounting for Funds received as Agent'.

f) **Expenditure**

Expenditure is recognised on an accruals basis in the period in which the liability is incurred. All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs are allocated to the appropriate activity within SUMS, SUPC, PSS, M&C or Central by way of individual cost centres. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

g) **Governance costs**

Governance costs include costs associated with providing the governance infrastructure and generating required statutory information. The costs include audit, legal and accounting fees and an apportionment of salary costs to approximate time spent on strategic management and governance of the charitable company.

h) **Tangible fixed assets**

Capital items with a cost exceeding £1,000 are capitalised and depreciated. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, which in all cases is estimated at 4 years.

i) **VAT**

Irrecoverable VAT is charged against administration costs.

j) **Investments**

The charitable company has elected to hold funds in deposit accounts with banking institutions. The funds are on deposit and interest has been recognised on an accruals basis.

1. **General information & Principle Accounting Policies *(continued)***

k) **Retirement benefits**

The charitable company participates in the both the Universities Superannuation Scheme (USS) and the University of Reading Employees' Pension Fund (UREPF). The USS scheme is a hybrid pension scheme providing defined benefits (for all members), as well as defined contribution benefits. The UREPF scheme is a defined benefit scheme. The assets of the schemes are held in separate trustee-administered funds.

Because of the mutual nature of the USS scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. SUMS is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", SUMS therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. SUMS has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, and so recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Because of the nature of the UREPF scheme, the charitable company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 102 Section 28, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The charitable company also participated in the University of Reading Pension Scheme (URPS) until 31 March 2019, and from 1 April 2019 a new scheme: the SUMS Pension Scheme (SUMSPP), both defined contribution schemes. For defined contribution schemes the amount charged to expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

l) **Operating leases**

Rentals paid under operating leases are charged to the SoFA on a straight-line basis over the lease term.

m) **Financial Instruments**

The charitable company has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the charitable company becomes a party to the contractual provisions of the instrument, and are offset only when the group has a legal enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise and settle the liability simultaneously.

Financial assets
Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

1. **General information & Principle Accounting Policies *(continued)***

m) **Financial Instruments (continued)**

Where the arrangements with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised according to the original terms of the contract. Impairment losses are recognised in the SoFA for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, and are recognised immediately in the SoFA.

Financial liabilities
Financial instruments are classified as liabilities according to the substance of the contractual agreements entered into. Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangements with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instruments and subsequently measured at amortised cost.

Derecognising financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or subsequently all the risks and rewards of ownership are transferred to another party, or is some significant risks or rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

n) **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The only accounting estimates which the directors believe that the charitable company has is the reliance on the underlying assumptions which have been used by the actuary in the valuation of the pension scheme deficit.

o) **Taxation**

The charitable company is a registered charity, and as such is entitled to tax exemptions on income and gains, properly applied for its charitable purposes.

2. **Net income/(expenditure) for the year is stated after charging:**

	2020 £	2019 £
Depreciation of tangible assets	-	1,209
Operating lease costs	75,457	75,893
Trustee liability insurance*	500	500
Auditor's remuneration for:		
- External audit	7,500	7,500
- Taxation - compliance services to the charitable company	-	-

* The cost of liability cover is not separately identified but has a declared value of £500 following advice from the insurers.

3. **Income by activity**

2020	**SUMS** **£**	**SUPC** **£**	**PSS** **£**	**M&C** **£**	**Total 2020** **£**
Incoming resources from charitable activities					
Subscription income	879,138	613,300	-	-	1,492,438
Consulting income	209,657	-	50,994	-	260,651
Event income	-	-	-	31,142	31,142
Grant income	-	-	-	4,322	4,322
Other income	-	1,400	130	2,065	3,595
Marketing premium retained	-	340,000	-	-	340,000
Investment income	-	-	-	-	12,486
TOTAL INCOME	1,088,795	954,700	51,124	37,529	2,144,634

2019	**SUMS** **£**	**SUPC** **£**	**PSS** **£**	**M&C** **£**	**Total 2019** **£**
Incoming resources from charitable activities					
Subscription income	784,162	601,700	-	-	1,385,862
Consulting income	166,541	-	67,200	-	233,741
Event income	-	-	-	35,143	35,143
Grant income	-	-	-	868	868
Other income	-	1,533	-	4,283	5,816
Marketing premium retained	-	310,000	-	-	310,000
Investment income	7,358	4,777	-	-	12,135
TOTAL INCOME	958,061	918,010	67,200	40,294	1,983,565

4. **Expenditure**

Analysis of unrestricted expenditure

	Staff costs £	Other £	Depreciation £	Total 2020 £	Total 2019 £
Expenditure on charitable activities					
Travel and meeting costs	-	74,515	-	74,515	88,444
Professional staff & consultants	916,384	270,978	-	1,187,362	1,187,182
Pension provision	-	(115,698)	-	(115,698)	253,422
Administration costs	386,627	193,453	-	580,080	494,072
Premises	-	79,319	-	79,319	78,534
Governance	93,855	7,828	-	101,683	107,976
	1,396,866	510,395	-	1,907,261	2,209,630

Analysis of total expenditure by activity

Activity based 2020	SUMS £	SUPC £	PSS £	M&C £	Central £	Total 2020 £
Expenditure on charitable activities						
Travel & meeting costs	31,754	11,863	1,277	27,839	1,782	74,515
Professional staff & consultants	782,966	359,086	41,996	3,314	-	1,187,362
Pension provision	-	-	-	-	(115,698)	(115,698)
Administration costs	11,614	145,517	18,194	142,845	266,233	584,402
Premises	-	-	-	-	79,319	79,319
Governance	35,572	22,920	-	-	43,190	101,683
TOTAL EXPENDITURE	861,906	539,386	61,647	173,998	274,826	1,911,583

Activity based 2019	SUMS £	SUPC £	PSS £	M&C £	Total 2019 £
Expenditure on charitable activities					
Travel & meeting costs	57,442	21,369	4,252	5,381	88,444
Professional staff & consultants	708,234	369,486	109,462	-	1,187,182
Pension provision	168,948	63,356	-	21,118	253,422
Administration costs	125,405	212,457	53,632	104,046	495,540
Premises	22,775	45,552	-	10,207	78,534
Governance	55,450	52,526	-	-	107,976
TOTAL EXPENDITURE	1,138,254	764,746	167,346	140,752	2,211,098

5. Analysis of restricted fund income and expenditure

Three grants were received from The University of Reading to cover the salary costs of internship placements for University of Reading students at SUMS.

	2020 £	2019 £
Incoming resources		
Grant income	4,322	868
Total incoming resources	4,322	868
Outgoing resources		
Administration costs	4,322	1,468
Total outgoing resources	4,322	1,468
Net movement in funds in the year	-	(600)

6. Staff costs and numbers

Staff costs were as follows:	2020 £	2019 £
Salaries and wages	1,115,419	1,023,447
Employer's national insurance costs	116,729	110,411
Employer's pension costs	174,049	141,045
	1,406,197	1,274,903

The average number of staff employed during the year was 21 (2019: 20); various associates were engaged to provide services. The average number of full-time equivalents of persons employed during the year was 20 (2019: 18).

The total of employee benefits (salary and employers pension contribution) paid to the senior management team, as disclosed on page 1, in the year totalled £422,016 (2019: £448,494).

The number of staff who received emoluments in the following ranges was:

	2020	2019
£60,001 to £70,000	1	-
£70,001 to £80,000	1	1
£80,001 to £90,000	2	3
£90,001 to £100,000	2	-
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-
£120,001 to £130,000	1	1

7. Fixed assets

	IT Equipment	Fixtures & Fittings	Total
	£	£	£
Cost:			
At 1 August 2019	800	4,833	5,633
Disposals	-	-	-
At 31 July 2020	**800**	**4,833**	**5,633**
Accumulated Depreciation:			
At 1 August 2019	800	4,833	5,633
Charge for the year	-	-	-
Disposals	-	-	-
At 31 July 2020	**800**	**4,833**	**5,633**
Net book value at 31 July 2020	**-**	**-**	**-**
Net book value at 31 July 2019	-	-	-

8. Debtors

	2020	2019
	£	£
Trade debtors	220,963	284,714
Other debtors	72,605	43,950
Money held on trust by the University of Reading	575,389	588,764
	868,957	917,428

9. Short term investment

Investment funds were held with both Lloyds Bank and Nationwide Building Society totalling £957,425. Interest generated was recorded against income and expenditure.

	2020	2019
	£	£
Cash deposits	957,425	953,000

10. **Creditors: amounts falling due within one year**

	2020	2019
	£	£
Trade creditors	33,719	71,405
Accruals	83,529	37,418
Deferred income	41,964	118,709
Other creditors (VAT due to HMRC)	41,749	70,412
Funds received as agent	434,534	455,069
	635,495	753,013

11. **Creditors: amounts falling due after one year**

	2020		2019	
	£	£	£	£
Provision b/fwd		402,457		149,035
Employer contributions relating to the recovery plan	(11,420)		(8,968)	
Unwinding of the discount rate	13,281		4,918	
Impact of the change in assumptions	(117,559)		257,472	
Net movement		(115,698)		253,422
Provision c/fwd		286,759		402,457

The above provision relates to the requirement under charity SORP that charities must recognise as a liability the present value of future contributions relating to the funding of a pension deficit.

12. **Deferred income**

Deferred income comprises advance membership, consultancy, PMA and grant income.

	£
Balance as at 1 August 2019	118,709
Amount released to income earned from charitable activities	(118,709)
Amount deferred in year	41,964
Balance as at 31 July 2020	41,964

13. **Funds received as agent**

The charitable company acts as an intermediary agent for volume rebates payable under contract by suppliers to subscribers to SUPC. SUPC collects the rebates, retains an agreed proportion and then distributes the balance to subscribers. The charitable company has no legal ownership of the distributable resources and no responsibility for their ultimate application. The amounts collected and due to be collected are therefore not recognised in the Statement of Financial Activities.

	2020	2019
	£	£
Opening balance 1 August	455,069	382,820
Received during the year	1,093,500	1,072,732
Rebate income retained	(340,000)	(310,000)
Paid out during the year	(774,035)	(690,483)
Total fund held as agent at 31 July	434,534	455,069

14. **Operating leases**

The total of future minimum lease payments under non-cancellable operating leases for the following periods are:

	2020	2019
	£	£
Under 1 year	31,827	75,457
Later than 1 year and not later than 5 years	-	31,827
Later than 5 years	-	-

Lease payments of £75,457 (2019: £75,893) were recognised as an expense in the accounts.

15. **Movement in funds**

Unrestricted funds	2020	2020	2020
	General	Designated	Total
	£	£	£
Balance at 1 August 2019	863,290	182,000	1,045,290
Incoming resources	2,140,313	-	2,140,313
Outgoing resources	(1,907,261)	-	(1,907,261)
Balance 31 July 2020	1,096,342	182,000	1,278,342

The designated funds held as at 31 July 2020 include pension provisions for the UREPF of £182,000.

15. **Movement in funds *(continued)***

Unrestricted funds	**2019 General**	**2019 Designated**	**2019 Total**
	£	**£**	**£**
Balance at 1 August 2018	990,232	281,991	1,272,223
Incoming resources	1,982,697	-	1,982,697
Outgoing resources	(2,109,639)	(99,991)	(2,209,630)
Balance 31 July 2019	863,290	182,000	1,045,290

Restricted funds	**2020**	**2019**
	£	**£**
Balance at 1 August	-	600
Incoming resources	4,322	868
Outgoing resources	(4,322)	(1,468)
Balance 31 July	-	-

16. **Analysis of net assets between funds**

2020

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	1,565,101	(286,759)	1,278,342
Restricted	-	-	-	-
Total net assets	-	1,565,101	(286,759)	1,278,342

2019

	Fixed assets	**Net current assets**	**Creditors: Amounts due after one year**	**Total**
	£	**£**	**£**	**£**
Unrestricted	-	1,447,747	(402,457)	1,045,290
Restricted	-	-	-	-
Total net assets	-	1,420,649	(402,457)	1,045,290

17. **Related party transactions**

No director of the charitable company or any persons connected with them have received any remuneration during the year. Two (2019: three) directors received reimbursement of travel expenses during the year of £267 (2019: £1,109).

Southern Universities Management Services has a service agreement with The University of Reading. During the year the charitable company received the following value of goods and services from The University of Reading:

	2020 £	2019 £
Room hire and catering	3,274	1,241
IT and telecommunications	3,412	6,184
Printing and postage services	1,181	875
Rent and maintenance	76,961	78,208
Professional fees	32,232	30,619
	117,060	117,127

The University of Reading is also a member of the charitable company and a subscriber to SUPC. Subscriptions and fees are paid by them which are consistent with all other Members. The subscription fees and other income received from the University of Reading are set out below:

	2020 £	2019 £
SUMS membership fee	34,700	33,600
SUPC membership fee	11,500	11,100
Consulting income	10,560	30,350
Grant income	4,322	868
	61,082	75,918

The grants received from the University related to salary costs for short-term internship placements of three University of Reading students at SUMS.

At the 31 July 2020 The University of Reading held investment funds of £575,389 (2019: £588,765) on trust for the charitable company.

18. **Pensions**

Universities Superannuation Scheme

SUMS participates in the Universities Superannuation Scheme (USS), a defined benefit scheme. At 31 March 2020, USS had 198,099 active members and SUMS had 9 active members participating in the scheme.

The assets of the scheme are held in a separate fund administered by the Trustee, Universities Superannuation Scheme Limited. Appointments to the board of the Trustee are determined by the Trustee Company's Articles of Association. There are currently eleven members of the Trustee board, of which four are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and the remaining are independent directors appointed by the board.

Part of the Trustee's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers.

The fund is invested in a wide range of assets classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and is targeted at achieving returns required to meet the scheme's liabilities.

The last full, finalised actuarial valuation of the scheme was as at 31 March 2018. This was the seventh valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective to ensure sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels, including interim valuations in years where there is not a full valuation.

Under the Scheme's Trust Deed and Rules, the employer contribution rate is determined by the Trustee, acting on actuarial advice.

USS is a "last man standing" scheme, so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The latest interim report, dated 31 March 2019, showed total assets of £63.7 billion and total liabilities of £67.3 billion, giving a funding level of 97%. This was an increase of 2% from the 2018 valuation position. However, if the assumptions used for the 2018 valuation had been borne out in practice, then, based on the agreed methods, assumptions and contributions at the last valuation, the deficit would have been expected to have increased to £3.9 billion at 31 March 2019. This is equivalent to a funding level of 94% relative to the technical provisions. The updated calculations (which allowed for the benefits paid out of the Scheme over the period and the audited asset values at 31 March 2019) gave a deficit of £5.4 billion, equivalent to a funding level of 93%.

18. **Pensions *(continued)***

The reasons for the deterioration in the Scheme's funding position compared to that expected was due to the lower future expected returns. This in turn reduced the discount rate and increased the value placed on liabilities. This had been offset, to some extent, by investment returns over the period from 31 March 2018 to 31 March 2019 being higher than expected over the year.

The asset value at 31 March 2019 was £67.4 billion and is the market value of the Scheme's DB assets based on the audited asset value in the Scheme's accounts. This was an increase of £3.7 billion since the valuation date.

The 2020 full valuation is currently underway and is due to be completed by June 2021. The Trustee remains confident that it can continue to take a long term view of scheme funding, backed as it is by a robust higher education sector. Nonetheless, the Covid-19 pandemic is likely to have a significant impact on the finances of the sector, both in the short and medium term.

As part of the 2018 valuation, some changes to the Scheme were put in place during the 2019/2020 scheme year. These were as follows.

Salary Cap (inflationary increases)

The Retirement Income Builder (CRB Section) accrual only occurs for salaries up to a cap. This cap started at £55,000 in 2016 and has been uplifted each year with inflation. The salary threshold was £58,589.70 for the 2019/2020 scheme year and is £59,585.72 for 2020/2021. Accrual over the salary cap will contribute to the Investment Builder (DC section).

Contributions increase

Contributions were uplifted to 8% for all members with effect from 1 April 2016. From 1 October 2019, the member contributions were increased again to 9.6%. Further member contribution increases were outlined previously. The contribution rate payable by the employers was 21.1% from 1 October 2019, which increased from 19.5% previously.

University of Reading Employees' Pension Fund (UREPF)

SUMS participates in the University of Reading Employees' Pension Fund (UREPF), a defined benefit scheme governed by a board of Trustees. The University of Reading has the power to appoint and remove trustees. There are currently six members of the Trustee board, of which three are nominated by the University of Reading and three are member-nominated Trustees. There is currently a vacancy for a further employer-nominated Trustee.

As at 31 July 2019, UREPF has 235 active members and SUMS has 1 active member participating in the scheme. This scheme was closed to new entrants on 31 July 2011. Accrual of final salary benefits ceased on 31 July 2011 and from 1 August 2011 benefit accrual has been on a Career Average type basis. However, the closure of the scheme means that a Section 75 debt will arise at some indeterminable point in the future when SUMS ceases to have any active members in the scheme. The actuary's estimate of this debt as at 31 July 2017 was £182,000. This figure will be reviewed as part of the 31 July 2020 valuation.

18. **Pensions *(continued)***

The assets of the scheme are held in a separate fund administered by the Trustees and are managed by Blackrock Investment Management (UK) Limited, L&G Investment Managers, Invesco and Schroders.

The Fund continues to follow the investment strategy adopted in 2017/2018, ensuring that sufficient income is provided to address the cashflow negative position of the Fund. Quarterly income of approximately £750,000 is currently provided by a buy-and-maintain corporate bond holding, an index-linked gilts holding and, since March 2020, the High Lease to Value (HLV) property fund. This quarterly income is sufficient to cover the regular outgoings of the Fund with further funds drawn down on an ad hoc basis to cover irregular expenses.

The last completed actuarial valuation of the scheme was as at 31 July 2017. This was the third valuation for UREPF under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, ensuring there is sufficient and appropriate assets to cover their technical provisions. The scheme is currently undertaking its fifth valuation as at 31 July 2020.

The agreed funding objective is to maintain assets equal to the technical provisions, assessed on an ongoing basis allowing for future salary increases for active members.

The latest interim actuarial report, dated 31 July 2019, confirmed that the Fund showed a technical provisions surplus of £12.6 million, equivalent to a fund level of 106%. Over the 2 years since the valuation, gilts yields had decreased and the long term inflation/pension increase assumptions had increased slightly, both of which placed a higher value on liabilities. The value of the Fund's assets had increased since the 2017 valuation due to better then assumed investment returns, an overall return of approximately 6.7% p.a. over the two year period.

The contribution rate (ignoring Salary Sacrifice) currently payable by SUMS is 23.80% (2011: 18.20%) of pensionable salaries for UREPF. Pension contributions are usually deducted via salary sacrifice. Members contribute 6.25%. Additional monthly employer contributions of one twelfth of £500,000 are also paid into the Fund, a portion of which is charged to SUMS.

A new scheme was set up to replace UREPF for new entrants from 1 August 2011. This is a defined contribution scheme.

University of Reading Pension Scheme

SUMS participated in the University of Reading Pension Scheme (URPS), a trust-based defined contribution scheme until 31 March 2019. The Scheme's administration and investment of assets is provided by Aviva but the University of Reading has the power to appoint and remove trustees. There are currently four members of the Trustee board, of which two are nominated by the University of Reading and two are member-nominated Trustees. There is currently a vacancy for a further employer-nominated Trustee.

From 1 April 2019, the SUMS Group Personal Pension Plan (SUMSPP) was set up. The Scheme was set up due to the Master Trust Regulation introduced in the Pension Schemes Act 2017. Members of URPS employed by SUMS were transferred to the new arrangement but retain their accrued benefits in URPS.

18. **Pensions *(continued)***

Southern Universities Management Services Group Personal Pension Plan (the Plan)

From 1 April 2019, the Plan was set up with all contributions from SUMS members invested in SUMSPP. The Plan is a Contract based Group Personal Pension arrangement with members holding an individual contract with the Plan Provider, Aviva, directly.

The Plan's administration and investment of assets is provided by Aviva. The Scheme is a Qualifying Scheme for auto-enrolment purposes. The latest Re-enrolment date was 1 January 2020.

As at 31 July 2020, the Plan has 11 active members.

The contribution rate (ignoring Salary Sacrifice) payable by SUMS is 5% of pensionable salaries for members who have been employed less than 5 years and 7% for members who have been employed 5 years and over. Members must contribute a minimum 4% of their pensionable salaries to the Scheme. Pension Contributions are usually deducted via salary sacrifice.

The pension costs incurred in relation to the respective schemes are set out below:

	2020		2019	
Pension costs	**Employer contribution**	**Active members**	**Employer contribution**	**Active members**
USS	147,067	9	118,500	12
UREPF	7,699	1	10,073	1
URPS	0	0	7,963	0
SUMSPP	19,282	11	4,509	9
	174,048	21	141,045	22

19. **Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2020 £	2019 £
Net (expenditure)/income	233,052	(227,533)
Adjustments for:		
Depreciation of tangible fixed assets	-	1,209
Investment Income	(12,486)	(12,135)
Movement on debtors	35,096	83,082
Movement on creditors	(233,216)	351,208
Cash used in operations	22,446	195,831