

**Oxford University Student Union
(A Company Limited by Guarantee)**

**Registered Charity Number 1140687
Registered Company Number 07314850**

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 July 2020

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Legal and Administrative Information

TRUSTEES OF OXFORD UNIVERSITY STUDENT UNION

The trustees serving during the year and since the year end are set out below:

Sabbatical trustees

Lauren Bolz	(appointed 28 June 2020)
Tucker Drew	(appointed 28 June 2020)
Ben Farmer	(appointed 28 June 2020)
Dr Alex Foley	(appointed 28 June 2020)
Amelia Holt	(appointed 28 June 2020)
Nikita Ma	(appointed 28 June 2020)
Anisha Faruk	(vacated office 27 June 2020)
Kaya Masler	(vacated office 27 June 2020)
Roisin McCallion	(vacated office 27 June 2020)
Neil Misra	(vacated office 27 June 2020)
Amber Sparks	(vacated office 27 June 2020)
Ray Williams	(vacated office 27 June 2020)

Student trustees

James Nevett	(appointed 21 May 2020)
Marcin Pisanski	(appointed 21 May 2020)
Asif Khan	(appointed 15 March 2020)
Grace Davis	(vacated office 14 March 2020)
Matthew Judson	(vacated office 14 March 2020)

External trustees

Nicholas Entwistle	
James Hunt	(vacated office 01 May 2020)
India Jordan	
Sarah Owen	
Charlotte Potter	(appointed 1 June 2020)

REGISTERED CHARITY NUMBER

1140687

REGISTERED COMPANY NUMBER

07314850

REGISTERED OFFICE

4 Worcester Street
Oxford
Oxfordshire
OX1 2BX

CHIEF EXECUTIVE

Kate Dawson

Legal and Administrative Information (continued)

BANKERS

The Co-operative Bank
13 New Road
Oxford
Oxfordshire
OX1 1LG

Santander
Santander House
Carfax
Oxford
Oxfordshire
OX1 1HB

AUDITOR

Crowe U.K. LLP
Statutory Auditor
Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

SOLICITORS

Russell-Cooke LLP
8 Bedford Row
London
WC1R 4BX

Report of the Trustees

The board of trustees, who are also the directors of Oxford University Student Union ('Oxford SU'), are pleased to present their annual report along with the financial statements of Oxford SU for the year ended 31 July 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 4 to the financial statements and comply with the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in 2015 ('Charities SORP') and with the duty in section four of the 2011 Charities Act.

THE AIMS OF THE CHARITY

Oxford SU is a students' union within the meaning of the Education Act 1994. The charitable objects of Oxford SU are the advancement of education of the students at the University of Oxford ('students' and 'the university' respectively) for the public benefit by:

- Promoting the interests and welfare of students and representing, supporting and advising students;
- Being the recognised representative channel between students and the university and any other external bodies;
- Providing social, cultural, and recreational activities and forums for discussions and debate for the personal development of students; and
- Furthering all purposes which are charitable in law, and which are incidental or conducive to the main objects.

These objects are pursued by representing and promoting the interests of its student membership to the University of Oxford, local and national government, the National Union of Students (NUS) and other external groups; providing welfare, support and advocacy services for students experiencing difficulty or requiring help during their time at university; campaigning on such issues as may affect the membership of the union; and the provision of other services as the membership might request or require.

Oxford SU will seek at all times to:

- Ensure that the diversity of its student membership is recognised and that equal access to services is available to all its members of whatever origin or orientation;
- Pursue its aims and objectives independently of any political party or religious group; and
- Pursue equal opportunities by taking positive action within the law to facilitate the participation of under-represented groups in educational, representative, social and cultural activities.

Public benefit

The trustees have a duty to report on 'public benefit' by explaining:

- the significant activities which are undertaken in order to carry out their aims for the public benefit; and
- their achievements measured against those aims.

The trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

Report of the Trustees (continued)

THE AIMS OF THE CHARITY (CONTINUED)

Strategic Development

In November 2017, the board approved the 2017-2021 Strategic Plan. This plan provides a clear direction for the organisation, ensuring our work focuses on improving the overall experience for current and future students at the University of Oxford. The strategy has the following core themes and goals:

- Education: We want to support and encourage all students to get the most out of their academic experience at the University of Oxford
- Wellbeing: We want to work together with students and the university to make a welcoming, safe and inclusive place to live and study with an equally high experience for all students
- Community: We want to enable communities to connect, develop and grow – to improve the Oxford experience as a whole

Underpinning these strategic themes are six enabling plans, which focus on building a stronger and more dynamic organisation. The enablers are:

- Student driven
- Research and evidence
- Sustainable resources
- People and culture
- Effective communication
- Partnerships

ACHIEVEMENTS AND PERFORMANCE

The Highlights

The following are some of our achievements across our strategic themes in 2019-20, with some being delivered during a global pandemic, of which we speak in further detail regarding these achievements late on in the report. As an organisation, we are confident that we are making significant steps towards delivering our strategy. The following highlights provide an insight into this progress.

Education

- Collated 5,462 submissions for the Teaching and Assessment Student Consultation, feeding back over 2 million words of feedback to the University on how students would like to receive teaching and assessment during the Corona Virus Pandemic
- 400 International students participated in the International Peer Mentoring Programme, linking support for International students
- Established a Refugee Scholarship Scheme for refugees to gain a full scholarship (both fees and living expenses) at the University of Oxford
- Enabled 382 responses to our Remote Teaching Feedback Mechanisms to monitor how students are finding remote teaching
- Continued to support graduate students to influence the development of a new college;
- Our six sabbatical trustees represented students on over 100+ university committees and working groups, helping to shape policy on everything from gender equality to the museums of the university.

Report of the Trustees (continued)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Wellbeing

- Supported over 600 students with Wellbeing initiatives
- Trained Common Room representatives on Living Out, Budgeting and Student Finance to support their students;
- Held our second ever 'Mind Your Head' mental health campaign which engaged students through a multitude of events focused around changing the University's policy towards mental health support;
- Supplied 54 common rooms across all colleges with welfare supplies;
- Hosted 18 'Wellbeing Dog Walks', providing an important space for students to relax;
- Hosted 11 wellbeing events at College and Departments engaging 311 students
- Helped over 900 students through our advice service;
- Launched 'It Happens Here' the SU campaign for victims and survivors of sexual assault and violence
- Around 500 students participated in the consent facilitator training
- Over 100 students participated in Diversity Facilitator Training
- Over 100 students participated in the bystander intervention facilitator training
- Created 'Make, Send and Do' our intercollegiate craft project which is making knitted and crochet squares for a patchwork blanket which will be donated to the charity Knit For Peace

Community

- Hosted a 3-month consultation with climate leaders, professors and ethics and environment reps developing a climate action plan which served as the basis for the Universities new sustainability strategy
- 750 student and staff attendees at the Oxford SU Climate assembly to bring together stakeholders and various campaigns working on climate in Oxford and launch the Climate Action Plan.
- Negotiated a successful divestment and engagement resolution creating new climate conscious investment for the University of Oxford and increasing transparency by creating a new member of the investment committee;
- Hosted 10 free bike service days for students servicing hundreds of student bikes;
- Successfully lobbied the university to create a new committee on sustainability that committed to bio-diversity net gain and net zero carbon emissions by much earlier than 2050;
- Compiled a list of over 100 local charities to include on our new volunteering portal and supported with outreach to those opportunities;
- Hosted Planet Pledge with thousands of students pledging more sustainable habits and helped to promote the student switch off campaign
- Successfully worked with the careers service to survey all their employees on climate credentials and create a prioritisation and engagement hierarchy for those with stronger plans;
- Refreshed the Student Society Directory, creating a central hub to find out how to get involved;
- The Oxford Student newspaper delivered 16 printed issues and 8 on-line issues, reaching 100,000 people;
- Oxford Raise and Give ('Oxford RAG') raised money for four charities, which is shared by four student-chosen charities;

Report of the Trustees (continued)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Community (continued)

- Welcomed over 8,000 students through our flagship Fresher's Fair event, hosting over 260 clubs, societies and commercial clients.

Enablers

- In our annual sabbatical trustee elections, we achieved with a 12.8% turnout across the university.
- Oxford SU continues to support elections for 55 of 74 common rooms, running 238 elections with 1,145 total posts, 1,447 total candidates, and 64,748 total votes cast by 7,899 students; this is 32.6% of the student population.
- Delivered our annual Black, Asian and Minority Ethnic Leadership in Oxford event with over 90 attendees;
- Student Council continues to be our main policy-making body, with votes being cast on a wide range of issues. Council meetings are open to all and we held 10 meetings both online and in-person across the year;

Global Pandemic Impact & Mitigations

In March 2020 the COVID-19 pandemic meant that Oxford Students' Union changed its mode of operation from primarily face to face service delivery to primarily virtual delivery almost overnight.

In determining the appropriate course of action throughout the pandemic, the Board of Trustees approved a series of priorities underpinning all the decision making in relation to COVID-19:

- 1. A concentration on the wellbeing and safety of staff and students, immediately and in the longer term**
- 2. To ensure the ability to provide appropriate and relevant support to students facing hitherto unknown challenges in their lives whilst studying at Oxford, including carrying on activity in alternative forms**
- 3. To enable the ability for timely amplification of students' voices to the University to inform their decision making**

In addition, two pieces of work were carried out; one being around **financial efficiency** and ensuring **financial prudence** where possible and the other was an immediate review of the risk register considering the pandemic.

Oxford SU response to the priorities

1. To concentrate on the wellbeing and safety of staff and students, immediately and in the longer term

Staff wellbeing:

- Supported staff financially to enable work from home set-ups and ensured they had the relevant and right equipment to work effectively
- Conducted a business-critical analysis of all workload to enable effective prioritising and not to overwhelm staff or Sabbatical Officers at a challenging time

Report of the Trustees (continued)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Global Pandemic Impact & Mitigations (continued)

- Utilising the Mind Wellness Action Plan template, held individual meetings with all SU staff and Sabbatical Officers with a 1-1 conversation about their wellbeing. These conversations (utilising the template) are now held every three months.
- Themes from the wellbeing actions plans were reviewed and long and short-term actions to support staff wellbeing put in place, these included a four-day working week during August and a weekly staff yoga session
- Supported the induction of 4 new starters all remotely including a full induction programme for the new CEO, with a clear focus on wellbeing
- Conducted a complete review of our People and Culture plan considering the pandemic as there was an understanding that to enable a high performing, empowered organisation the areas of development were now very different to the original strategy. This included adding in an entire section about supporting staff through the pandemic and strategies we needed to put in place to enable this
- All Team Calls at the start and end of the week allow the flow of communication but also provide a consistent space for staff to raise challenges and issues they may be facing
- Created a three-phase approach to returning to the office to ensure some clarity and anchors of what is currently happening and when decisions and reviews would be made, overseen by the Trustee Board
- Worked alongside the University, enabled staff to safely return to the office, should they wish to, with all relevant measures put in place to ensure the office is COVID safe
- Hosted an all staff away day where we clarified the priorities for the academic year to enable for forward thinking and to continually motivate staff and Sabbaticals

Student wellbeing:

- Created a guide on tips and tricks for students self-isolating built from the experience of students who had previously self-isolated
- Ran a student consultation in June 2020 on welfare challenges present from COVID-19 with 360+ responses with the recommendations shared and actioned with the University
- Enabling the continuation of the welfare supplies (condoms and pregnancy tests) at cost price to Common Rooms
- Welfare menu revised to provide an online provision with the same level of service delivery
- Our advice support has moved to an online provision with drop-in now offered over the phone and appointments conducted over Teams
- Hosted a series of online welfare events during Fresher's including meditation, cooking demonstrations and yoga attended by 55 students
- Moved our training provision for Consent Workshops online and trained over 200 students to deliver consent workshops within their Colleges
- The VP Welfare and Equal Opportunities has met with and supported Welfare Representatives of Common Rooms to enable networking conversations
- Improved and released a new series of compulsory student training focused on wellbeing, inclusion and adherence with regulations such as GDPR to reduce stress and encourage independence

Report of the Trustees (continued)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Global Pandemic Impact & Mitigations (continued)

- The student-led project 'A Place For You' launched facilitated by Oxford SU staff team and supported by Sabbatical Officers which is a collective resource of guides created by students, for students, welcoming them to a remote Oxford with information essential to wellbeing
- Facilitated a student takeover of Oxford SU social media channels sharing real-life stories, wellbeing tips and tricks and student community building through live Q&As

2. To ensure the ability to provide appropriate and relevant support to students facing hitherto unknown challenges in their lives whilst studying at Oxford, including carrying on activity in alternative forms

- Supported Clubs and Societies to provide online events by producing a training session - Tips and Tricks: Planning a Student Event in a COVID world which was approved by Michaelmas Coordination Group
- Redeveloped our Societies Directorate to strengthen the information provided online so that students could connect and find other communities of students online
- Reviewed and strengthened our Student Pad platform with feedback from the Colleges to enable students to find suitable accommodation within the Colleges and Oxford during these uncertain times
- Hosted the BAME Leadership Conference online with guest speakers and workshops with 89 tickets sold
- In partnership with the Safety Office created training on risk assessment to ensure that students could continue delivering safe events
- Supported The Oxford Student (OxStu) to move from a regular print to an online broadsheet with a new website and additional software to enable work from home
- Supported our six student-led SU Campaigns who work to improve the experience of specific groups of students: CRAE (Campaign for Racial Awareness and Equality), Class Act, Disabilities Campaign, LGBTQ+ Campaign, International Students Campaign, and It Happens Here (the Campaign for sexual violence survivors) to move to online events and provision
- Enabled our Volunteering Portal to host online volunteering opportunities within the community during COVID-19

3. To enable the ability for timely amplification of students' voices to the University to inform their decision making

- Held our Sabbatical Officer induction entirely online across three time zones equipping the Sabbatical Officers with the skills and knowledge to be effective representatives. This was centred around a series of streams (Being an employee of Oxford SU, Skills, Team Building, Knowledge, Handover from previous Sabbatical Officer and stakeholder support)
- Played a key role in decision making during the COVID-19 pandemic with membership on Bronze, Michaelmas Coordination Group and the Student Experience Coordination Group, in addition to the routine committees and groups that meet
- Recruited and trained virtually our 8 Divisional Representatives
- Regular contact, meetings and support for our Divisional Representatives have in the form of a whatsapp group, fortnightly newsletter as well as regular meetings with the Policy and Change Coordinator

Report of the Trustees (continued)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Global Pandemic Impact & Mitigations (continued)

- The Sabbatical Officers and SU staff have attended over 600 meetings representing students to the University and Colleges
- Worked in partnership with the Student Experience Coordination Group to produce FAQs and high-level statements on Accommodation and Catering, Social Life, Welfare and Finance to enable clarity for students
- Worked in partnership with the Student Experience Coordinator Group to produce a high-level statement on Student Experience overall
- The Student Experience Coordinator Group proved very effective and successful that it will continue beyond COVID to enable ongoing dialogue
- Supported the Sports Federation to enable their voice to be amplified and guidance for sports at Oxford to be created
- Worked in partnership with the University by attending and speaking at the Town Hall event organised by Oxford City Council, reassuring the community of the measures the University has put in place and what positive additions students bring to Oxford including volunteering work
- Ensured the continuation in an online format of Student Council to ensure a space for students to utilise the democratic forum of the Students' Union to create change
- Supporting and hosting regular meetings between the common room representatives for individual roles to gain regular feedback to ensure Oxford SU are being truly representative: GradPresCom, PresCom, E+E RepCom, EntzCom, AcademicCom, AccessCom, WelfareCom, SportsCom. As of 4th November, over 150 Common Room representatives have attended

As mentioned, the pandemic changed the service delivery of Oxford SU overnight and the impact of the ever-changing circumstances way beyond our control. The short-term nature of announcements by the government means these challenges continue.

The above highlights how adaptable the organisation and the team have been to these changes and we are immensely proud of this. Continuing to focus on growing and developing our services and representation even in these uncertain times is a testament to the team.

There have also been positives to the pandemic and changes to our working most notably the creation and ongoing development of the Student Experience Coordination Group and some excellent partnership working with the University and Colleges to enable the development of clarity of messages to students around key areas like accommodation and catering.

We will continue to be adaptable to the ongoing pandemic, both with our service delivery, our financial efficiency and ensure continued representation for our members, utilising learnings as we move forward to continually improve despite the uncertainties ahead.

FUTURE PLANS

Plans for 2020-21 include a review of the current strategy and the decision by the Trustee Board on the next steps for strategic development post 2021. An annual planning process and newly embedded performance framework continues to drive further improvements across the organisation.

Report of the Trustees (continued)

FUTURE PLANS (CONTINUED)

Emerging priorities include: development of a new strategy, supporting our members through the COVID-19 crisis, enabling the continued provision of teaching and learning despite the challenges presented, ensuring member and staff wellbeing is at the forefront of everything we do, enabling service delivery and development in spite of ongoing challenges presented.

FINANCIAL REVIEW

In 2019-20 the deficit on general funds was £75,513 (2018-19: £79,146). Together with a deficit on the pension reserve of £56,942 (2018-19: a surplus of £81,675), this gives an overall deficit on unrestricted funds of £132,455 (2018-19: £160,821). Oxford SU is in a net liability position as a result of the pension scheme deficit liability. This liability represents the net present value of estimated deficit contributions over the agreed funding plan to 2028 and does not represent an immediate cash outflow. Excluding this amount Oxford SU is in a net asset position both overall and on unrestricted funds.

At the year end, Oxford SU held general funds of £219,953 (2019: £295,466), and a deficit on the pension reserve of £351,547 (2019: £294,605). Together these give a total deficit on unrestricted reserves of £131,594 (2019: positive reserves of £861), with free reserves as defined by the Charity Commission standing at negative £140,921 (2019: negative £7,956).

Oxford SU's reserves policy sets the target level of reserves at three months' total running costs less 75% of the grant funding agreed with the University of Oxford for the same period. This gives a target level of reserves of £105,000. This figure applies to unrestricted general funds, which at the year-end stood at £219,953. General funds are therefore well in excess of the target level.

In view of this, the Trustees had planned a deficit on general funds of £141,000 in 2019-20, as part of a strategy to utilise its reserves and bring them closer to the target level. The deficit of £75,513 is lower than planned as a result of measures taken to reduce expenditure in view of the increasing financial uncertainty brought about by covid-19, but the trustees are happy that good progress is being made. The trustees agree that Oxford SU will continue to utilise its reserves in 2020-21, but at a slower rate, with a budgeted deficit of £44,000.

The pension reserve represents Oxford SU's contractual commitment to fund past deficits within the Oxford Staff Pension Scheme. This is calculated based on expected future payments into the scheme under the current deficit funding plan. This has been excluded from general funds because the required payments will be made over many years, as a % of its gross salary costs, and are provided for in Oxford SU's annual budgets. There is therefore considered to be no need to hold reserves to cover this amount.

Oxford SU also held restricted funds of £43,526 (2019: £50,176). The majority of this relates to funds raised for Oxford Raise and Give (RAG). These funds are not available for the general purposes of Oxford SU.

The activities of OSSL Limited, Oxford SU's trading subsidiary, are consolidated with these financial statements.

Report of the Trustees (continued)

FINANCIAL REVIEW (CONTINUED)

Key risks and uncertainties

The board of trustees considers the following to be the key risks that Oxford SU needs to focus on. These are monitored by senior managers and trustees on a regular basis.

Pension scheme deficit

The current funding shortfall on the University of Oxford Staff Pension Scheme requires significant, but currently affordable, annual payments. A clear strategy is in place, overseen by the trustees of the scheme, to recover the deficit.

Liquidity

Oxford SU's objective in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. Oxford SU expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations, Oxford SU has credit facilities available. Given the positive cash flows and significant cash balance held at year-end, Oxford SU is in a position to meet its commitments and obligations as they come due.

Customer credit exposure

Oxford SU may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. Oxford SU is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships.

Funding

Oxford SU's principal funding sources are grant income from the University of Oxford, and its commercial activities. University funding has been agreed until 2021-22. Income from Oxford SU's commercial activities is increasing. The trustees continue to monitor these sources of income closely.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The structure of the organisation

The trustees who served during the year and since the year end are set out on page 1.

The board of trustees as charity trustees is responsible for the overall performance, strategic direction and management of Oxford SU and (subject to relevant legislation, its articles and bye-laws) may exercise all the powers of Oxford SU. The board is made up of:

- up to six sabbatical trustees,
- up to five student trustees, and
- up to four external trustees.

The trustees are responsible for approving the strategy, major plans (including the annual budget and long-term financial goals) and policies of Oxford SU and for ensuring that these are implemented via the chief executive.

Report of the Trustees (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Sabbatical trustees are elected by the student members. Their main remit is to undertake Oxford SU's representative and campaigning work. Student trustees are similarly elected by the student members, ensuring that the student members are directly represented on the board. External trustees are selected by the nominations committee and then ratified by Oxford SU's Council. Their main role is to provide a long-term strategic view to the board. Sabbatical trustees and student trustees hold office for one year, and external trustees for up to four years. Student trustees and external trustees are eligible for re-election.

There are clear distinctions between the role of trustees and the executive team, led by the chief executive. The board of trustees holds a range of reserved matters and delegates certain authority to the executive team in order to run the organisation efficiently. Matters such as policy, strategy and budgets are prepared by the executive team for consideration and approval by the trustees, who then monitor the implementation of these plans.

The finance and risk subcommittee is a board subcommittee with clear terms of reference, and which reports directly to the board of trustees. The finance and risk subcommittee has delegated responsibility to manage the finances of Oxford SU, including monitoring expenditure and developing budgets and financial policies. It also takes a lead role in the management of risk. The board of trustees makes appointments to this committee.

For new trustees, Oxford SU has a wide-ranging induction programme. The programme is led by the existing external trustees and the chief executive. Each new trustee is given an induction guide and supported into their new role through a series of induction meetings and briefings. These cover the core aspects of their responsibilities, including strategy, finance, legal matters and the relationship between the trustees and the chief executive. New trustees are also given a copy of the charity commission guidance. The chair attends specialist training to support their role.

Under the Education Act 1994, the University of Oxford has a statutory duty to take such steps as are reasonably practicable to ensure that Oxford SU operates in a fair and democratic manner and is held to proper account for its finances. Oxford SU, therefore, works alongside the University of Oxford in ensuring that its affairs are properly conducted and that the educational and welfare needs of Oxford SU's student members are met. This is done through a subcommittee of Education Committee of the University of Oxford – Joint Subcommittee of Education Committee and Student Members.

Report of the Trustees (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

How management works at Oxford SU

Day to day operational and staff management is delegated to the chief executive who is responsible to the trustees for strategy; its development, implementation and operational performance. The chief executive is supported by other members of the senior management team. During the year 2019-20 this comprised:

Chief Executive:

- Ryan Bird (July 2019– End of January 2020)
- (Interim) Jacqui Clements (Beginning of February 2020 – 26 June 2020)
- Kate Dawson (Mid June 2020 – End of July 2020)

Deputy Chief Executive:

- Sarah Bradley (September 2019 – July 2020)

Head of Business Operations:

- Aman Ubhi (August 2019 – October 2019)

Head of Finance and Organisational Effectiveness:

- Kristy-Anne Field (January 2020 – July 2020)

Oxford SU employs 20 full time equivalent salaried staff (26 employees). The chief executive oversees the pay and benefits of staff, ensuring a fair and consistent approach that relates to the level of responsibilities undertaken. Each year, along with the salaries of other staff, key management salaries are subject to a standard inflationary uplift decided by the Finance and Risk Subcommittee depending on the context of that year.

The pay for the chief executive is set by the board and reviewed annually. Pay for sabbatical trustees is also reviewed by the board. Where the relevant person sits on the board of trustees, they are not present while the relevant discussions take place.

Risk management

The trustees have given consideration to the major risks to which Oxford SU is exposed and have satisfied themselves that systems or procedures are established in order to manage those risks. The risk register is monitored by the Finance & Risk Committee and discussed annual at the full board or more frequently if needed.

Fundraising

Oxford SU only carries out fundraising activities to raise funds for Oxford Raise and Give (RAG). Funds are raised through fundraising events and through sponsored challenges carried out by students. All fundraising activities are carried out by students with assistance from staff at Oxford SU. No complaints relating to fundraising activities have been received by Oxford SU during this financial period.

Oxford SU does not currently subscribe to any specific fundraising standards or schemes for fundraising regulation but considers that it has set appropriate standards for the operation and management of its fundraising activities. In particular, Oxford SU considers that its processes and controls should ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or other property.

Report of the Trustees (continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Oxford University Student Union for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITOR

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company, we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

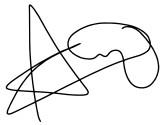
Report of the Trustees (continued)

AUDITOR

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The trustees have agreed on these financial statements which have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the trustees and signed on their behalf by:

A handwritten signature in black ink, appearing to be 'Nikita Ma', with a stylized, looped design.

Nikita Ma
Chair of trustees
Date: March 5th, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD UNIVERSITY STUDENT UNION

Opinion

We have audited the financial statements of Oxford University Student Union for the year ended 31 July 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (the United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2020 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with the 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD UNIVERSITY STUDENT UNION (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Annual Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD UNIVERSITY STUDENT UNION (CONTINUED)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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.

Auditor's responsibilities for the audit of the financial statements (continued)

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OXFORD UNIVERSITY STUDENT UNION (CONTINUED)**

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 the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alastair Lyon
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Aquis House
49-51 Blagrove Street
Reading
Berkshire RG1 1PL

Date:

Consolidated Statement of Financial Activities

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:					
Donations	5	769,899	82,904	852,803	858,880
Infrastructure support in kind		26,219	-	26,219	25,694
Other trading activities:					
Commercial activity		232,725	-	232,725	303,825
Charitable activities for students:					
Welfare		5,588	-	5,588	7,884
Other income		804	-	804	539
Total income		1,035,235	82,904	1,118,139	1,196,822
EXPENDITURE ON:					
Raising funds:					
Commercial activities	7	191,634	-	191,634	274,213
Charitable activities for students:					
Advice and representation	7	722,878	89,554	812,432	802,862
Welfare	7	253,122	-	253,122	275,752
Publications	7	56	-	56	246
Total expenditure		1,167,690	89,554	1,257,244	1,353,073
Net expenditure and movement in funds		(132,455)	(6,650)	(139,105)	(156,251)
Funds brought forward		861	50,176	51,037	207,288
Funds carried forward		(131,594)	43,526	(88,068)	51,037

All operations are continuing.

The notes on pages 24 to 39 form part of these accounts.

Consolidated Balance Sheet

as at 31 July 2020	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	10	9,327	8,817
		<u>9,327</u>	<u>8,817</u>
CURRENT ASSETS			
Stocks	11	2,312	1,343
Debtors	12	194,373	402,478
Cash at bank and in hand		293,600	290,787
		<u>490,285</u>	<u>694,608</u>
CREDITORS: Amounts falling due within one year	13	(236,133)	(357,783)
NET CURRENT ASSETS		<u>254,152</u>	<u>336,825</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>263,479</u>	<u>345,642</u>
LONG TERM LIABILITIES			
Pension scheme funding deficit	14	(351,547)	(294,605)
NET (LIABILITIES)/ASSETS		<u>(88,068)</u>	<u>51,037</u>
REPRESENTED BY			
RESTRICTED FUNDS	14	43,526	50,176
UNRESTRICTED FUNDS			
General funds	16	219,953	295,466
Pension reserve	16	(351,547)	(294,605)
TOTAL FUNDS		<u>(88,068)</u>	<u>51,037</u>

The notes on pages 24 to 39 form part of these accounts.

The deficit for the financial year dealt with in the financial statements of the parent company was £161,310 (2019: deficit of £161,146).

These accounts were approved and authorised for issue by the trustees and signed on their behalf by:



Nikita Ma
Chair of trustees
Date: March 5th, 2021

Company Balance Sheet

Registered Company number 07314850

as at 31 July 2020	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	10	9,327	8,817
		<u>9,327</u>	<u>8,817</u>
CURRENT ASSETS			
Stocks	11	2,312	1,343
Debtors	12	211,882	381,471
Cash at bank and in hand		201,823	217,231
		<u>416,017</u>	<u>600,045</u>
CREDITORS: Amounts falling due within one year	13	(229,621)	(308,771)
NET CURRENT ASSETS		<u>186,396</u>	<u>291,274</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>195,723</u>	<u>300,091</u>
LONG TERM LIABILITIES			
Pension scheme funding deficit	14	(351,547)	(294,605)
NET (LIABILITIES)/ASSETS		<u>(155,824)</u>	<u>5,486</u>
REPRESENTED BY			
RESTRICTED FUNDS	15	43,526	50,176
UNRESTRICTED FUNDS			
General funds	16	152,197	249,915
Pension reserve	16	(351,547)	(294,605)
TOTAL FUNDS		<u>(155,824)</u>	<u>5,486</u>

The notes on pages 24 to 39 form part of these accounts.

These accounts were approved and authorised for issue by the trustees and signed on their behalf by:



Nikita Ma
Chair of trustees
Date: March 5th, 2021

Consolidated Cash Flow Statement

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	19	8,151	18,133
Cash flows from investing activities			
Payments to acquire of fixed assets	10	(6,738)	(8,546)
Proceeds from sale of fixed assets		1,400	-
Net cash used in investing activities		(5,338)	(8,546)
Increase in cash and cash equivalents in the year		2,813	9,587
Cash and cash equivalents brought forward		290,787	281,199
Cash and cash equivalents carried forward		293,600	290,787

The notes on pages 24 to 39 form part of these accounts.

Notes to the Financial Statements

1. Company information

Oxford University Student Union ('Oxford SU') is a charitable company limited by guarantee, incorporated in England and Wales. The address of its registered office is 4 Worcester Street, Oxford, Oxfordshire, OX1 2BX.

Oxford SU is a students' union within the meaning of the Education Act 1994. It is devoted to the educational interests and welfare of the students of the University of Oxford ('the university') and exists to further the educational purposes of the university.

2. Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) ('Charities SORP'), the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and the Companies Act 2006.

Oxford SU meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Oxford University Student Union and its subsidiary undertaking drawn up to 31 July each year.

Going concern

Oxford SU is in a net liability position as a result of the pension scheme deficit liability. This liability represents the net present value of deficit contributions over the agreed funding plan to 2028, and does represent an immediate cash outflow. Before the pension scheme deficit liability Oxford SU has positive funds of £263,479 (2019: £345,642). The Trustees have a reasonable expectation that Oxford SU has adequate resources to continue in operational existence for the foreseeable future. In making their assessment the Trustees have considered the impact on the business of Covid-19 including the ability of Oxford SU to continue to carry out its charitable objects, the impact on future income and cash collections and the financial position of the wider group. They continue to believe the going concern basis of accounting appropriate in preparing the annual Financial Statements.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Valuation of a present value of future pension deficit contributions

In accordance with the requirements of FRS 102, Oxford SU has made provision for the present value of required future pension deficit contributions. The contributions required are estimated by management with the assistance of a qualified actuary. The present value is then calculated using an appropriate discount rate. Further details of the estimate, including the key assumptions used, are given in note 14.

Notes to the Financial Statements (continued)

4. Accounting policies

Income

All income and capital resources are recognised in the accounts when entitlement to the income or endowment arises, there is a probable economic benefit to Oxford SU and the amount can be reliably quantified. The infrastructure support provided by the university is accounted for as income and expenditure of the year at an estimated value to Oxford SU by reference to the alternatives available on the commercial market.

Grants are accounted for under the performance model as permitted by the Charity SORP. CJRS grant income is therefore recognised on a straight line basis over the furlough period for each relevant employee.

Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure includes irrecoverable VAT and comprises the direct and indirect costs of delivering public benefit.

Expenditure on raising funds comprises the costs associated with attracting voluntary income and the costs of commercial activities of OSSL Limited.

Charitable expenditure comprises those costs incurred by Oxford SU in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of Oxford SU and include the audit fees and costs linked to the strategic management of Oxford SU.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, however, salary costs are apportioned on the basis of time worked on each activity.

Fixed assets and depreciation

Fixed assets comprise major items of equipment. Fixed assets are stated at cost, net of depreciation and any provision for impairment. The useful economic life of all assets is deemed to be four years over which depreciation is charged on a straight line basis. In the period of acquisition, a full year's depreciation is charged.

An asset purchased with a cost of over £1,000 are capitalised. Expenditure on asset costing under £1,000 is recognised as an expense in the year of purchase.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale the first in first out basis is used.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements (continued)

4. Accounting policies (continued)

Creditors

Short-term trade creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial instruments

Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 24 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to fixed asset investments and debtor balances excluding prepayments and deferred expenditure, and financial liabilities referring to all creditor balances excluding advance fees, deposits in advance and other taxes and social security.

Taxation

Oxford SU's profits are not liable to taxation so long as they are derived from trading with junior members of the university. No provision has been made for a current or deferred tax within its wholly owned subsidiary on the grounds that OSSSL Limited transfers its taxable profits by gift aid to the Oxford University Student Union and therefore no tax asset or liability will be realised.

Pensions

Oxford SU participates in the University of Oxford Staff Pension Scheme ('OSPS'). This scheme is a hybrid pension scheme, providing defined benefits as well as benefits based on defined contributions. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual employers and scheme-wide contribution rates are set. Oxford SU is therefore exposed to actuarial risks associated with other employers' employees and is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", Oxford SU 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. Since Oxford SU has entered into an agreement (the Recovery Plan) that determines how each employer within the schemes will fund the overall deficit, Oxford SU recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

5. Income

Included within donations is £14,799 (2019: £nil) in respect of the Coronavirus Job Retention Scheme.

Notes to the Financial Statements (continued)

6. Net expenditure for the year	2020	2019
	£	£
Net expenditure for the year is stated after charging:		
Depreciation of owned assets	4,940	4,947
Auditor's remuneration	8,785	8,530

7. Expenditure

	2020			2019		
	Directly attributable costs £	Support costs £	Total costs £	Directly attributable costs £	Support costs £	Total costs £
Commercial activities	191,634	-	191,634	274,213	-	274,213
Advice and representation	291,275	521,157	812,432	325,947	476,915	802,862
Welfare	90,750	162,372	253,122	112,054	163,699	275,752
Publications	20	36	56	100	146	246
	<u>573,679</u>	<u>683,565</u>	<u>1,257,244</u>	<u>712,313</u>	<u>640,760</u>	<u>1,353,073</u>

Further details of the costs included in the above headings are provided as follows:

Advice and representation – elected staff salaries, Oxford SU campaign expenses and communications expenditure

Welfare – student advisor salaries and events costs including the Oxford SU teaching awards

Publications – costs of producing Oxford SU publications including the Alternative Prospectus

Notes to the Financial Statements (continued)

7. Expenditure (continued)

Governance costs

Included within support costs are governance costs of £32,963 (2019: £46,521):

	2020 £	2019 £
Elections and Referendums	368	3,224
Student officer training	1,555	9,916
Board expenses	722	2,374
Auditor's remuneration	8,785	8,530
Legal and professional	21,533	22,477
	32,963	46,521

8. Staff costs

The average weekly number of persons employed during the year was:

	2020 No.	2019 No.
Elected staff	6	6
Student advisors	2	2
Office staff	18	18
Total	26	26

	2020 £	2019 £
The total cost of their remuneration was:		
Wages and salaries	626,124	606,125
Social security costs	50,149	51,386
Other pension costs	155,693	168,055
Total employees' remuneration	831,966	825,566

Notes to the Financial Statements (continued)

8. Staff costs (continued)

No employees' remuneration (excluding employer pension and national insurance contributions) exceeded £60,000 in the year. The remuneration of key management personnel (including employer pension and national insurance contributions) was £227,346 (2019: £235,467). This relates to the chief executive and the remunerated trustees. Staff costs include settlement costs of £33,930 (2019: £nil).

9. Staff Trustee Remuneration and Related Parties Transactions

No trustees received any remuneration in the year in their capacity as trustees, but, as permitted by Article 6.6.6(a) of Oxford SU's Articles of Association, the following trustees received remuneration for other services as sabbatical officers during the period. The figures include employer pension and national insurance contributions.

	2020 £	2019 £
K Walton	-	24,600
E MacDonald	-	23,422
J Inwood	-	24,519
R Greenwood	-	24,519
A D'Ambrosia	-	26,776
L Bertholdi-Saad	-	24,519
A Faruk	24,892	2,197
K Masler	21,264	1,896
R McCallion	25,563	2,197
N Misra	21,573	3,328
A Sparks	25,423	2,066
R Williams	25,178	2,197
L Bolz	2,379	-
H Drew	2,379	-
B Farmer	2,379	-
A Foley	2,379	-
A Holt	2,379	-
N MA	2,246	-
	158,034	162,236

Notes to the Financial Statements (continued)

9. Staff Trustee Remuneration and Related Parties Transactions (continued)

Four external trustees had expenses reimbursed totalling £149 in the year in respect of travel expenses to board meetings (2019: four trustees, £1,004). Oxford SU made no loans to Trustees in the year (2019: a loan of £725 to N Misra, with £725 outstanding at the year end – this was repaid in full during the current financial year).

10. Tangible Fixed Assets

	Group Office equipment £	Oxford SU Office equipment £
Cost at 31 July 2019	38,291	38,291
Additions in the year	6,738	6,738
Disposals in the year	(15,259)	(15,259)
Cost at 31 July 2020	29,770	29,770
Depreciation at 31 July 2019	29,474	29,474
Charge for the year	4,940	4,940
Disposals in the year	(13,971)	(13,971)
Depreciation at 31 July 2020	20,443	20,443
Net Book value at 31 July 2020	9,327	9,327
Net Book value at 31 July 2019	8,817	8,817

11. Stocks	2020	2020	2019	2019
	Group £	Oxford SU £	Group £	Oxford SU £
Finished goods and goods for resale	2,312	2,312	1,343	1,343

Notes to the Financial Statements (continued)

12. Debtors	2020	2020	2019	2019
	Group	Oxford SU	Group	Oxford SU
	£	£	£	£
Trade debtors	14,173	374	31,438	633
Amounts owed by group undertakings	-	31,308	-	15,523
Prepayments and accrued income	-	-	9,815	4,090
Other debtors	180,200	180,200	361,225	361,225
	194,373	211,882	402,478	381,471

Other debtors include £180,000 (2019: £360,000) on deposit with the University of Oxford, held temporarily whilst alternative banking facilities are arranged.

13. Creditors	2020	2020	2019	2019
	Group	Oxford SU	Group	Oxford SU
	£	£	£	£
Trade creditors	10,814	10,631	16,454	12,464
Other creditors (salaries)	182,235	182,235	260,448	260,448
Other taxation and social security	210	297	11,591	11,591
Accruals and deferred income	42,874	36,458	69,290	24,268
	236,133	229,621	357,783	308,771

14. Pensions

Oxford SU participates in one principal pension scheme for its staff – the University of Oxford Staff Pension Scheme ('OSPS'). The assets of the scheme are held in a separate trustee-administered fund. OSPS is a contributory mixed benefit scheme (i.e. it provides benefits on a defined benefit basis – based on length of service and pensionable salary – and on a defined contribution basis – based on contributions into the scheme). It is a multi-employer scheme and Oxford SU is unable to identify its share of the underlying assets and liabilities relating to the defined benefits of the scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS 102 paragraph 28.11, Oxford SU 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. In the event of the withdrawal of any of the participating employers in OSPS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

Notes to the Financial Statements (continued)

14. Pensions (continued)

Oxford SU has also made available the National Employment Savings Trust for employees who are eligible under automatic enrolment regulations to pension benefits but not eligible for OSPS.

Actuarial valuations

Qualified actuaries periodically value OSPS defined benefits using the 'projected unit method', embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions which have the most significant effect on the results were:

	OSPS
Date of valuation	31 March 2019
Date valuation results published	19 June 2020
Value of liabilities	£848m
Value of assets	£735m
Funding deficit	(£113m)
Principal assumptions:	
Discount rate	Gilts +0.5%-2.25%
Rate of increase in salaries	RPI
Rate of increase in pensions	Average RPI/CPI
Assumed life expectancies on retirement at age 65:	
Males currently aged 65	21.7 years
Females currently aged 65	24.4 years
Males currently aged 45	23.0 years
Females currently aged 45	25.8 years
Funding ratios:	
Technical provision basis	87%
Statutory pension protection fund basis	74%
'Buy-out' basis	60%
Employer contribution rate (as % of pensionable salaries)	19%
Effective date of next valuation	31 March 2022

The discount rate for the OSPS valuation was:

Pre-retirement: Equal to the UK nominal gilt curve at the valuation date plus 2.25% p.a. at each term.

Post-retirement: Equal to the UK nominal gilt curve at the valuation date plus 0.5% p.a. at each term.

Notes to the Financial Statements (continued)

14. Pensions (continued)

Increases to pensions in payment for the OSPS valuation were:

RPI inflation is derived from the geometric difference between the UK nominal gilt curve and the UK index-linked curve at the valuation date, less 0.3% p.a. at each term. CPI inflation is derived from the RPI inflation assumption, less the Scheme Actuary's best estimate of the long-term difference between RPI and CPI inflation as applies from time to time (1.0% p.a. as at 31 March 2019).

For pension increases linked to inflation, a pension increase curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curves described above, adjusted to allow for the different maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time.

The OSPS employer contribution rate includes provisions for the cost of future accrual of defined benefits, deficit contributions, administrative expenses and defined contributions.

Sensitivity of actuarial valuation assumptions

Surpluses or deficits which arise at future valuations may impact Oxford SU's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on OSPS technical provisions
Valuation rate of interest	Decrease by 0.25%	Increase by £45m
RPI	Increase by 0.25%	Increase by £40m

Deficit recovery plans

In line with FRS 102 paragraph 28 11A, Oxford SU has recognised a liability for the contributions payable for the agreed deficit funding plan. The principal assumptions used in these calculations are tabled below.

	OSPS
Finish date for deficit recovery plan	30 January 2028
Average staff number increase	0.00% to 8.6%
Average staff salary increase	2.00%
Average 4over period	0.74%
Effect of 0.5% change in discount rate	£7,900
Effect of 1% change in staff growth	£15,700

A provision of £351,547 has been made as at 31 July 2020 (2019: £294,605) for the present value of the estimated future deficit funding element of the contributions payable under this agreement, using the assumptions shown. The provision reduces as the deficit is paid off according to the pension recovery scheme.

Pension charge for the year

The pension charge recorded by Oxford SU during the accounting period was equal to the contributions payable after allowance for the deficit recovery plan, being £155,693 (2019: £168,055).

Notes to the Financial Statements (continued)

15. Restricted funds

Oxford SU and Group

	As at 1 August 2019 £	Income £	Expenditure £	As at 31 July 2020 £
Class Act	200	-	(58)	142
Comedy versus climate change	-	1,228	(1,117)	111
Green Trashing	285	-	(285)	-
Oxford RAG	49,691	77,841	(85,537)	41,995
Oxide Radio student group	-	835	(543)	292
Santander grant income	-	3,000	(2,014)	986
	50,176	82,904	(89,554)	43,526

Restricted income was received for the following purposes during the year:

Class Act supports, represents and campaigns on behalf of students from working class, low income, first generation and state comprehensive school backgrounds, as well as care leavers and estranged students.

Comedy versus climate change is an initiative to host termly comedy gigs to raise funds for climate-change charities and awareness about the climate crisis among the student body.

Green Trashing sold environmentally friendly products for use in the Oxford trashing tradition. Profit raised is to be given to an environmental charity.

Oxford RAG supports four charities which are selected by an all-student election in Hilary Term.

Oxide Radio income is used to support the running of the student radio station.

The Santander universities donation, worked on in collaboration with the University of Oxford, is to be spent on activities that encourage and engage diversity and inclusion across the University.

Notes to the Financial Statements (continued)

16. Unrestricted funds

Group

	As at 1 August 2019 £	Income £	Expenditure £	As at 31 July 2020 £
General funds	295,466	1,035,235	(1,110,748)	219,953
Pension reserve	(294,605)	-	(56,942)	(351,547)
	<u>861</u>	<u>1,035,235</u>	<u>(1,167,690)</u>	<u>(131,594)</u>

Oxford SU

	As at 1 August 2019 £	Income £	Expenditure £	As at 31 July 2020 £
General funds	249,915	901,885	(999,603)	152,197
Pension reserve	(294,605)	-	(56,942)	(351,547)
	<u>(44,690)</u>	<u>901,885</u>	<u>(1,056,545)</u>	<u>(199,350)</u>

General funds are funds available to be spent on Oxford SU's general purposes as determined by the trustees.

The pension reserve represents the net present value of the future contributions required over ten years to clear the funding deficit of the OSPS pension scheme. See note 14 for further details.

17. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	9,327	9,327
Current assets	44,212	446,073	490,285
Current liabilities	(686)	(235,447)	(236,133)
Pension scheme funding deficit	-	(351,547)	(351,547)
	<u>43,526</u>	<u>(131,594)</u>	<u>(88,068)</u>

Notes to the Financial Statements (continued)

17. Analysis of net assets between funds (continued)

Below is the analysis of net assets between funds as at 31 July 2019:

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	8,817	8,817
Current assets	50,882	643,726	694,608
Current liabilities	(706)	(357,077)	(357,783)
Pension scheme funding deficit	-	(294,605)	(294,605)
	50,176	861	51,037

18. Financial commitments

At 31 July 2020 Oxford SU had future minimum lease payments under non-cancellable operating leases as follows:

	2020 Group £ Other	2020 Oxford SU £ Other	2019 Group £ Other	2019 Oxford SU £ Other
Within one year	3,470	3,470	3,470	3,470
Between one and two years	3,470	3,470	3,470	3,470
Between two and five years	6,072	6,072	9,542	9,542
	13,012	13,012	16,482	16,482

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net movement in funds	(139,105)	(156,251)
Depreciation	4,940	4,947
Profit on sale of fixed assets	(112)	-
Decrease in debtors	208,105	5,973
Increase in stock	(969)	(30)
(Decrease)/increase in creditors	(121,650)	81,819
Increase in pension provision	56,942	81,675
Net cash flow provided by operations	8,151	18,133

Notes to the Financial Statements (continued)

20. Analysis of changes in net debt

	At 1 Aug 2019 £	Cash flows £	Other changes £	At 31 Jul 2020 £
Cash at bank and in hand	290,787	2,813	-	293,600
	<u>290,787</u>	<u>2,813</u>	<u>-</u>	<u>293,600</u>

21. Investment in OSSL Limited

OSSL Limited, registered number 07322922, is a wholly owned subsidiary of Oxford University Student Union. The address of the company is 4 Worcester Street, Oxford OX1 2BX. The activities of the company comprise primarily printing and distribution of student publications and running student events such as the annual freshers' fair.

The book value of the investment in OSSL Limited in the company accounts of Oxford University Student Union is £nil (2019: £nil).

During the year Oxford SU charged to OSSL Limited £58,508 (2019: £80,296) in respect of staff salaries and £8,856 (2019: £8,727) in respect of office costs. During the year gift aid amounting to £45,553 (2019: £40,656) was paid to Oxford SU by OSSL Limited in relation to 2018-19. Gift aid of £67,755 in relation to 2019-20 will be paid to Oxford SU by OSSL Limited after the year-end. At the year end, the balance owed by OSSL Limited to Oxford SU was £31,308 (2019: £15,523).

22. Members' liability

The company is limited by guarantee and has no share capital. 13 guarantees were in place at year-end from trustees. In the event of the company being wound up, the liability of the members is limited to one pound.

23. Control relationships

Ultimate control of Oxford SU rests with its membership.

Notes to the Financial Statements (continued)

24. Financial instruments

	2020	2020	2019	2019
	Group	Oxford SU	Group	Oxford SU
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	14,173	374	31,438	633
Amounts owed by group undertakings	-	31,308	-	15,523
Accrued income	-	-	581	-
Other debtors	180,200	180,200	361,225	361,225
Total	194,373	211,882	393,244	377,381
Financial liabilities measured at amortised cost				
Trade creditors	10,814	10,631	16,454	12,464
Other creditors (salaries)	182,235	182,235	260,448	260,448
Accruals	38,038	35,783	27,212	23,419
Total	231,087	228,649	304,114	296,331

25. Comparative consolidated statement of financial activities

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
INCOME FROM:				
Donations		755,141	103,739	858,880
Infrastructure support in kind		25,694	-	25,694
Other trading activities:				
Commercial activity		303,825	-	303,825
Charitable activities for Students:				
Welfare		7,884	-	7,884
Other income		539	-	539
Total income		1,093,083	103,739	1,196,822
EXPENDITURE ON:				
Raising funds:				
Commercial activities		274,213	-	274,213
Charitable activities for Students:				
Advice and representation		703,693	99,169	802,862
Welfare		275,752	-	275,752
Publications		246	-	246
Total expenditure		1,253,904	99,169	1,353,073
Net movement in funds		(160,821)	4,570	(156,251)
Funds brought forward		161,682	45,606	207,288
Funds carried forward		861	50,176	51,037

**Oxford University Student Union
(A Company Limited by Guarantee)**

**Registered Charity Number 1140687
Registered Company Number 07314850**

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 July 2020

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Legal and Administrative Information

TRUSTEES OF OXFORD UNIVERSITY STUDENT UNION

The trustees serving during the year and since the year end are set out below:

Sabbatical trustees

Lauren Bolz	(appointed 28 June 2020)
Tucker Drew	(appointed 28 June 2020)
Ben Farmer	(appointed 28 June 2020)
Dr Alex Foley	(appointed 28 June 2020)
Amelia Holt	(appointed 28 June 2020)
Nikita Ma	(appointed 28 June 2020)
Anisha Faruk	(vacated office 27 June 2020)
Kaya Masler	(vacated office 27 June 2020)
Roisin McCallion	(vacated office 27 June 2020)
Neil Misra	(vacated office 27 June 2020)
Amber Sparks	(vacated office 27 June 2020)
Ray Williams	(vacated office 27 June 2020)

Student trustees

James Nevett	(appointed 21 May 2020)
Marcin Pisanski	(appointed 21 May 2020)
Asif Khan	(appointed 15 March 2020)
Grace Davis	(vacated office 14 March 2020)
Matthew Judson	(vacated office 14 March 2020)

External trustees

Nicholas Entwistle	
James Hunt	(vacated office 01 May 2020)
India Jordan	
Sarah Owen	
Charlotte Potter	(appointed 1 June 2020)

REGISTERED CHARITY NUMBER

1140687

REGISTERED COMPANY NUMBER

07314850

REGISTERED OFFICE

4 Worcester Street
Oxford
Oxfordshire
OX1 2BX

CHIEF EXECUTIVE

Kate Dawson

Legal and Administrative Information (continued)

BANKERS

The Co-operative Bank
13 New Road
Oxford
Oxfordshire
OX1 1LG

Santander
Santander House
Carfax
Oxford
Oxfordshire
OX1 1HB

AUDITOR

Crowe U.K. LLP
Statutory Auditor
Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

SOLICITORS

Russell-Cooke LLP
8 Bedford Row
London
WC1R 4BX

Report of the Trustees

The board of trustees, who are also the directors of Oxford University Student Union ('Oxford SU'), are pleased to present their annual report along with the financial statements of Oxford SU for the year ended 31 July 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 4 to the financial statements and comply with the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in 2015 ('Charities SORP') and with the duty in section four of the 2011 Charities Act.

THE AIMS OF THE CHARITY

Oxford SU is a students' union within the meaning of the Education Act 1994. The charitable objects of Oxford SU are the advancement of education of the students at the University of Oxford ('students' and 'the university' respectively) for the public benefit by:

- Promoting the interests and welfare of students and representing, supporting and advising students;
- Being the recognised representative channel between students and the university and any other external bodies;
- Providing social, cultural, and recreational activities and forums for discussions and debate for the personal development of students; and
- Furthering all purposes which are charitable in law, and which are incidental or conducive to the main objects.

These objects are pursued by representing and promoting the interests of its student membership to the University of Oxford, local and national government, the National Union of Students (NUS) and other external groups; providing welfare, support and advocacy services for students experiencing difficulty or requiring help during their time at university; campaigning on such issues as may affect the membership of the union; and the provision of other services as the membership might request or require.

Oxford SU will seek at all times to:

- Ensure that the diversity of its student membership is recognised and that equal access to services is available to all its members of whatever origin or orientation;
- Pursue its aims and objectives independently of any political party or religious group; and
- Pursue equal opportunities by taking positive action within the law to facilitate the participation of under-represented groups in educational, representative, social and cultural activities.

Public benefit

The trustees have a duty to report on 'public benefit' by explaining:

- the significant activities which are undertaken in order to carry out their aims for the public benefit; and
- their achievements measured against those aims.

The trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

Report of the Trustees (continued)

THE AIMS OF THE CHARITY (CONTINUED)

Strategic Development

In November 2017, the board approved the 2017-2021 Strategic Plan. This plan provides a clear direction for the organisation, ensuring our work focuses on improving the overall experience for current and future students at the University of Oxford. The strategy has the following core themes and goals:

- Education: We want to support and encourage all students to get the most out of their academic experience at the University of Oxford
- Wellbeing: We want to work together with students and the university to make a welcoming, safe and inclusive place to live and study with an equally high experience for all students
- Community: We want to enable communities to connect, develop and grow – to improve the Oxford experience as a whole

Underpinning these strategic themes are six enabling plans, which focus on building a stronger and more dynamic organisation. The enablers are:

- Student driven
- Research and evidence
- Sustainable resources
- People and culture
- Effective communication
- Partnerships

ACHIEVEMENTS AND PERFORMANCE

The Highlights

The following are some of our achievements across our strategic themes in 2019-20. As an organisation, we are confident that we are making significant steps towards delivering our strategy. The following highlights provide an insight into this progress.

Education

- Collated 5,462 submissions for the Teaching and Assessment Student Consultation, feeding back over 2 million words of feedback to the University on how students would like to receive teaching and assessment during the Corona Virus Pandemic
- 400 International students participated in the International Peer Mentoring Programme, linking support for International students
- Established a Refugee Scholarship Scheme for refugees to gain a full scholarship (both fees and living expenses) at the University of Oxford
- Enabled 382 responses to our Remote Teaching Feedback Mechanisms to monitor how students are finding remote teaching
- Continued to support graduate students to influence the development of a new college;
- Our six sabbatical trustees represented students on over 100+ university committees and working groups, helping to shape policy on everything from gender equality to the museums of the university.

Report of the Trustees (continued)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Wellbeing

- Supported over 600 students with Wellbeing initiatives
- Trained Common Room representatives on Living Out, Budgeting and Student Finance to support their students;
- Held our second ever 'Mind Your Head' mental health campaign which engaged students through a multitude of events focused around changing the University's policy towards mental health support;
- Supplied 54 common rooms across all colleges with welfare supplies;
- Hosted 18 'Wellbeing Dog Walks', providing an important space for students to relax;
- Hosted 11 wellbeing events at College and Departments engaging 311 students
- Helped over 900 students through our advice service;
- Launched 'It Happens Here' the SU campaign for victims and survivors of sexual assault and violence
- Around 500 students participated in the consent facilitator training
- Over 100 students participated in Diversity Facilitator Training
- Over 100 students participated in the bystander intervention facilitator training
- Created 'Make, Send and Do' our intercollegiate craft project which is making knitted and crochet squares for a patchwork blanket which will be donated to the charity Knit For Peace

Community

- Hosted a 3-month consultation with climate leaders, professors and ethics and environment reps developing a climate action plan which served as the basis for the Universities new sustainability strategy
- 750 student and staff attendees at the Oxford SU Climate assembly to bring together stakeholders and various campaigns working on climate in Oxford and launch the Climate Action Plan.
- Negotiated a successful divestment and engagement resolution creating new climate conscious investment for the University of Oxford and increasing transparency by creating a new member of the investment committee;
- Hosted 10 free bike service days for students servicing hundreds of student bikes;
- Successfully lobbied the university to create a new committee on sustainability that committed to bio-diversity net gain and net zero carbon emissions by much earlier than 2050;
- Compiled a list of over 100 local charities to include on our new volunteering portal and supported with outreach to those opportunities;
- Hosted Planet Pledge with thousands of students pledging more sustainable habits and helped to promote the student switch off campaign
- Successfully worked with the careers service to survey all their employees on climate credentials and create a prioritisation and engagement hierarchy for those with stronger plans;
- Refreshed the Student Society Directory, creating a central hub to find out how to get involved;
- The Oxford Student newspaper delivered 16 printed issues and 8 on-line issues, reaching 100,000 people;
- Oxford Raise and Give ('Oxford RAG') raised money for four charities, which is shared by four student-chosen charities;

Report of the Trustees (continued)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Community (continued)

- Welcomed over 8,000 students through our flagship Fresher's Fair event hosted virtually due to the ongoing pandemic, hosting over 260 clubs, societies and commercial clients.

Enablers

- In our annual sabbatical trustee elections, we achieved with a 12.8% turnout across the university.
- Oxford SU continues to support elections for 55 of 74 common rooms, running 238 elections with 1,145 total posts, 1,447 total candidates, and 64,748 total votes cast by 7,899 students; this is 32.6% of the student population.
- Delivered our annual Black, Asian and Minority Ethnic Leadership in Oxford event with over 90 attendees;
- Student Council continues to be our main policy-making body, with votes being cast on a wide range of issues. Council meetings are open to all and we held 10 meetings both online and in-person across the year;

FUTURE PLANS

Plans for 2020-21 include a review of the current strategy and the decision by the Trustee Board on the next steps for strategic development post 2021. An annual planning process and newly embedded performance framework continues to drive further improvements across the organisation.

Emerging priorities include: development of a new strategy, supporting our members through the COVID-19 crisis, enabling the continued provision of teaching and learning despite the challenges presented, ensuring member and staff wellbeing is at the forefront of everything we do, enabling service delivery and development in spite of ongoing challenges presented.

FINANCIAL REVIEW

In 2019-20 the deficit on general funds was £75,513 (2018-19: £79,146). Together with a deficit on the pension reserve of £56,942 (2018-19: a surplus of £81,675), this gives an overall deficit on unrestricted funds of £132,455 (2018-19: £160,821). Oxford SU is in a net liability position as a result of the pension scheme deficit liability. This liability represents the net present value of estimated deficit contributions over the agreed funding plan to 2028, and does not represent an immediate cash outflow. Excluding this amount Oxford SU is in a net asset position both overall and on unrestricted funds.

At the year end, Oxford SU held general funds of £219,953 (2019: £295,466), and a deficit on the pension reserve of £351,547 (2019: £294,605). Together these give a total deficit on unrestricted reserves of £131,594 (2019: positive reserves of £861), with free reserves as defined by the Charity Commission standing at negative £140,921 (2019: negative £7,956).

Report of the Trustees (continued)

FINANCIAL REVIEW (CONTINUED)

Oxford SU's reserves policy sets the target level of reserves at three months' total running costs less 75% of the grant funding agreed with the University of Oxford for the same period. This gives a target level of reserves of £105,000. This figure applies to unrestricted general funds, which at the year-end stood at £219,953. General funds are therefore well in excess of the target level.

In view of this, the Trustees had planned a deficit on general funds of £141,000 in 2019-20, as part of a strategy to utilise its reserves and bring them closer to the target level. The deficit of £75,513 is lower than planned as a result of measures taken to reduce expenditure in view of the increasing financial uncertainty brought about by covid-19, but the trustees are happy that good progress is being made. The trustees agree that Oxford SU will continue to utilise its reserves in 2020-21, but at a slower rate, with a budgeted deficit of £44,000.

The pension reserve represents Oxford SU's contractual commitment to fund past deficits within the Oxford Staff Pension Scheme. This is calculated based on expected future payments into the scheme under the current deficit funding plan. This has been excluded from general funds because the required payments will be made over many years, as a % of its gross salary costs, and are provided for in Oxford SU's annual budgets. There is therefore considered to be no need to hold reserves to cover this amount.

Oxford SU also held restricted funds of £43,526 (2019: £50,176). The majority of this relates to funds raised for Oxford Raise and Give (RAG). These funds are not available for the general purposes of Oxford SU.

The activities of OSSL Limited, Oxford SU's trading subsidiary, are consolidated with these financial statements.

Key risks and uncertainties

The board of trustees considers the following to be the key risks that Oxford SU needs to focus on. These are monitored by senior managers and trustees on a regular basis.

Pension scheme deficit

The current funding shortfall on the University of Oxford Staff Pension Scheme requires significant, but currently affordable, annual payments. A clear strategy is in place, overseen by the trustees of the scheme, to recover the deficit.

Liquidity

Oxford SU's objective in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. Oxford SU expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations, Oxford SU has credit facilities available. Given the positive cash flows and significant cash balance held at year-end, Oxford SU is in a position to meet its commitments and obligations as they come due.

Report of the Trustees (continued)

FINANCIAL REVIEW (CONTINUED)

Customer credit exposure

Oxford SU may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. Oxford SU is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships.

Funding

Oxford SU's principal funding sources are grant income from the University of Oxford, and its commercial activities. University funding has been agreed until 2021-22. Income from Oxford SU's commercial activities is increasing. The trustees continue to monitor these sources of income closely.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The structure of the organisation

The trustees who served during the year and since the year end are set out on page 1.

The board of trustees as charity trustees is responsible for the overall performance, strategic direction and management of Oxford SU and (subject to relevant legislation, its articles and bye-laws) may exercise all the powers of Oxford SU. The board is made up of:

- up to six sabbatical trustees,
- up to five student trustees, and
- up to four external trustees.

The trustees are responsible for approving the strategy, major plans (including the annual budget and long-term financial goals) and policies of Oxford SU and for ensuring that these are implemented via the chief executive.

Sabbatical trustees are elected by the student members. Their main remit is to undertake Oxford SU's representative and campaigning work. Student trustees are similarly elected by the student members, ensuring that the student members are directly represented on the board. External trustees are selected by the nominations committee and then ratified by Oxford SU's Council. Their main role is to provide a long-term strategic view to the board. Sabbatical trustees and student trustees hold office for one year, and external trustees for up to four years. Student trustees and external trustees are eligible for re-election.

There are clear distinctions between the role of trustees and the executive team, led by the chief executive. The board of trustees holds a range of reserved matters and delegates certain authority to the executive team in order to run the organisation efficiently. Matters such as policy, strategy and budgets are prepared by the executive team for consideration and approval by the trustees, who then monitor the implementation of these plans.

The finance and risk subcommittee is a board subcommittee with clear terms of reference, and which reports directly to the board of trustees. The finance and risk subcommittee has delegated responsibility to manage the finances of Oxford SU, including monitoring expenditure and developing budgets and financial policies. It also takes a lead role in the management of risk. The board of trustees makes appointments to this committee.

Report of the Trustees (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

For new trustees, Oxford SU has a wide-ranging induction programme. The programme is led by the existing external trustees and the chief executive. Each new trustee is given an induction guide and supported into their new role through a series of induction meetings and briefings. These cover the core aspects of their responsibilities, including strategy, finance, legal matters and the relationship between the trustees and the chief executive. New trustees are also given a copy of the charity commission guidance. The chair attends specialist training to support their role.

Under the Education Act 1994, the University of Oxford has a statutory duty to take such steps as are reasonably practicable to ensure that Oxford SU operates in a fair and democratic manner and is held to proper account for its finances. Oxford SU, therefore, works alongside the University of Oxford in ensuring that its affairs are properly conducted and that the educational and welfare needs of Oxford SU's student members are met. This is done through a subcommittee of Education Committee of the University of Oxford – Joint Subcommittee of Education Committee and Student Members.

How management works at Oxford SU

Day to day operational and staff management is delegated to the chief executive who is responsible to the trustees for strategy; its development, implementation and operational performance. The chief executive is supported by other members of the senior management team. During the year 2019-20 this comprised:

Chief Executive:

- Ryan Bird (July 2019– End of January 2020)
- (Interim) Jacqui Clements (Beginning of February 2020 – 26 June 2020)
- Kate Dawson (Mid June 2020 – End of July 2020)

Deputy Chief Executive:

- Sarah Bradley (September 2019 – July 2020)

Head of Business Operations:

- Aman Ubhi (August 2019 – October 2019)

Head of Finance and Organisational Effectiveness:

- Kristy-Anne Field (January 2020 – July 2020)

Oxford SU employs 20 full time equivalent salaried staff (26 employees). The chief executive oversees the pay and benefits of staff, ensuring a fair and consistent approach that relates to the level of responsibilities undertaken. Each year, along with the salaries of other staff, key management salaries are subject to a standard inflationary uplift decided by the Finance and Risk Subcommittee depending on the context of that year.

The pay for the chief executive is set by the board and reviewed annually. Pay for sabbatical trustees is also reviewed by the board. Where the relevant person sits on the board of trustees, they are not present while the relevant discussions take place.

Risk management

The trustees have given consideration to the major risks to which Oxford SU is exposed and have satisfied themselves that systems or procedures are established in order to manage those risks. The risk register is monitored by the Finance & Risk Committee and discussed annual at the full board or more frequently if needed.

Report of the Trustees (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Fundraising

Oxford SU only carries out fundraising activities to raise funds for Oxford Raise and Give (RAG). Funds are raised through fundraising events and through sponsored challenges carried out by students. All fundraising activities are carried out by students with assistance from staff at Oxford SU. No complaints relating to fundraising activities have been received by Oxford SU during this financial period.

Oxford SU does not currently subscribe to any specific fundraising standards or schemes for fundraising regulation but considers that it has set appropriate standards for the operation and management of its fundraising activities. In particular, Oxford SU considers that its processes and controls should ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or other property.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Oxford University Student Union for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Trustees (continued)

PROVISION OF INFORMATION TO AUDITOR

In accordance with company law, as the company's directors, we certify that:

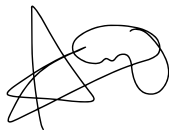
- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company, we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITOR

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The trustees have agreed on these financial statements which have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the trustees and signed on their behalf by:



Nikita Ma
Chair of trustees
Date: March 5th

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD UNIVERSITY STUDENT UNION

Opinion

We have audited the financial statements of Oxford University Student Union for the year ended 31 July 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (the United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2020 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with the 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD UNIVERSITY STUDENT UNION (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Annual Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD UNIVERSITY STUDENT UNION (CONTINUED)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 8-9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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.

Auditor's responsibilities for the audit of the financial statements (continued)

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OXFORD UNIVERSITY STUDENT UNION (CONTINUED)**

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 the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alastair Lyon
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Aquis House
49-51 Blagrove Street
Reading
Berkshire RG1 1PL

Date:

Consolidated Statement of Financial Activities

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:					
Donations	5	769,899	82,904	852,803	858,880
Infrastructure support in kind		26,219	-	26,219	25,694
Other trading activities:					
Commercial activity		232,725	-	232,725	303,825
Charitable activities for students:					
Welfare		5,588	-	5,588	7,884
Other income		804	-	804	539
Total income		1,035,235	82,904	1,118,139	1,196,822
EXPENDITURE ON:					
Raising funds:					
Commercial activities	7	191,634	-	191,634	274,213
Charitable activities for students:					
Advice and representation	7	722,878	89,554	812,432	802,862
Welfare	7	253,122	-	253,122	275,752
Publications	7	56	-	56	246
Total expenditure		1,167,690	89,554	1,257,244	1,353,073
Net expenditure and movement in funds		(132,455)	(6,650)	(139,105)	(156,251)
Funds brought forward		861	50,176	51,037	207,288
Funds carried forward		(131,594)	43,526	(88,068)	51,037

All operations are continuing.

The notes on pages 20 to 35 form part of these accounts.

Consolidated Balance Sheet

as at 31 July 2020	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	10	9,327	8,817
		<u>9,327</u>	<u>8,817</u>
CURRENT ASSETS			
Stocks	11	2,312	1,343
Debtors	12	194,373	402,478
Cash at bank and in hand		293,600	290,787
		<u>490,285</u>	<u>694,608</u>
CREDITORS: Amounts falling due within one year	13	(236,133)	(357,783)
NET CURRENT ASSETS		<u>254,152</u>	<u>336,825</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>263,479</u>	<u>345,642</u>
LONG TERM LIABILITIES			
Pension scheme funding deficit	14	(351,547)	(294,605)
NET (LIABILITIES)/ASSETS		<u>(88,068)</u>	<u>51,037</u>
REPRESENTED BY			
RESTRICTED FUNDS	14	43,526	50,176
UNRESTRICTED FUNDS			
General funds	16	219,953	295,466
Pension reserve	16	(351,547)	(294,605)
TOTAL FUNDS		<u>(88,068)</u>	<u>51,037</u>

The notes on pages 20 to 35 form part of these accounts.

The deficit for the financial year dealt with in the financial statements of the parent company was £161,310 (2019: deficit of £161,146).

These accounts were approved and authorised for issue by the trustees and signed on their behalf by:



Nikita Ma
Chair of trustees
Date: March 5th

Company Balance Sheet

Registered Company number 07314850

as at 31 July 2020	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	10	9,327	8,817
		<u>9,327</u>	<u>8,817</u>
CURRENT ASSETS			
Stocks	11	2,312	1,343
Debtors	12	211,882	381,471
Cash at bank and in hand		201,823	217,231
		<u>416,017</u>	<u>600,045</u>
CREDITORS: Amounts falling due within one year	13	(229,621)	(308,771)
NET CURRENT ASSETS		<u>186,396</u>	<u>291,274</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>195,723</u>	<u>300,091</u>
LONG TERM LIABILITIES			
Pension scheme funding deficit	14	(351,547)	(294,605)
NET (LIABILITIES)/ASSETS		<u>(155,824)</u>	<u>5,486</u>
REPRESENTED BY			
RESTRICTED FUNDS	15	43,526	50,176
UNRESTRICTED FUNDS			
General funds	16	152,197	249,915
Pension reserve	16	(351,547)	(294,605)
TOTAL FUNDS		<u>(155,824)</u>	<u>5,486</u>

The notes on pages 20 to 35 form part of these accounts.

These accounts were approved and authorised for issue by the trustees and signed on their behalf by:



Nikita Ma
Chair of trustees
Date: March 5th

Consolidated Cash Flow Statement

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>8,151</u>	<u>18,133</u>
Cash flows from investing activities			
Payments to acquire of fixed assets	10	<u>(6,738)</u>	<u>(8,546)</u>
Proceeds from sale of fixed assets		<u>1,400</u>	<u>-</u>
Net cash used in investing activities		<u>(5,338)</u>	<u>(8,546)</u>
Increase in cash and cash equivalents in the year		2,813	9,587
Cash and cash equivalents brought forward		<u>290,787</u>	<u>281,199</u>
Cash and cash equivalents carried forward		<u><u>293,600</u></u>	<u><u>290,787</u></u>

The notes on pages 20 to 35 form part of these accounts.

Notes to the Financial Statements

1. Company information

Oxford University Student Union ('Oxford SU') is a charitable company limited by guarantee, incorporated in England and Wales. The address of its registered office is 4 Worcester Street, Oxford, Oxfordshire, OX1 2BX.

Oxford SU is a students' union within the meaning of the Education Act 1994. It is devoted to the educational interests and welfare of the students of the University of Oxford ('the university') and exists to further the educational purposes of the university.

2. Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) ('Charities SORP'), the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and the Companies Act 2006.

Oxford SU meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Oxford University Student Union and its subsidiary undertaking drawn up to 31 July each year.

Going concern

Oxford SU is in a net liability position as a result of the pension scheme deficit liability. This liability represents the net present value of deficit contributions over the agreed funding plan to 2028, and does represent an immediate cash outflow. Before the pension scheme deficit liability Oxford SU has positive funds of £263,479 (2019: £345,642). The Trustees have a reasonable expectation that Oxford SU has adequate resources to continue in operational existence for the foreseeable future. In making their assessment the Trustees have considered the impact on the business of Covid-19 including the ability of Oxford SU to continue to carry out its charitable objects, the impact on future income and cash collections and the financial position of the wider group. They continue to believe the going concern basis of accounting appropriate in preparing the annual Financial Statements.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Valuation of a present value of future pension deficit contributions

In accordance with the requirements of FRS 102, Oxford SU has made provision for the present value of required future pension deficit contributions. The contributions required are estimated by management with the assistance of a qualified actuary. The present value is then calculated using an appropriate discount rate. Further details of the estimate, including the key assumptions used, are given in note 14.

Notes to the Financial Statements (continued)

4. Accounting policies

Income

All income and capital resources are recognised in the accounts when entitlement to the income or endowment arises, there is a probable economic benefit to Oxford SU and the amount can be reliably quantified. The infrastructure support provided by the university is accounted for as income and expenditure of the year at an estimated value to Oxford SU by reference to the alternatives available on the commercial market.

Grants are accounted for under the performance model as permitted by the Charity SORP. CJRS grant income is therefore recognised on a straight line basis over the furlough period for each relevant employee.

Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure includes irrecoverable VAT and comprises the direct and indirect costs of delivering public benefit.

Expenditure on raising funds comprises the costs associated with attracting voluntary income and the costs of commercial activities of OSSL Limited.

Charitable expenditure comprises those costs incurred by Oxford SU in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of Oxford SU and include the audit fees and costs linked to the strategic management of Oxford SU.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, however, salary costs are apportioned on the basis of time worked on each activity.

Fixed assets and depreciation

Fixed assets comprise major items of equipment. Fixed assets are stated at cost, net of depreciation and any provision for impairment. The useful economic life of all assets is deemed to be four years over which depreciation is charged on a straight line basis. In the period of acquisition, a full year's depreciation is charged.

An asset purchased with a cost of over £1,000 are capitalised. Expenditure on asset costing under £1,000 is recognised as an expense in the year of purchase.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale the first in first out basis is used.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements (continued)

4. Accounting policies (continued)

Creditors

Short-term trade creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial instruments

Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 24 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to fixed asset investments and debtor balances excluding prepayments and deferred expenditure, and financial liabilities referring to all creditor balances excluding advance fees, deposits in advance and other taxes and social security.

Taxation

Oxford SU's profits are not liable to taxation so long as they are derived from trading with junior members of the university. No provision has been made for a current or deferred tax within its wholly owned subsidiary on the grounds that OSSL Limited transfers its taxable profits by gift aid to the Oxford University Student Union and therefore no tax asset or liability will be realised.

Pensions

Oxford SU participates in the University of Oxford Staff Pension Scheme ('OSPS'). This scheme is a hybrid pension scheme, providing defined benefits as well as benefits based on defined contributions. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual employers and scheme-wide contribution rates are set. Oxford SU is therefore exposed to actuarial risks associated with other employers' employees and is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", Oxford SU 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. Since Oxford SU has entered into an agreement (the Recovery Plan) that determines how each employer within the schemes will fund the overall deficit, Oxford SU recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

5. Income

Included within donations is £14,799 (2019: £nil) in respect of the Coronavirus Job Retention Scheme.

Notes to the Financial Statements (continued)

6. Net expenditure for the year	2020	2019
	£	£
Net expenditure for the year is stated after charging:		
Depreciation of owned assets	4,940	4,947
Auditor's remuneration	8,785	8,530

7. Expenditure

	2020			2019		
	Directly attributable costs £	Support costs £	Total costs £	Directly attributable costs £	Support costs £	Total costs £
Commercial activities	191,634	-	191,634	274,213	-	274,213
Advice and representation	291,275	521,157	812,432	325,947	476,915	802,862
Welfare	90,750	162,372	253,122	112,054	163,699	275,752
Publications	20	36	56	100	146	246
	<u>573,679</u>	<u>683,565</u>	<u>1,257,244</u>	<u>712,313</u>	<u>640,760</u>	<u>1,353,073</u>

Further details of the costs included in the above headings are provided as follows:

Advice and representation – elected staff salaries, Oxford SU campaign expenses and communications expenditure

Welfare – student advisor salaries and events costs including the Oxford SU teaching awards

Publications – costs of producing Oxford SU publications including the Alternative Prospectus

Notes to the Financial Statements (continued)

7. Expenditure (continued)

Governance costs

Included within support costs are governance costs of £32,963 (2019: £46,521):

	2020 £	2019 £
Elections and Referendums	368	3,224
Student officer training	1,555	9,916
Board expenses	722	2,374
Auditor's remuneration	8,785	8,530
Legal and professional	21,533	22,477
	32,963	46,521

8. Staff costs

The average weekly number of persons employed during the year was:

	2020 No.	2019 No.
Elected staff	6	6
Student advisors	2	2
Office staff	18	18
Total	26	26

	2020 £	2019 £
The total cost of their remuneration was:		
Wages and salaries	626,124	606,125
Social security costs	50,149	51,386
Other pension costs	155,693	168,055
Total employees' remuneration	831,966	825,566

Notes to the Financial Statements (continued)

8. Staff costs (continued)

No employees' remuneration (excluding employer pension and national insurance contributions) exceeded £60,000 in the year. The remuneration of key management personnel (including employer pension and national insurance contributions) was £227,346 (2019: £235,467). This relates to the chief executive and the remunerated trustees. Staff costs include settlement costs of £33,930 (2019: £nil).

9. Staff Trustee Remuneration and Related Parties Transactions

No trustees received any remuneration in the year in their capacity as trustees, but, as permitted by Article 6.6.6(a) of Oxford SU's Articles of Association, the following trustees received remuneration for other services as sabbatical officers during the period. The figures include employer pension and national insurance contributions.

	2020 £	2019 £
K Walton	-	24,600
E MacDonald	-	23,422
J Inwood	-	24,519
R Greenwood	-	24,519
A D'Ambrosia	-	26,776
L Bertholdi-Saad	-	24,519
A Faruk	24,892	2,197
K Masler	21,264	1,896
R McCallion	25,563	2,197
N Misra	21,573	3,328
A Sparks	25,423	2,066
R Williams	25,178	2,197
L Bolz	2,379	-
H Drew	2,379	-
B Farmer	2,379	-
A Foley	2,379	-
A Holt	2,379	-
N MA	2,246	-
	158,034	162,236

Notes to the Financial Statements (continued)

9. Staff Trustee Remuneration and Related Parties Transactions (continued)

Four external trustees had expenses reimbursed totalling £149 in the year in respect of travel expenses to board meetings (2019: four trustees, £1,004). Oxford SU made no loans to Trustees in the year (2019: a loan of £725 to N Misra, with £725 outstanding at the year end – this was repaid in full during the current financial year).

10. Tangible Fixed Assets

	Group Office equipment £	Oxford SU Office equipment £
Cost at 31 July 2019	38,291	38,291
Additions in the year	6,738	6,738
Disposals in the year	(15,259)	(15,259)
Cost at 31 July 2020	29,770	29,770
Depreciation at 31 July 2019	29,474	29,474
Charge for the year	4,940	4,940
Disposals in the year	(13,971)	(13,971)
Depreciation at 31 July 2020	20,443	20,443
Net Book value at 31 July 2020	9,327	9,327
Net Book value at 31 July 2019	8,817	8,817

11. Stocks	2020	2020	2019	2019
	Group £	Oxford SU £	Group £	Oxford SU £
Finished goods and goods for resale	2,312	2,312	1,343	1,343

Notes to the Financial Statements (continued)

12. Debtors	2020	2020	2019	2019
	Group	Oxford SU	Group	Oxford SU
	£	£	£	£
Trade debtors	14,173	374	31,438	633
Amounts owed by group undertakings	-	31,308	-	15,523
Prepayments and accrued income	-	-	9,815	4,090
Other debtors	180,200	180,200	361,225	361,225
	194,373	211,882	402,478	381,471

Other debtors include £180,000 (2019: £360,000) on deposit with the University of Oxford, held temporarily whilst alternative banking facilities are arranged.

13. Creditors	2020	2020	2019	2019
	Group	Oxford SU	Group	Oxford SU
	£	£	£	£
Trade creditors	10,814	10,631	16,454	12,464
Other creditors (salaries)	182,235	182,235	260,448	260,448
Other taxation and social security	210	297	11,591	11,591
Accruals and deferred income	42,874	36,458	69,290	24,268
	236,133	229,621	357,783	308,771

14. Pensions

Oxford SU participates in one principal pension scheme for its staff – the University of Oxford Staff Pension Scheme ('OSPS'). The assets of the scheme are held in a separate trustee-administered fund. OSPS is a contributory mixed benefit scheme (i.e. it provides benefits on a defined benefit basis – based on length of service and pensionable salary – and on a defined contribution basis – based on contributions into the scheme). It is a multi-employer scheme and Oxford SU is unable to identify its share of the underlying assets and liabilities relating to the defined benefits of the scheme on a consistent and reasonable basis. Therefore, in accordance with the accounting standard FRS 102 paragraph 28.11, Oxford SU 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. In the event of the withdrawal of any of the participating employers in OSPS, the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

Notes to the Financial Statements (continued)

14. Pensions (continued)

Oxford SU has also made available the National Employment Savings Trust for employees who are eligible under automatic enrolment regulations to pension benefits but not eligible for OSPS.

Actuarial valuations

Qualified actuaries periodically value OSPS defined benefits using the 'projected unit method', embracing a market value approach. The resulting levels of contribution take account of actuarial surpluses or deficits in each scheme. The financial assumptions were derived from market conditions prevailing at the valuation date. The results of the latest actuarial valuations and the assumptions which have the most significant effect on the results were:

	OSPS
Date of valuation	31 March 2019
Date valuation results published	19 June 2020
Value of liabilities	£848m
Value of assets	£735m
Funding deficit	(£113m)
Principal assumptions:	
Discount rate	Gilts +0.5%-2.25%
Rate of increase in salaries	RPI
Rate of increase in pensions	Average RPI/CPI
Assumed life expectancies on retirement at age 65:	
Males currently aged 65	21.7 years
Females currently aged 65	24.4 years
Males currently aged 45	23.0 years
Females currently aged 45	25.8 years
Funding ratios:	
Technical provision basis	87%
Statutory pension protection fund basis	74%
'Buy-out' basis	60%
Employer contribution rate (as % of pensionable salaries)	19%
Effective date of next valuation	31 March 2022

The discount rate for the OSPS valuation was:

Pre-retirement: Equal to the UK nominal gilt curve at the valuation date plus 2.25% p.a. at each term.

Post-retirement: Equal to the UK nominal gilt curve at the valuation date plus 0.5% p.a. at each term.

Notes to the Financial Statements (continued)

14. Pensions (continued)

Increases to pensions in payment for the OSPS valuation were:

RPI inflation is derived from the geometric difference between the UK nominal gilt curve and the UK index-linked curve at the valuation date, less 0.3% p.a. at each term. CPI inflation is derived from the RPI inflation assumption, less the Scheme Actuary's best estimate of the long-term difference between RPI and CPI inflation as applies from time to time (1.0% p.a. as at 31 March 2019).

For pension increases linked to inflation, a pension increase curve is constructed based on either the RPI, CPI or the average of the RPI and CPI inflation curves described above, adjusted to allow for the different maximum and minimum annual increases that apply, and the Scheme Actuary's best estimate of inflation volatility as applies from time to time.

The OSPS employer contribution rate includes provisions for the cost of future accrual of defined benefits, deficit contributions, administrative expenses and defined contributions.

Sensitivity of actuarial valuation assumptions

Surpluses or deficits which arise at future valuations may impact Oxford SU's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on OSPS technical provisions
Valuation rate of interest	Decrease by 0.25%	Increase by £45m
RPI	Increase by 0.25%	Increase by £40m

Deficit recovery plans

In line with FRS 102 paragraph 28 11A, Oxford SU has recognised a liability for the contributions payable for the agreed deficit funding plan. The principal assumptions used in these calculations are tabled below.

	OSPS
Finish date for deficit recovery plan	30 January 2028
Average staff number increase	0.00% to 8.6%
Average staff salary increase	2.00%
Average 4over period	0.74%
Effect of 0.5% change in discount rate	£7,900
Effect of 1% change in staff growth	£15,700

A provision of £351,547 has been made as at 31 July 2020 (2019: £294,605) for the present value of the estimated future deficit funding element of the contributions payable under this agreement, using the assumptions shown. The provision reduces as the deficit is paid off according to the pension recovery scheme.

Pension charge for the year

The pension charge recorded by Oxford SU during the accounting period was equal to the contributions payable after allowance for the deficit recovery plan, being £155,693 (2019: £168,055).

Notes to the Financial Statements (continued)

15. Restricted funds

Oxford SU and Group

	As at 1 August 2019 £	Income £	Expenditure £	As at 31 July 2020 £
Class Act	200	-	(58)	142
Comedy versus climate change	-	1,228	(1,117)	111
Green Trashing	285	-	(285)	-
Oxford RAG	49,691	77,841	(85,537)	41,995
Oxide Radio student group	-	835	(543)	292
Santander grant income	-	3,000	(2,014)	986
	<u>50,176</u>	<u>82,904</u>	<u>(89,554)</u>	<u>43,526</u>

Restricted income was received for the following purposes during the year:

Class Act supports, represents and campaigns on behalf of students from working class, low income, first generation and state comprehensive school backgrounds, as well as care leavers and estranged students.

Comedy versus climate change is an initiative to host termly comedy gigs to raise funds for climate-change charities and awareness about the climate crisis among the student body.

Green Trashing sold environmentally friendly products for use in the Oxford trashing tradition. Profit raised is to be given to an environmental charity.

Oxford RAG supports four charities which are selected by an all-student election in Hilary Term.

Oxide Radio income is used to support the running of the student radio station.

The Santander universities donation, worked on in collaboration with the University of Oxford, is to be spent on activities that encourage and engage diversity and inclusion across the University.

Notes to the Financial Statements (continued)

16. Unrestricted funds

Group

	As at 1 August 2019 £	Income £	Expenditure £	As at 31 July 2020 £
General funds	295,466	1,035,235	(1,110,748)	219,953
Pension reserve	(294,605)	-	(56,942)	(351,547)
	<u>861</u>	<u>1,035,235</u>	<u>(1,167,690)</u>	<u>(131,594)</u>

Oxford SU

	As at 1 August 2019 £	Income £	Expenditure £	As at 31 July 2020 £
General funds	249,915	901,885	(999,603)	152,197
Pension reserve	(294,605)	-	(56,942)	(351,547)
	<u>(44,690)</u>	<u>901,885</u>	<u>(1,056,545)</u>	<u>(199,350)</u>

General funds are funds available to be spent on Oxford SU's general purposes as determined by the trustees.

The pension reserve represents the net present value of the future contributions required over ten years to clear the funding deficit of the OSPS pension scheme. See note 14 for further details.

17. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	9,327	9,327
Current assets	44,212	446,073	490,285
Current liabilities	(686)	(235,447)	(236,133)
Pension scheme funding deficit	-	(351,547)	(351,547)
	<u>43,526</u>	<u>(131,594)</u>	<u>(88,068)</u>

Notes to the Financial Statements (continued)

17. Analysis of net assets between funds (continued)

Below is the analysis of net assets between funds as at 31 July 2019:

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible fixed assets	-	8,817	8,817
Current assets	50,882	643,726	694,608
Current liabilities	(706)	(357,077)	(357,783)
Pension scheme funding deficit	-	(294,605)	(294,605)
	50,176	861	51,037

18. Financial commitments

At 31 July 2020 Oxford SU had future minimum lease payments under non-cancellable operating leases as follows:

	2020 Group £ Other	2020 Oxford SU £ Other	2019 Group £ Other	2019 Oxford SU £ Other
Within one year	3,470	3,470	3,470	3,470
Between one and two years	3,470	3,470	3,470	3,470
Between two and five years	6,072	6,072	9,542	9,542
	13,012	13,012	16,482	16,482

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net movement in funds	(139,105)	(156,251)
Depreciation	4,940	4,947
Profit on sale of fixed assets	(112)	-
Decrease in debtors	208,105	5,973
Increase in stock	(969)	(30)
(Decrease)/increase in creditors	(121,650)	81,819
Increase in pension provision	56,942	81,675
Net cash flow provided by operations	8,151	18,133

Notes to the Financial Statements (continued)

20. Analysis of changes in net debt

	At 1 Aug 2019 £	Cash flows £	Other changes £	At 31 Jul 2020 £
Cash at bank and in hand	290,787	2,813	-	293,600
	<u>290,787</u>	<u>2,813</u>	<u>-</u>	<u>293,600</u>

21. Investment in OSSL Limited

OSSL Limited, registered number 07322922, is a wholly owned subsidiary of Oxford University Student Union. The address of the company is 4 Worcester Street, Oxford OX1 2BX. The activities of the company comprise primarily printing and distribution of student publications and running student events such as the annual freshers' fair.

The book value of the investment in OSSL Limited in the company accounts of Oxford University Student Union is £nil (2019: £nil).

During the year Oxford SU charged to OSSL Limited £58,508 (2019: £80,296) in respect of staff salaries and £8,856 (2019: £8,727) in respect of office costs. During the year gift aid amounting to £45,553 (2019: £40,656) was paid to Oxford SU by OSSL Limited in relation to 2018-19. Gift aid of £67,755 in relation to 2019-20 will be paid to Oxford SU by OSSL Limited after the year-end. At the year end, the balance owed by OSSL Limited to Oxford SU was £31,308 (2019: £15,523).

22. Members' liability

The company is limited by guarantee and has no share capital. 13 guarantees were in place at year-end from trustees. In the event of the company being wound up, the liability of the members is limited to one pound.

23. Control relationships

Ultimate control of Oxford SU rests with its membership.

Notes to the Financial Statements (continued)

24. Financial instruments

	2020 Group £	2020 Oxford SU £	2019 Group £	2019 Oxford SU £
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	14,173	374	31,438	633
Amounts owed by group undertakings	-	31,308	-	15,523
Accrued income	-	-	581	-
Other debtors	180,200	180,200	361,225	361,225
Total	194,373	211,882	393,244	377,381
Financial liabilities measured at amortised cost				
Trade creditors	10,814	10,631	16,454	12,464
Other creditors (salaries)	182,235	182,235	260,448	260,448
Accruals	38,038	35,783	27,212	23,419
Total	231,087	228,649	304,114	296,331

25. Comparative consolidated statement of financial activities

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
INCOME FROM:				
Donations		755,141	103,739	858,880
Infrastructure support in kind		25,694	-	25,694
Other trading activities:				
Commercial activity		303,825	-	303,825
Charitable activities for Students:				
Welfare		7,884	-	7,884
Other income		539	-	539
Total income		1,093,083	103,739	1,196,822
EXPENDITURE ON:				
Raising funds:				
Commercial activities		274,213	-	274,213
Charitable activities for Students:				
Advice and representation		703,693	99,169	802,862
Welfare		275,752	-	275,752
Publications		246	-	246
Total expenditure		1,253,904	99,169	1,353,073
Net movement in funds		(160,821)	4,570	(156,251)
Funds brought forward		161,682	45,606	207,288
Funds carried forward		861	50,176	51,037



Oxford University Student Union

Year ended 31 July 2020

Audit Findings Report



Audit / Tax / Advisory / Risk

Smart Decisions. Lasting value.

The Trustees
Oxford University Student Union
4 Worcester Street
Oxford
OX1 2BX

November 2020

Dear Trustees

Audit for the year ended 31 July 2020

Following the completion of our audit fieldwork on the financial statements of Oxford University Student Union and its subsidiary entity, OSSL Limited (together referred to as “the Union”) for the year ended 31 July 2020 we have pleasure in submitting our Audit Findings Report setting out the significant matters which have come to our attention during our audits of which we believe you need to be aware when considering the financial statements. The matters included in this report have been discussed with the Union’s management during our audit and at our closing meeting on 20 November 2020. Kristy-Anne Field and Rosie Tullett have seen a draft of this report and we have incorporated their comments and/or proposed actions where relevant.

The Covid-19 virus outbreak has had a significant impact on the Union reporting and on our audit processes this year and we have commented specifically on this in the report. Alastair Lyon will be attending your meeting on 8 December 2020 and will be pleased to provide any further information or clarification on this or any other matters which you may require.

We would like to express our appreciation for the assistance provided to us by the finance team and the other staff at the charity during this year’s audit.

Use of this report

We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. It should not be made available to any other parties without our prior written consent.

Yours sincerely

Crowe U.K. LLP

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1. Audit overview

Audit scope and approach

Our audit work has been undertaken for the purposes of forming our audit opinions on the financial statements of the Union prepared by management with the oversight of the trustees /directors and has been carried out in accordance with International Standards on Auditing (UK) ('ISAs').

Our work combined substantive procedures (involving the direct verification of transactions and balances on a test basis and including obtaining confirmations from third parties where we considered this to be necessary) with a review of certain of your financial systems and controls where we considered that these were relevant to our audit.

To complete our audit this year we have had to work with the charity's management to adapt, reschedule and move on-line some of our audit processes to meet the Covid-19 related social distancing and other restrictions. These changes have limited some of our direct access to your premises, staff and on-site records. We have therefore had to assess the overall impact of this on our audit and, in particular, whether with these changes we have been able to obtain sufficient audit evidence on which to base our audit opinion.

We have commented below on matters that need to be finalised before we complete our audit and also later in this report on our approach to the key audit risks. Subject to the satisfactory completion of the outstanding matters, we believe that we will have obtained sufficient audit evidence and that there have not been any restrictions or limitations on our audit.

Communicating significant findings from our audit

We are required by ISAs to communicate with the trustees /directors as "those charged with governance" various matters from our audit including:

- our views about significant qualitative aspects of the charity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures,
- significant difficulties, if any, encountered during the audit,
- any significant matters arising during the audit and written representations we are requesting,

- circumstances that affect the form and content of our auditor's report, if any, and
- any other significant matters arising during the audit that, in our professional judgment, are relevant to the oversight of the financial reporting process.

We have included comments in relation to the above where relevant in the subsequent sections of this report.

We also report to you any significant deficiencies in internal control identified during our audit which, in our professional judgment, are of sufficient importance to merit your attention. We confirm that we have no significant control deficiencies identified from our audit which we need to bring to your attention.

You should note that our evaluation of the systems of control at the Union was carried out for the purposes of our audit and accordingly it is not intended to be a comprehensive review of systems and processes. It would not necessarily reveal all weaknesses in accounting practice or internal controls which a special investigation might highlight, nor irregularities or errors not material in relation to the financial statements.

Audit completion

We have substantially completed our audits in accordance with our Audit Planning Report which was sent to you and the senior management team on date, subject to the matters set out below.

- Completion of the going concern and post-Balance Sheet events reviews.
- Review of the final financial statements.
- Receipt of the signed letter of representation.

We will report to you orally in respect of any modifications to the findings or opinions contained in this report that arise on completion of the outstanding matters. On satisfactory completion of the outstanding matters, we anticipate issuing an unmodified audit opinion on the truth and fairness of the financial statements.

Critical audit matters

We have identified income recognition and management override of controls as being critical to the financial statements and have considered these matters further in section 2 of this report.

Additionally, going concern has become an increased risk area for all organisations given the current unprecedented environment surrounding COVID-19 and we have considered in section 2 going concern and the impact of COVID-19 on the Trustees' Report and financial statements

Materiality and identified misstatements

As we explained in our Audit Planning Report, we do not seek to certify that the financial statements are 100% correct; rather we use the concept of "materiality" to plan our sample sizes and also to decide whether any errors or misstatements discovered during the audit (by you or us) require adjustment. The assessment of materiality is a matter of professional judgement but overall a matter is material if its omission or misstatement would reasonably influence the economic decisions of a user of the financial statements.

The audit materiality for the financial statements set as part of our audit planning took account of the level of activity of the Union and was set at approximately 1% of income. We have reviewed this level of materiality based on the draft financial statements for year ended 31 July 2020 and are satisfied that it continues to be appropriate.

We also report to you any unadjusted individual errors other than where we consider the amounts to be trivial, and for this purpose we have determined trivial to be approximately 5% of our audit materiality.

We are pleased to report that there are no remaining unadjusted items identified from our audit in excess of the above trivial limit.

Ethical Standard

We are required by the Revised Ethical Standard 2016 for auditors issued by the Financial Reporting Council ('FRC') to inform you of all significant facts and matters that may bear upon the integrity, objectivity and independence of our firm.

Crowe U.K. LLP has procedures in place to ensure that its partners and professional staff comply with both the relevant Revised Ethical Standard for

auditors and the Code of Ethics adopted by The Institute of Chartered Accountants in England and Wales.

As explained in our audit planning report, in our professional judgement there are no relationships between Crowe U.K. LLP and the Union or other matters that would compromise the integrity, objectivity and independence of our firm or of the audit partner and audit staff. We are not aware of any further developments which should be brought to your attention.

Legal and regulatory requirements

In undertaking our audit work we considered compliance with the following legal and regulatory requirements, where relevant.

- Companies Act 2006
- Charities Act 2011
- The Charities (Accounts and Reports) Regulations 2008 (or updated Regulations if enacted before completion of the financial statements)
- Financial Reporting Standard 102 (FRS 102)
- The Charities SORP (FRS102) (effective 1 January 2015)

Financial statements

The trustees of the Union are responsible for the preparation of the consolidated financial statements on a going concern basis (unless this basis is inappropriate). The trustees are also responsible for ensuring that the financial statements give a true and fair view, that the process your management go through to arrive at the necessary estimates or judgements is appropriate, and that any disclosure on going concern is clear, balanced and proportionate.

Directors' responsibilities

Under the provisions of the Companies Act, the Directors' Report is required to include a statement confirming for each director who was a director at the time of the approval of the financial statements that:

- they have each taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit

information and to establish that the company's auditor is aware of that information; and

- so far as they are aware there is no relevant audit information of which the company's auditor is unaware.

2. Significant matters from our audit

We reported in our Audit Planning Report a number of areas we identified as having specific audit risk including the potential risk from management override of controls which auditing standards deem to be a significant risk for all audits. We have commented below on the results of our work in these areas as well as on any key additional risks, judgements or other matters in relation to the financial statements of the Union identified during our audit.

2.1 Going concern

We explained in our Audit Planning Report that in preparing the financial statements to comply with Financial Reporting Standard 102 the Trustees and management are required to make an assessment of the charity's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, the Trustees and management are required to consider all available information about the future of the charity in the period of at least, but not limited to, twelve months from the date when the financial statements are approved and authorised for issue.

The trustees' going concern assessment is a key area of emphasis and importance for our audit and, in accordance with the requirements of ISAs (UK), our audit report includes a specific reference to going concern.

The impact of the Covid-19 outbreak will require all entities, including charities, to reassess their financial position and their ability to continue to operate as a going concern. This may require considering a number of factors including updating the charity's budgets and forecasts. Where trustees identify possible events or scenarios, other than those with a remote probability of occurring, that could lead to failure, then these should be disclosed in the financial statements.

Trustees may consider and take account of realistic mitigating responses open to them, considering the likely success of any response.

The Financial Reporting Council thinks it is likely that more companies (and this will include charities) will disclose "material uncertainties" to going concern in the current circumstances. For these reasons we have identified this area as a specific area of audit risk with respect to the Union.

Covid-19 is a fast-moving situation and it will be important that the trustees consider not only the budgets and forecasts but also the sensitivity analysis on these. Key considerations will be around reserves, liquidity and resilience.

a) Reserves

The Charity Commission guidance "Managing financial difficulties & insolvency in charities" (CC12) stresses the importance for *"a trustee body to have a good knowledge and understanding of the charity and its finances so that, as far as possible, the continued viability of the charity and its charitable activities can be assured."*

This is a theme that runs through the Charity Commission's updates and alerts including its guidance on whether charities can use reserves and restricted funds to help the charity through the crisis.

The Charity Commission guidance highlights a number of factors the trustees need to consider.

- Trustees should review what are their short, medium and longer-term priorities, including whether or not certain projects, spends or activities can be stopped or delayed.
- The guidance recognises that reserves can be used to help cope with unexpected events like those unfolding at present.
- If the trustees have previously decided to earmark certain funds for a particular purpose they may be able to re-prioritise these.
- Restricted funds which cannot be spent at the trustees' discretion may only be used for a particular and defined purpose. In some instances, there may be ways to amend these restrictions, but accessing or releasing restricted funds should only be considered if other options such as reserves are not possible.
- All decisions on such financial matters should normally be taken collectively, and significant decisions and action points noted in writing.

b) Liquidity and resilience

The Charity Commission guidance goes on to explain that *“The overall responsibility for effective governance and the implementation of proper financial management rests with the trustees, but may well involve all staff members whether paid or volunteers.”*

As well as the level of available reserves the trustees will also need to understand and consider the charity’s liquidity.

- Proper consideration needs to be given to cash flow forecasts and debt and project management based on realistic assumptions set. There should be a budget including cash projections and business plans produced at least annually and monthly monitoring against the plans.
- There is a need to extend cash flow forecasts to evaluate issues that may arise after the end of the period covered by existing cash flow forecasts.
- There should be processes in place to ensure that appropriate procedures and controls have been applied to models used to generate cash flow and valuation information, including the choice and consistent use of key assumptions.
- Appropriate sensitivity analysis needs to be applied to address the potential impact of reasonably possible events. Sources of income and expenditure should be analysed with consideration of uncertainties around grant funding, voluntary or earned income.
- The sensitivity analysis should properly flex assumptions to identify how robust the model outputs are in practice and that the assumptions are free from bias.

In April 2016 the FRC issued its guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks for companies that do not apply the UK Corporate Governance Code. Whilst this guidance refers to “directors” and “companies”, the report makes it clear that it is designed to relate to all other entities preparing accounts under the going concern basis and it will therefore be applicable to charities and charity trustees.

The guidance defines Solvency Risk as *“the risk that a company will be unable to meet its liabilities in full”* and Liquidity Risk as *“the risk that a company will be unable to meet its liabilities as they fall due”*.

The guidance sets out some of the factors which directors should consider as part of their assessment process but also explains that it is the directors that need to determine the relevance of these factors considering the size, complexity and the particular circumstances of the organisation, its industry and the general economic conditions.

In their updated guidance ‘Company Guidance Update March 2020 (COVID-19)’, the Financial Reporting Council, explain *“Given the systemic uncertainties that currently exist, many boards will be less confident in stating that they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over a period of assessment (“the viability statement” as required for compliance with the UK Corporate Governance Code)”*.

However, the FRC stresses the following points:

- *“Boards are required to have a “reasonable expectation” of the company’s viability over the period of assessment – during the current emergency and unprecedented pace of change, any reasonable level of expectation would naturally carry a much lower level of confidence;*
- *Being clear on the company’s specific circumstances and the degree of uncertainty about the future is important information; and*
- *When presenting a company’s viability statement, its board should draw attention to any qualifications or assumptions as necessary.*

In describing any qualifications to the statement, a board should describe the limits of the predictions, the level of confidence with which they have been made and the uncertain future events that could prove critical to viability.

Similarly, the key assumptions made and the future scenarios considered should be explained. Many companies already use scenario and stress testing in developing their statements and this should continue as far as practicable. The use of reverse stress testing, to identify future scenarios that could lead to corporate failures, is also good practice.

At this time, the need for fuller disclosure is paramount.”

In addition, there may be charity specific issues to consider including ensuring that there are no breaches of trust with respect to any restricted income or endowed funds and that the charity is able to meet its obligations in relation to these funds. Trustees may be held liable for a breach of trust if they apply restricted funds for purposes outside of the relevant restriction.

CC25: "Charity finances: trustee essentials" – issued in March 2017 emphasises the need for charities to be resilient. This is a key theme for much of the Commission's guidance is also discussed in the updated CC19 guidance entitled "Charity reserves: building resilience".

In the section on 'managing financial difficulties and insolvency, CC25 explains that if charities face financial difficulties then the trustees must:

- *"have the appropriate skills and time to ensure the proper running of the charity and lead or manage it through difficulties,*
- *ensure that they regularly receive and consider robust and up-to-date financial management information to enable them to recognise at an early stage when the charity is facing financial difficulties,*
- *find out which charity funds are restricted in their use by their donors and which can be used for any of its aims - this is crucial to the proper understanding of the charity's overall financial position,*
- *take prompt action when they think insolvency is a possibility – professional advice in writing should be taken at an early stage because any corrective action needs to be carefully planned,*
- *consider changing, cutting or restricting the charity's activities, reviewing funding sources and commitments or refinancing,*
- *think about merging or collaborating with another charity,*
- *have an understanding of (and if necessary take advice about) insolvency law and how it applies to charitable companies, and what voluntary options there are for other types of charity,*
- *recognise that once the charity has reached the stage of liquidation or winding up their primary duty is to pay the charity's debts, and*
- *tell the Commission if the charity closes or is no longer active so that it can be removed from the register of charities (legal requirement)."*

c) Insolvency

There are normally two tests of insolvency – the balance sheet test (positive net assets) and the cashflow test. The key issue is, can the organisation pay its debts as they fall due? The cash flow test is of particular importance and a charity can be insolvent even if it has positive net assets. Careful consideration is required of many factors, such as what values can be realised in time to meet debts and what assets can be used to meet liabilities. Understanding is needed of the implications of the different restricted and endowed funds held by the charity. The position for trustees of an unincorporated charity is different and the risks are usually higher.

Directors and shadow directors can be guilty of wrongful trading if they continue to trade and incur liabilities they knew or ought to have known that there was no reasonable prospect of avoiding insolvent liquidation.

Fraudulent trading is also a risk. Section 213 of the Insolvency Act provides that on the application of the liquidator of a company the Court may order that any persons who were knowingly party to carrying on the business of the company with intent to defraud creditors must make a contribution to the company's assets. For a fraudulent trading action, intent to defraud creditors must be proved and the onus of proof is on the liquidator. There must be evidence of actual dishonesty. For an insolvent charitable company, senior management, and not just the trustees, could also be made liable for fraudulent trading. The charity should avoid entering into preferential transactions which put another party in a better position to the detriment of other creditors. The court will recognise mitigating circumstances. For example, if the directors took proper steps to minimise the potential loss to the company's creditors.

On 28 March 2020 the government announced changes to the insolvency regime aimed to provide companies breathing space and keep trading through the COVID-19 pandemic. There will be a temporary suspension of wrongful trading provisions to remove the threat of personal liability during the pandemic, applied retrospectively from 1 March 2020 to 30 September 2020. In addition, there will be a temporary moratorium for companies undergoing a restructuring process so that they cannot be put into administration by creditors and will continue to be able to pay suppliers and staff. The detail and the underpinning legislation is yet to follow. However, it has been clarified that these measures do not impact the existing laws relating to matters such as fraudulent trading, transactions defrauding creditors and misfeasance.

d) Finalising the financial statements

Given the potential for rapid spreading of the virus, required disclosures will likely change over time as more information about the epidemic emerges. As a result, the trustees will need to monitor developments and ensure that they are providing up-to-date and meaningful disclosure before finalising their year-end report.

The Financial Reporting Council in their 'Company Guidance Update March 2020 (COVID-19)' thinks it is likely that more companies will disclose 'material uncertainties' to going concern in current circumstances. The impact of the coronavirus outbreak will require all entities, including charities, to reassess their financial position and their ability to continue to operate as a going concern. This may require considering a number of factors but probably key will be to update the charity's budgets and forecasts and also to consider whether the charity might fail to comply with any external covenants.

Put simply, where boards identify possible events or scenarios, other than those with a remote probability of occurring, that could lead to failure, then these should be disclosed. Boards may take account of potential responses open to them to mitigate such events or scenarios although would need to consider the likely success of any response.

The trustees have concluded that the Covid-19 outbreak has not impacted on the going concern status of the charity due to the level of continuing funds available to the charity. The trustees have also concluded that there are no other material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern which require disclosure in the financial statements. Accordingly, we understand that the trustees have concluded that the going concern basis continues to be appropriate in preparing that the financial statements and that adequate additional disclosures have been included to explain this conclusion.

We will be seeking representations that the Board has considered the forecasts and is satisfied that the Going Concern basis is appropriate.

2.2 Covid-19 and the financial statements

The measures put in place by the Government to limit the spread of Covid-19 will have a broad range of implications for all organisations and their operations, and will going forward impact on financial results. However, whilst the social distancing measures were introduced in late March, the financial statements for

the year ended 31 July 2020 mostly relate to a period pre the Covid-19 outbreak and social distancing restrictions. Because of this the reported results and financial position have generally not been significantly affected by the outbreak other than in relation to certain estimates and judgements as discussed below.

Since the year-end the Union has been facing unexpected challenges which will impact on the charity going forward, both in its operations and financially. It is therefore important that the Financial Statement adequately disclose the impact on any significant estimates and judgements as well as providing an explanation of the impact of the challenges as a subsequent event note. The trustees should also provide a comprehensive explanation of the challenges within the narrative reporting in the Trustees' Report.

We have discussed the draft of the proposed additional disclosures with the charity's management and how these fit in with the charity SORP requirements as well as the needs of the charity. However, due to the continually changing environment, the trustees will need to review and monitor these disclosures and update them as necessary before finalising the Report and Financial Statements

To assist our charity clients to identify the key reporting implications we have published a report "Coronavirus: financial reporting issues for charities" which is available on our website - <https://www.crowe.com/uk/croweuk/insights/covid-19-financial-reporting-charities>.

2.3 Income recognition

As discussed in our planning report, the key risks in this area have been identified as follows.

- Completeness (has all income due been appropriately recognised in the period?).
- Benefit (has income been recognised in the appropriate period?).
- Fund allocation (have donor restrictions on the use of the income been appropriately captured in the financial statements?).
- Accuracy (where income is owed at year end, is it likely to be received or should it be provided against?).

As part of our audit we carried out the following work:

- detailed testing on a sample basis, tracing income from source documentation through to the nominal ledger;
- Agreed the University grant to supporting documentation and receipt into the bank; and
- performed analytical procedures that consider variances to prior year and also to budget to ensure that all trends and relationships appear reasonable.

From the work completed we are satisfied that income has been recognised correctly.

2.4 Management override of controls

Auditing standards require us to consider as a significant audit risk areas of potential or actual management override of controls. In completing our audit we have therefore considered the following matters.

Significant accounting estimates and judgements

Management have made a number of necessary significant accounting estimates and judgements which impact the financial statements. We identified the following for specific audit review:

- the assessment of impairment of assets;
- the assessment of the remaining useful life of assets;
- the assumptions adopted by management and used to calculate the pension liability.

No exceptions were noted in this area of audit work

Controls around journal entries and the financial reporting process

We reviewed and carried out sample testing on the charity's controls around the processing of journal adjustments (how journals are initiated, authorised and processed) and the preparation of the annual financial statements. We also considered the risk of potential manipulation by journal entry to mask fraud.

We did not identify any instances of management override of controls or other issues from our sample testing of the Union journals. However, we

note that journal processing can be an area of potential risk and it is good practice to include consideration of this within the overall the Union risk assessment.

Significant transactions outside the normal course of business

We are required to consider the impact on the financial statements if there are any significant transactions occurring outside of the normal course of the charity's business.

No such transactions were notified to us by management, nor did any such transactions come to our attention during the course of our work.

3. Other matters from our audit

In addition to matters relating to the key areas of accounting and audit focus as reported in Section 2, we have also noted the following matters from our audit work which we should bring to your attention.

3.1 Payroll

As discussed in our planning report, payroll is the largest single expenditure item for the Union. As part of our audit we reviewed the controls in place over monthly processing including the reconciliation of payroll to the nominal ledger.

We also performed analytical procedures that considered gross pay, deductions and staff numbers year on year to ensure that all trends and relationships appear reasonable and that the totals agreed with the ledger, and we verified a sample of staff between the payroll and other HR records and agreed their costs to supporting documentation on a sample basis.

Amounts claimed by the charity under the government's Coronavirus Job Retention Scheme represent a significant item of income in the financial statements for the year ended 31 July 2020. We have undertaken specific audit procedures to obtain sufficient audit evidence to conclude the grant claim is not materially overstated. The Schemes are complex and our audit for financial statement purposes should not be relied upon to identify all issues or opportunities.

No exceptions were noted in this area of work.

4. Systems and controls issues

We are pleased to report that no major issues came to our attention from our review in relation to the operation of systems and controls.

Our evaluation of the systems of control at the Union was carried out for the purposes of our audit and accordingly it is not intended to be a comprehensive review of your business processes. It would not necessarily reveal all weaknesses in accounting practice or internal controls which a special investigation might highlight, nor irregularities or errors not material in relation to the financial statements.

5. Update from last year

We have set out below the systems and control issues on which we reported after our audit last year together with an update on how the points raised have been addressed including information on the progress made at the time of the audit of the 2020 financial statements.

Recommendation fully implemented or no longer relevant	Green	
Recommendation partially implemented	Amber	
No progress on recommendation	Red	

Please note that these colour codings are based on the status of the actions taken rather than the severity of the observation which is shown against the observation itself.

Observations in 2019		Update 2020
1. Old items on bank reconciliations On inspection of the RAG bank account year end reconciliation, we noted that there were two items dated from 2010 and 2013. Whilst they are small in value (£759 in total), we recommend the cheques are cancelled and removed from the reconciliation.	Green	These items have now been removed from bank reconciliation. We therefore consider this matter closed.
1. Pay rise documentation For a sample of staff spread across the year, we attempted to agree their current pay per the payroll to their pay as documented in their contract, with the use of the University pay scales to adjust for inflation. We noted that a number of staff members had automatically gone up the pay scale (as is the University's policy) annually, but no pay rise letters are issued to keep a record of this. Per discussion with management, we noted this will not be an issue going forward, as the recent pay review means there will be no more automatic pay rises; all increases will have to be approved by the CEO, and appropriate documentation of this will be kept.	Green	All employees are now given pay rise letters as confirmed from our work this year. We therefore consider this matter closed.

6. Reporting audit adjustments

International Standards on Auditing (UK) require that we report to you all misstatements which we identified as a result of the audit process but which were not adjusted by management, unless those matters are clearly trivial in size or nature.

Our audit approach is based on consideration of audit materiality as explained in section 1 of this report. We determine materiality for the purposes of the charity's statutory reporting by our judgement as to what adjustments would influence the readers' perceptions of the financial statements. We do not therefore seek to review all immaterial amounts.

For the purpose of reporting non-trivial items identified as a result of our audit work which have not been adjusted in the financial statements we set out in our Audit Planning Report that we would report unadjusted misstatements greater than £500 unless they are qualitatively material at a lower amount.

We are pleased to report that there are no remaining unadjusted items identified from our audit in excess of the above trivial limit.

Adjusted items	Net income increase /(decrease)	Assets increase /(decrease)	Liabilities increase /(decrease)	Opening reserves
	£	£	£	£
Net results / funds per consolidated financial statements presented at the start of the audit	(139,254)			
Adjustment to bank posting	149	149	-	-
Total adjustments	149	149	-	-
Revised results / funds per the consolidated financial statements	(139,105)			

Appendix 1 - Fraud and error

In our Audit Planning Report, we explained that the responsibility for safeguarding the assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the trustees of the Union.

The trustees should be aware that the Charity Commission provides guidance (updated in October 2019) on how to protect your charity from fraud including information about fraud, how to spot it and what you can do to protect against it - <https://www.gov.uk/guidance/protect-your-charity-from-fraud> .

In accordance with International Auditing Standards, we planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records (including any material misstatements resulting from fraud, error or non-compliance with law or regulations).

However, no internal control structure, no matter how effective, can eliminate the possibility that errors or irregularities may occur and remain undetected. In addition, because we use selective testing in our audit, we cannot guarantee that errors or irregularities, if present, will be detected. Accordingly, our audit should not be relied upon to disclose all such misstatements or frauds, errors or instances of non-compliance as may exist.

As part of our audit procedures we made enquiries of management to obtain their assessment of the risk that fraud may cause a significant account balance to contain a material misstatement. Usually fraud in the charity sector is not carried out by falsifying the financial statements. Falsifying statutory financial statements usually provides little financial benefit, as compared to say a plc where showing a higher profit could lead to artificial share prices or unearned bonuses. However, falsifying financial statements can be used to permit a fraud or to avoid detection. As a generality, charities represented by its management and its trustees do not actively try to falsify financial statements as there are not the same incentives to do so. In the charity world fraud is usually carried out through misappropriation or theft.

We have reviewed and discussed the accounting and internal controls systems management has put in place to address these risks and to prevent and detect error. However, we emphasise that the trustees and management should ensure that these matters are considered and reviewed on a regular basis.

We have included the following statements in the letter of representation which we require from the trustees when the financial statements are approved.

- The trustees acknowledge their responsibility for the design and implementation of internal control to prevent and detect fraud and errors.
- The trustees have assessed that there is no significant risk that the financial statements are materially misstated as a result of fraud.
- The trustees are not aware of any fraud or suspected fraud affecting the charity involving management, those charged with governance or employees who have a significant role in internal control or who could have a material effect on the financial statements.
- The trustees are not aware of any allegations by employees, former employees, regulators or others of fraud, or suspected fraud, affecting the charity's financial statements.

We draw your attention to bullet point 2 above which presupposes that an assessment has been made. We have not been made aware of any actual or potential frauds which could affect the 2020 financial statements, or in the period since the previous year end.

We emphasise that this section is provided to explain our approach to fraud and error, but the responsibility to make and consider your own assessment rests with yourselves.

Considering risks of fraud

There is evidence that during times of economic instability there is an increased risk of fraud. This may be because resource constraints can reduce internal controls and oversight and also because individuals facing hardship may be more likely to consider fraudulent practices.

The following provides further information on the three kinds of fraud that charities such as the Union should consider.

a) Frauds of extraction

This is where funds or assets in possession of the charity are misappropriated. Such frauds can involve own staff, intermediaries or partner organisations since they require assets that are already in the possession of the entity being extracted fraudulently. This could be by false invoices, overcharging or making unauthorised grant payments.

Essentially such frauds are carried out due to weaknesses in physical controls over assets and system weaknesses in the purchases, creditors and payments cycle. The cycle can be evaluated by considering questions such as who authorises incurring a liability and making a payment. On what evidence? Who records liabilities and payments? Who pays them and who checks them?

The close monitoring of management accounts, ledger entries and strict budgetary controls are also generally seen as an effective way of detecting and deterring frauds in this area.

Staff should be made aware of the increasing use of mandate fraud. This is where when the fraudster gets the organisation to change a direct debit, standing order or bank transfer mandate by purporting to be a supplier or organisation to which the charity make regular payments.

Insufficient due diligence around requests to amend supplier or payroll details has led to payments to unauthorised individuals so sufficient checks in these areas is of increasing importance.

Some charities have also been victims of what is being termed CEO fraud, although it does not involve the CEO. In this case cyber criminals spoof company email accounts and impersonate executives to try and fool an employee in accounting or HR into executing unauthorised wire transfers or sending out confidential information.

This type of phishing scam is a sophisticated scam targeting businesses working with foreign suppliers and/or businesses that regularly perform wire transfer payments. The scam is carried out by compromising legitimate business e-mail accounts through social engineering or computer intrusion techniques to conduct unauthorised transfers of funds. Action Fraud, the UK's national fraud and cyber-crime reporting centre has reported an increase in fraud and scams relating to COVID-19, including a rise in phishing emails where the fraudster attempts to trick people into opening malicious attachments which

could lead to fraudsters stealing people's personal information, email logins and passwords, and banking details.

Charities should therefore ensure that they reiterate their procedures to employees and raise awareness of fraud preventions across their organisations. All employees should exercise real scepticism and not make any payments which are not properly supported and outside the normal payment mechanisms. To paraphrase Action Fraud's recommendations, which are particularly significant as staff are working remotely and some working different hours in order to manage the challenges of working from home:

- Ensure all staff, not just finance teams, know about current frauds and scams.
- Have a system in place which allows staff to properly verify contact from their CEO or senior members of staff; for example having two points of contact so that the staff can check that the instruction which they have received from their CEO is legitimate.
- Always review financial transactions to check for inconsistencies/errors, such as a misspelt company name.
- Consider what information is publicly available about the business and whether it needs to be public.
- Ensure computer systems are secure and that antivirus software is up to date.

All employees should exercise real scepticism and not make any payments which are not properly supported and / or outside the normal payment mechanisms.

b) Backhanders and inducements

There is also an inherent risk that individuals who are able to authorise expenditure or influence the selection of suppliers can receive inducements to select one supplier over the other. This risk can be mitigated by robust supplier selection and tendering procedures.

c) Frauds of diversion

This is where income or other assets due to the Union are diverted before they are entered into the accounting records or control data. Essentially, it is easy to

check what is there but very difficult to establish that it is all there. Therefore, ensuring the completeness of income provided to a charity becomes difficult.

It is important to consider the different income streams and when and how they are received. So income received directly into the charity's bank account will be a lower risk than income being received by home based fundraisers.

Appendix 2 - Managing in uncertain times

Threats arising from certain crises can be existential and circumstances are unprecedented and the scale and impact of risks and challenges make them different to routine challenges. For example, with the current pandemic the speed at which events unfold, change and impact does not allow time to interpret risks using the usual approaches. The only certainty is that there will be even more change in the future and that this will continue to impact in a number of ways many of which will be new and unprecedented. This means that whilst the immediate need may be issues such as protecting people and survival of the organisation there will be need to consider both the near term as organisations develop coping and stabilisation strategies and also longer-term strategies to optimise their position post recovery.

Many organisations learned how to adapt and manage turbulent times during the downturn in 2008 to 2009. There was recognition that emotional stress had to be factored in and this is even more important now.

The continued uncertainty and volatility of income, instability in markets along with new cost considerations has dramatically increased the exposure to liquidity risk; underlining how vital it is to have robust assumptions behind forecasts. When it is unclear how long a cash crisis may last it is important to consider needs for both now and later. When times get hard charities that have free reserves will need to consider if, when and how they use them. How much to use reserves, what for and when and how will need careful consideration.

The extent of uncertainty differs, at one end many of the perceived unknowns are in fact “knowable” and at the other there can be massive almost total uncertainty. In between lies the more common state of uncertainty where there are a number of possible alternatives that can be planned for.

Strategy must be able to deal with uncertainty and at a time when predicting the probable is difficult to say the least, strategies and tactics have to be developed on the premise that several different outcomes are possible. If there is total uncertainty which can happen when many issues interact it becomes virtually impossible to predict or even identify all the possible outcomes. In such cases strategy and planning is focused on recognising that this stage of total uncertainty is often transitory and that whilst firefighting and dealing with the present it is also important to try to identify triggers and trends and be ready to act decisively at the right time.

In times of existential threats there is need to review and perhaps change plans at very short notice – sometimes daily. Whilst the short term is important it is also important to consider the longer term and to think hard indirect and direct implications of unfolding events. Thinking both beyond the typical planning horizon and about matters that are unfolding in real time is vital to develop action plans for different scenarios to monitoring trigger points. This makes it possible for the organisation to decide when plan A or plan B needs to be implemented. For example, ‘if income looks like it is going to drop by X we will do Y...’

A focus on high impact risk is important, but one should not forget how a lower significance risk can escalate to a very high impact risk because of risk dependencies. An isolated concentration on value at risk can sometimes result in not spotting ‘risk contagion’ – in other words where one low impact risk leads to another and another so that the cumulative impact is catastrophic. Many studies have shown that most business failures are the result of a series of small, linked events rather than a single large event. If organisations only look at the big risks they can often end up lethally ill-prepared to face the interaction of separate adverse events.

Since risks invariably interact it is important to think about them in clusters rather than individual risks. This is particularly relevant in times of uncertainty. Some risks are obvious as possibly having a direct and often immediate impact whilst others have an indirect impact and it is important not to dismiss these.

Traditional risk registers and heat maps have less relevance in times of great uncertainty and it is important for decision makers to carefully consider implications and actions and what estimates and assumptions are being used, their limitations and how they might need to change. There needs to be discussion about triggers and early warnings, how actions need to be prioritised, what risks can be mitigated, which need to be accepted and how they will be managed.

Many think that, in times of grave uncertainty where the risks are too difficult to identify, risk management has little value. They refer to the unknown unknowns but in reality there are many known unknowns and effective risk management helps organisations manage the known unknowns whilst recognising that there are unknown unknowns. It also puts organisations into a better position to

manage the unknown when it becomes known and should also help earlier identification of direct and indirect risks.

There is always benefit in taking a good hard look at how efficiently activities are carried out and services are delivered. Ways of working have necessarily changed and will continue to evolve. The question is are leaders acting as catalysts for change when it is needed?

Organisations often do all these things but seem to be averse to looking at the fundamental business model and considering how fit for purpose it is. As income streams change and cost structures evolve it is important to consider whether the fundamental operating model can be improved. Strategic alliances, collaborative working and mergers need to be on the agenda. There are no stereotype answers but try and avoid dismissing things based on previous and sometimes biased analyses. New times require new responses. Organisations need to avoid knee jerk reactions whilst recognising that change is inevitable. It is important to act decisively balancing the need to consider hypotheses and options with the urgency that may be required. There is a need to ensure that the response is flexible enough and can be adapted as the environment changes whilst also recognising that responses may need to be urgent and immediate. There are a number of steps before launching into responses. Simplistically this can be broken into three key areas:

Early and quick-thinking stage – This requires identifying the right people to think about the key uncertainties that can impact the organisation. We have seen organisations set up effective “nerve centres” that consider what is needed to keep on track. Remember to consider direct and indirect drivers and short and long term implications. Avoid group think and be ready to look beyond the obvious identifying both risks and opportunities.

Consider the strategic choices – This requires revisiting earlier strategic plans and tactics. Consider the different scenarios and the strategic choices and options for action. Are the right structures, resources and procedures in place to first make the right choices and then to capitalise on them? There need to be triggers for actions as scenarios become reality and ways of identifying warning signs and alerts. This stage requires analyses and interpretation of the choices that are available and the resources needed to make them.

Taking action – As the organisation implements its plan and tactics there will be need to have in place a strong change enablement framework that considers both the organisational and people transitions that may be necessary. There is

a need to remain nimble and flexible and recognise that the first two stages may not have come up with the right answers and that the options and actions may need to change accordingly. As organisations have their resilience tested they will focus on what is nice to have and what they must have. Areas seen as discretionary spend such as training, marketing and service development are often the first to be cut but it is important not to forget the importance of ensuring that organisations are well positioned for the period of recovery and to recognise that there will be yet another new normal.

As difficult as it may seem during a crisis – situations improve and the organisations that will be best placed are those that make the right decisions through the periods of uncertainty. The key is to think carefully about the future and be ready to face challenges and respond to the opportunities as they arise.

More information can be found on our website <https://www.crowe.com/uk/croweuk/insights/non-profits-managing-in-uncertain-times>.

Appendix 3 - External developments

We have summarised below some of the developments and changes in the charity sector over the recent period which we believe may be of interest and relevant to you. Please note that this information is provided as a summary only and that you should seek further advice if you believe that you have any specific related issues or intend to take or not take action based on any of the comments below.

We issue a regular technical briefing for charities by email. If you would like to receive this please email your details to nonprofits@crowecw.co.uk. Alternatively, these briefings are available in the resource library on [our website](#).

Governance

Alert for charities - the importance of transparent and accountable governance

The Charity Commission has in June 2020 issued an alert to leaders of large or complex, service-providing charities to highlight the importance of transparent and accountable governance. The alert is for charities with income over £9 million with a complex governance and management structure and those providing services with front line staff that directly serve and interact with beneficiaries, some of whom may be vulnerable. The alert is accompanied by a letter from Helen Stephenson, the Chief Executive Officer of the Charity Commission. In the letter she explains that: “we have seen grave governance failings in some household name charities. These failings have resulted in serious incidents which have put people at risk of harm and exposed the charities in question to financial and reputational damage.”

The alert has advice for both Trustees and the executive with respect to ensuring effective oversight of charities. The Commission explains that charities should check that their ‘general governance arrangements are appropriate, in particular your risk management measures, assurance mechanisms relating to the charity’s activities and people protection arrangements’ if this has not been done within the last 12 months. They explain that they will contact a sample of recipients of this alert later in 2020 to understand what measures are in place to manage identified risks.

https://www.gov.uk/government/publications/alert-for-charities-the-importance-of-transparent-and-accountable-governance?utm_source=00ce559b-7d3a-4b5c-9de5-95aa0f03f09c&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

COVID-19 (Coronavirus) - Managing the impact.

It is difficult to predict the financial or operational implications of the outbreak of COVID-19 on the UK economy or the organisations which operate within it. Evidence from other countries where there has been a significant outbreak suggests a slowdown in economic activity either as a result of governmental response or from changes in individual behaviours. This could therefore be significant for all organisations including charities. <https://www.crowe.com/uk/croweuk/insights/covid-19-hub>

More specifically for charities, reduced funding, an unavailable workforce or a drop in visitor numbers are just a handful of the issues that could affect different charities in the coming weeks as the impact of coronavirus becomes clearer. It is important for organisations to start scenario planning and revisit their strategies to reduce any potential impact. Our blog written for the Charity Finance Group on the 11th of March 2020 highlights a number of areas charities need to consider in their scenario planning, budgeting, forecasting and risk registers. You can read the full blog on the Charity Finance Group’s website: https://www.cfg.org.uk/covid19_what_planning_should_charities_be_undertaking

We have also issued an update considering the potential impact of the new COVID-19 (coronavirus) on the yet to be published annual reports and financial statements of charities: <https://www.crowe.com/uk/croweuk/insights/covid-19-financial-reporting-charities>

We will be working hard to share any information and knowledge required by charities during this crisis and will update our website regularly and through our social media links.

The Charity Commission has published “Guidance to help with running your charity during the coronavirus (COVID-19) outbreak” <https://www.gov.uk/government/news/coronavirus-covid-19-guidance-for-the-charity-sector>. This guidance is updated regularly as issues are raised with the Commission pertaining to charities.

Workplace bullying in charities and the implications for leadership

The government, Charity Commission and umbrella organisations have initiated urgent work to address the safeguarding challenges within the charity sector in response to the reports in recent years of abusive organisational cultures as well as revelations about sexual exploitation and abuse of beneficiaries within the international aid sector.

Within this response a report ‘*In Plain Sight: Workplace bullying in charities and the implications for leadership*’ has been funded by the Department for Digital, Culture, Media and Sport (DCMS) and produced as a collaboration between ACEVO, the Association of Chief Executives of Voluntary Organisations, and Centre for Mental Health.

The investigation and report draws upon the voices of victims of bullying in charities to describe the conditions in which it occurs and might persist, and provides analysis and recommendations for what charity leaders should do to create safer working cultures.

As well as providing a summary of the results of a detailed anonymous online survey returned by over 500 respondents, in-depth interviews with 20 victims of bullying, and personal accounts of victims of bullying, the report also provides information on relevant government and Charity Commission policy and advice as well as other charity sector initiatives.

In its conclusions, the report identifies six sector-specific systemic stressors and three key cultural and relational factors linked to the management of conflict, which appear particular to charitable organisations’ culture and behaviour.

- weaknesses in governance and senior leadership
- weaknesses in organisational policies, procedures and practices
- a lack of information, skills and confidence within the charity workforce to identify and respond to bullying

- uncertainty among victims and charities about the regulatory framework and the specific remit of the Charity Commission in relation to bullying
- the absence of any sector-wide initiative to respond to bullying or promote healthier workplace cultures
- the absence of internal or external recourse for victims of bullying, or for concerned charity leaders
- charities become preoccupied internally with the same kinds of conflict they deal with in their mission – ‘mirroring’
- breakdown of trusting and respectful working relationships
- failure to acknowledge or resolve internal conflict over time, leading to patterns of emotionally abusive behaviour becoming established within organisational culture.

There is zero tolerance in the government response to safeguarding and addressing bullying cultures in both the international sector and domestic charities – it is an absolute requirement for charity leaders to put in place robust and effective systems for internal leadership and management to identify, report, investigate and deal with misconduct, and to remove wrongdoers. The report includes five detailed recommendations covering areas of governance, policy, the regulatory framework and sectoral cultural change.

The report is intended to be read by staff, managers and leaders within the charity sector, as well as policy makers and the victims of bullying who participated in the online survey and interviews.

The full report is available from the ACEVO website <https://www.acevo.org.uk/wp-content/uploads/2019/07/In-Plain-Sight.pdf>.

Safeguarding resources

The National Council for Voluntary Organisations (NCVO) has launched a range of free safeguarding resources, supported by other organisations, to help charities create and implement relevant safeguarding plans.

The NCVO resources site recognises that safeguarding is about making sure your organisation is run in a way that actively prevents harm, harassment, bullying, abuse and neglect as well as being ready to respond safely and well if

there is a problem. It acknowledges that everyone in an organisation has a role to play in safeguarding and that this should become part of the day to day activities.

This resource is structured as a series of links to web-based resources which outline simple steps that charities can take to ensure that they are run in a way that actively prevents staff, volunteers and everyone they come into contact with from suffering harm, harassment, bullying, abuse and neglect.

The safeguarding resources are available on the NCVO knowhow website <https://knowhow.ncvo.org.uk/safeguarding>

The Charity Commission has also updated its guidance on safeguarding and protecting people which sets out what charities should do to protect people who come into contact with the charity through its work with abuse or mistreatment of any kind. Although much of the guidance remains unchanged, the updates include when to consider DBS checks and how to put into practice policies and procedures, along with signposting to new sector resources.

The full updated guidance can be accessed from the GOV.UK website <https://www.gov.uk/guidance/safeguarding-duties-for-charity-trustees>.

Charity Commission - Reporting a serious incident in your charity when it involves a partner

In December 2019, the Charity Commission issued new guidance for charity trustees on when to report incidents involving the charity's partners as a serious incident.

For this guidance, partners include:

- delivery partners or sub-contractors of the charity
- a subsidiary trading company of the charity
- organisations that receive funding from the charity
- another charity or organisation that is linked to the charity, for example as part of a federated structure.

The guidance states that "Trustees should make a serious incident report when an incident has occurred involving one of the charity's partners in the UK or internationally, which materially affects the charity, its staff, operations, finances and/or reputation such that it is serious enough to be reported."

Although the guidance recognises that it is for the trustees to determine whether an incident is 'serious enough', it looks at three scenarios, and incidents within these, which are most likely to trigger the requirement to report a serious incident. The three scenarios are:

- the incident involves the charity's funds, brand, people or an activity that it funds or is responsible for
- the incident does not involve the charity's funds, brand or people but could have a significant impact on the charity
- the incident does not involve the charity's funds, brand or people and has little or no impact on the charity.

The full guidance can be seen on the GOV.UK website - <https://www.gov.uk/guidance/reporting-a-serious-incident-in-your-charity-when-it-involves-a-partner>

Assessing risk for charities working internationally

The International Charities Engagement Team at the Charity Commission in May 2019 published a blog looking at the particular risks that are faced by charities working internationally including the application of financial sanctions, greater levels of corruption or criminal activity and the presence of terrorists, proscribed groups or designated entities.

The blog recognises that there is no universally recognised criteria for assessing and determining risk and ultimately each charity must decide what is in the best interest of the charity. However, it also emphasises that recent events in 2019 demonstrate how practical the Charity Commission PESTLE analysis tool can be when assessing the risk arising from a range of external factors, and their impact on a charity working internationally.

The blog recommends that charities working internationally should have a dynamic risk assessment process which is conducted regularly and which includes looking at chapter 2 of the Charity Commission Compliance Toolkit which provide guidance on due diligence, monitoring and verifying the end use of charitable funds.

The blog, which includes links to the Compliance Toolkit, can be seen on the GOV.UK website <https://charitycommission.blog.gov.uk/2019/05/03/how-to-assess-risk-for-charities-working-internationally/>.

Preventing charity fraud

The Fraud Advisory Panel, supported by the Charity Commission, has recently published a report *'Preventing Charity Fraud: Insights and Action'*.

Ten years on from a report by the Fraud Advisory Panel on fraud in the charity sector, the Commission (partnered with the Fraud Advisory Panel) repeated and extended the scope of that survey, contacting a representative sample of 15,000 registered charities across England and Wales. With a 22% response rate, this is the largest ever analysis of fraud committed against UK charities.

The report on Preventing Charity Fraud highlights a number of conclusions, including a significant increase over the 10 years in the detrimental impact of fraud on charities, especially on their reputation. The report also finds that excessive trust is the main contributory factor that allows fraud to occur, suggesting more needs to be done to embed a culture of scrutiny and appropriate challenge.

In response the report highlights a number of actions for charities including the need to boost resilience, focussing on preventing fraud rather than waiting until after they've fallen victim, and reviewing their financial controls on a regular basis. It also highlights eight principles of good counter-fraud practice and provides a Fraud Prevention Checklist which lists nine actions to be assessed by charity Trustees, staff and volunteers. The full report can be accessed from the GOV.UK website <https://www.gov.uk/government/publications/preventing-charity-fraud-insights-and-action>

Preventing charity cybercrime

Linked to the survey and report on charity fraud, the Fraud Advisory Panel has also published a report *'Preventing Charity Cybercrime: Insights and Action'*.

A positive conclusion from the report is that charities are increasingly aware of the risk of cybercrime. Perhaps not unexpected, larger charities are more likely to appreciate the threat, probably because they generally have a greater capability to detect cybercrime. Many small and medium sized charities are less aware of the cybercrime threat, and therefore likely to have fewer processes in place to help mitigate risk.

The report recognises that large charities are more likely to be the victim of a cybercrime than smaller charities, with phishing/malicious emails the most common method of attack. It highlights the need for charities to raise awareness

of cybercrime and encourage Trustees, staff and volunteers to raise concerns, especially where phishing attacks and malicious emails are suspected. It also emphasises that charities should clarify responsibility for managing the risk of cybercrime and ensure it is a governance priority for the Board.

As well as providing various conclusions and actions, the report also emphasises that public trust and confidence in the sector relies upon good governance in charities and that within this, ensuring effective cyber security is a vital component. The full report can be accessed from the GOV.UK website <https://www.gov.uk/government/publications/preventing-charity-cyber-crime-insights-and-action>

Charity Commission - Fraud and cybercrime

Following the Fraud Advisory Panel reports, the Charity Commission has updated its guidance on protecting your charity from fraud and cybercrime by adding the eight guiding principles for tackling charity fraud:

- fraud will always happen – simply being a charity is no defence
- fraud threats change constantly
- prevention is (far) better than cure
- trust is exploited by fraudsters
- discovering fraud is a good thing
- report every individual fraud
- anti-fraud responses should be proportionate to the charity's size, activities and fraud risks
- fighting fraud is a job for everyone.

These eight guiding principles have been presented as a one-page summary which is available from the GOV.UK website https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/841056/8_Guiding_Principles_for_Tackling_Fraud_Final_Oct19.pdf

Fraud Advisory Panel resources

To provide access to the knowledge, skills and resources to protect against fraud and cybercrime, the Fraud Advisory Panel have set up an online resource

centre - <https://www.fraudadvisorypanel.org/resource/> - to provide easy access to a collection of free guides and other tools designed to improve awareness and resilience in charities.

Advice line for whistleblowers

The Charity Commission, as part of its continuing aim to make it easier for charity workers and volunteers to draw serious concerns about their charity to our attention, have in June 2019 opened an advice line specifically for charity whistle-blowers.

Callers to this advice line will receive confidential advice to help them decide what to do about raising a serious concern about their charity, including whether and how to raise their concerns with the Commission. Although created by the Commission the advice line is being operated independently by the specialist whistleblowing charity Protect.

Further details for workers and volunteers on how to get advice from Protect on their free and confidential advice line (0800 055 7214) and on reporting to the Charity Commission can be obtained from the GOV.UK website <https://www.gov.uk/guidance/report-serious-wrongdoing-at-a-charity-as-a-worker-or-volunteer>.

Charity Governance Code - keeping the code up to date

In November 2019, the Steering Group responsible for updating and maintaining the Charity Governance Code published a consultation to inform the future development of the Code.

Following the publication of the new edition of the Code in summer 2017, the Steering Group intended to review the contents and impact of the Code at three-year intervals to make sure that it remained current. However, the Group have concluded that there is a balance to be struck between continually updating the Code and potential disruption to those using the Code, especially as it can take some time to work through all the recommendations. They are therefore proposing only a light 'refresh' of the Code in 2020, with more far-ranging changes taking place in 2023. In line with this they are looking to develop a 'route map' of suggested changes for implementation in 2023.

The current consultation process began 4 November 2019 and is set to run until 28 February 2020. Anyone interested in providing their input to the consultation can do this through the online survey www.surveymonkey.co.uk/r/TMRJFHE,

or by email or post using the pdf copy of the consultation questions available on the Charity Governance Code website <https://www.charitygovernancecode.org/en/about-the-code-1/charity-consultation.pdf>.

However, we recommend that charities that necessarily send personal data from the UK should continue to monitor the guidance on the GOV.UK website <https://www.gov.uk/guidance/using-personal-data-after-brexite>.

Taxation

Off-payroll working new rules and how they affect you

In July 2019, new draft off-payroll working rules were published introducing changes to the current regime, known as "IR35".

The new rules were due to take effect from April 2020 but have now been postponed to April 2021 in response to the outbreak of Covid-19. They require organisations engaging workers via a personal service company (PSC) or other similar intermediary to check whether the individual providing the services should be treated as an employee or self-employed for tax purposes. If these checks show that the relationship is effectively one of employment, and therefore IR35 will apply, the business paying the PSC will have to deduct PAYE and NIC from payments made for the worker's services. Previously it was the responsibility of the PSC to make these deductions, but HMRC's view was that fewer than 10% of these organisations actually complied.

Small businesses will initially be exempt. For incorporated entities a small business is defined as one that meets two of the following three criteria:

- a turnover of less than £10.2 million
- a balance sheet of less than £5.1 million
- fewer than 50 employees.

However, an unincorporated entity need only exceed the £10.2 million turnover figure to be considered "not small".

It is essential that affected charities take action now to ensure that they are ready to comply with the new regime from April 2021 by identifying all off-payroll

workers and reviewing the terms of engagement and the necessary policies and procedures put in place. This will include documenting the engagers' conclusions regarding the employment status of the worker and issuing a "Status Determination Statement" to the worker, the PSC and any other intermediary (such as an agency) in the chain of engagement.

If a charity establishes that the new rules will apply and that it should be deducting PAYE and NIC from payments made to a worker, it will need to evaluate the cost of the employer's NIC which will also apply, as well as any Apprenticeship Levy payments. This will need to be built into budgets going forward, and many engagers may re-evaluate the rates they are prepared to pay freelance workers as a result.

If the charity continues to engage with PSCs, remember that it is the charity's responsibility to perform and evidence an employment status check on the individual. Employment status is a subjective area based on case law rather than legislative tests and, as a result, there is an embedded risk.

The risk of getting the status wrong is expensive; not only would the charity, as the engager, be subject to interest costs and potentially penalties for failure to operate PAYE correctly, but it opens up the possibility of back taxes on the individual worker for four or six years, depending on the specific rules applied. NIC can also be charged going back six years.

Extension to eligibility to join VAT groups

New VAT legislation has now been introduced which allows entities that are not 'corporate bodies', but which control other entities, to be included within a VAT group.

Prior to 1 November 2019, all members of a VAT group were required to be corporate entities (i.e. established by Royal Charter, Act of Parliament or as a company Limited by Guarantee) and consequently trusts, partnerships and individuals were not allowed to be included.

While many charities do have corporate status there are also many charities established as trusts that, while having ultimate control of other companies within a group, have not been able to join or form VAT groups because they are not incorporated.

A VAT group is a facilitation that allows entities that fall under common control to form a single VAT entity. Members of a VAT group are, therefore, not

required to apply VAT to intra-group charges. In some cases this can save VAT where the group contains entities that are unable to recover VAT on costs in full (because they make exempt and/or 'non-business' supplies) and can also save on administration since one VAT return is submitted that aggregates all group members' activities.

If you have a 'non-corporate' entity, such as a charitable trust that has not been able to be part of, or form, a VAT group previously, there may be a benefit in applying to HMRC for group treatment. However, before doing this it is important to consider whether forming or changing a VAT group would require detrimental changes to existing partial exemption and/or business/non-business methods.

VAT zero rating on digital publications

Charities or their subsidiaries who have been accounting for VAT on digital publications at the standard rate may have an opportunity to submit a claim for overpaid output tax. HMRC's previous position that digital publications are not able to benefit from zero rating unlike physical/printed versions has been overruled in a recent Upper Tier Tribunal decision. It may also potentially allow charities to move to more digital publications in the future.

We expect that HMRC will appeal against this decision and so the matter is unlikely to be concluded in the near future. However, due to the four-year statutory limit on adjusting VAT claims and the length of time that may be taken if HMRC are to appeal, our recommendation is that protective claims are submitted to HMRC going back four years in order to protect any over-paid VAT going 'out of time'.

Until the dispute is finally resolved and/or HMRC issues updated guidance, we would recommend that taxpayers continue to account for VAT on digital publications and submit further protective claims if necessary.

More information on this is available from our website <https://www.crowe.com/uk/croweuk/insights/overpaid-vat-digital-publications>

VAT is due on invoices from Google and Facebook

We have previously highlighted that HMRC was looking at the VAT position on advertising services that charities receive from suppliers such as Facebook and Google. HMRC has now interpreted these supplies to be VAT standard rated supplies of targeted marketing.

HMRC's main argument is that the provision of 'advertising' services, where suppliers such as Facebook/Google are able to target recipients by using their browsing history, is not 'advertising to the public' (a key condition for treating a supply to a charity as advertising). As a result, these services are not zero rated but are considered to be marketing services which are standard rated.

HMRC admit in its own published guidance that an element of 'targeting' can still be seen as advertising, for example an advertisement in a trade magazine only available to members of that particular trade body. However, the Facebook and Google targeting goes beyond what they deem 'an element'.

There is a perception that HMRC perhaps do not fully understand the technical provision by Facebook, Google and similar providers, and therefore cannot make a judgement as to the extent of targeting. However, based on this HMRC interpretation, and as most of the suppliers are based overseas, it is the responsibility of charities to account for standard rated Reverse Charge VAT if this is seen as a marketing supply; the Reverse Charge due on any advertising services received from overseas continues to be zero rated.

HMRC has not published proper clarification on its position on this and is still discussing matters with Charity Tax Group. However, visiting officers from HMRC are insisting that this matter is a 'done deal' and assessments are being issued; charities who receive these services should be prepared and make the necessary provisions, as HMRC can go back four years.

Declaring VAT Reverse Charges

As well as the Google and Facebook Reverse Charge issue above, it will be easier for HMRC to see whether or not Reverse Charge VAT is being declared on other supplies from overseas as Making Tax Digital becomes further reaching in the next few years.

HMRC define overseas suppliers as any supplier who is based outside the UK, so the Reverse Charge applies to supplies from both EU and Non-EU suppliers. HMRC are looking at services received from these overseas suppliers, which if received from a UK supplier would have UK VAT charged at the standard rate, and then checking to see if entities have applied a Reverse Charge to these services on their VAT returns.

As well as marketing services, services can include web hosting, software licences, consultancy, photocopier/asset hire and other marketing services. Charges for such services must be converted into sterling, and the receiving

entity must then charge itself VAT at the standard rate on these charges and account for the VAT on their return.

This can be important for charities, both because a lot of the services purchased abroad do not give the charity the right to a full recovery of input tax, and because not applying the Reverse Charge has led to assessments which could, in turn, lead to penalties for not completing VAT returns with 'reasonable care'.

Supreme Court hearing on sleep-ins

The Supreme Court has announced that it will hear the latest appeal of the Royal Mencap Society v Tomlinson-Blake on 12 and 13 February 2020, with a decision expected by July 2020.

This case relates to social care workers on sleep-in shifts where they provide overnight on-call support to patients but where they are expected to sleep through the majority of the shift. For these shifts employers historically paid flat-rate fees at rates below the minimum wage. Employment tribunal hearings in 2016 and 2017 ruled that that the minimum wage should be applied to the shift time and that relevant workers were entitled to back-pay for historic underpayment.

This was overturned by judges in the Court of Appeal in 2018. However, Unison (representing Tomlinson-Blake) has been granted permission by the Supreme Court to appeal the Court of Appeal ruling.

Following the initial employment tribunal hearing the government published guidance stating that sleep-in shift care workers were entitled to the full minimum wage. However, it updated its guidance last year after the Court of Appeal overturned the ruling, and now says that "*Workers who are expected to sleep for most of a sleep-in shift will get the National Minimum Wage only when they are woken up to perform tasks*".

But the government has also included a caveat that if the Supreme Court rules in favour of Tomlinson-Blake, its guidance could change once more. The guidance is on the GOV.UK website <https://www.gov.uk/night-working-hours>.

National Minimum Wage – are you getting it right?

National Minimum Wage (NMW) applies to most workers over school leaving age including casual, part-time and agency workers. It is a criminal offence to not pay an individual NMW and those who do not comply will be publicly named after October 2013. As a result, many household names are falling victim to the

NMW regulations and importantly which payments or deductions from a worker's salary reduce pay for NMW purposes.

The government have said that the "top five reasons for National Minimum and Living Wage underpayments...were:

- taking deductions from wages for costs such as uniforms
- underpaying apprentices
- failing to pay travel time
- misusing the accommodation offset
- using the wrong time periods for calculating pay."

In addition for charities there is a risk that they inadvertently give volunteers an employment status. There is also the ongoing legal challenge on the status of employees providing sleep-in services - the current position on this is that workers who are expected to sleep for most of a sleep-in shift will get the NMW only when they are woken up to perform tasks. However, the Supreme Court has set a date in February 2020 to hear an appeal against this ruling.

It is therefore important that charities regularly review and keep up to date with this area. The NMW rates change every April and the current rates alongside common examples which may deduce NMW pay are summarised below.

Which deductions reduce can pay below NMW?

Broadly speaking and under regulation 12(1) of the National Minimum Wage Regulations 2015, if payment from a worker to the employer (or a deduction from worker's pay) is for the employer's use and benefit, then this reduces NMW pay. However, if payment from a worker to the employer (or a deduction from worker's pay) is not for the employer's use and benefit and the worker has free choice on whether to make a purchase, then this does not reduce NMW pay.

Four common deduction examples, including in relation to training costs, are set out below. Note that there is an exception to the above where a deduction is *"in respect of the worker's conduct, or any other event, where the worker...is contractually liable"*.

1. Uniforms

Our experience is that HMRC will treat any requirement for employees to purchase specific work clothes, even from their employer, as a deduction that reduces the average rate of pay. HMRC is and has been targeting employers that require only a simple uniform (e.g. black trousers and white shirt) which can be purchased from any retailer and is applying notional deductions from salary (they have done this with Wagamama, TGI Fridays and Primark in recent times).

For the purposes of calculating the NMW, those theoretical clothing costs would be deducted from the wages received during the first reference period and, if the average rate falls below the prescribed minimum, a breach may be said to have occurred. Therefore, care should be taken in this area. However, if the dress code imposed on employees is vague and less specific, such as smart workwear, then this does not appear to affect NMW.

2. Season ticket loans

Any payments or deductions made to repay the amount of a loan or advance (including season ticket loans) will not reduce NMW pay provided there is supporting documentation covering the terms of the loan agreement and sufficient pay records to show that a genuine loan advance was made and the employee has received the money.

3. Pensions via salary sacrifice

Employer contributions to an employee's pension are not classified as payments to the employee and these payments therefore do not count toward a worker's total remuneration. It is therefore important that any pension salary sacrifice arrangement cannot take the employee's remaining pay below the NMW. However, the same issue does not apply to additional employee contributions because it is the employee's gross salary before any employee pension contributions are made which counts for NMW purposes.

4. Training costs

Training costs are sometimes paid by workers to their employer, or deducted from a worker's pay. If the arrangement is contractual, then any payments or deductions would reduce NMW pay as the expense is incurred in connection with their employment duties as per regulation 13 of the National Minimum Wage Regulations 2015.

However, where an employer makes a deduction from a worker's pay and uses it to pay expenses to a third party for training or other costs at the request of the worker, deductions will not reduce NMW pay. These costs must be a liability of the worker and not a requirement of the employer, and the employer cannot impose an administrative charge for making the deduction.

Note that care should be taken when training expenses are incurred to be in a position to do or secure the job as the same rules may not apply.

Current rates

The rates for the National Living Wage (employees over 25) and the National Minimum Wage (employees under 25) are below for the current tax year. The rates update every April.

Age	25 and over	21 to 24	18 to 20	Under 18	Apprentice
April 2020	£8.72	£8.20	£6.45	£4.55	£4.15

You should always consider when making any deductions from a worker's pay, or receiving any payments from a worker if these amounts are for the employer's use and benefit and the necessary NMW implications.

The National Minimum Wage Regulations 2015 can be seen on the GOV.UK website - <https://www.legislation.gov.uk/ukxi/2015/621/contents/made>

Compliance

Charity Commission guidance from the internet

In September 2019, the government published a new access page for the Charity Commission guidance. As well as providing a list of all Charity

Commission 'CC' guidance (CC3 to CC49) it also lists the available guidance under six topics:

- Trustee role and board
- charity money, tax and accounts
- managing your charity
- staff and volunteers
- fundraising
- setting up a charity.

Within each topic the guidance is further segregated to help readers identify guidance that will be relevant to them, for example the 'Trustee role and board' guidance is presented under 'introductory guides', 'essential reading', 'detailed guidance' and 'other'. The other topics have different but relevant groupings for their guidance documents.

The page also has a link to a search facility which may be helpful to users looking for guidance on specific topics. The access page is on the GOV.UK website <https://www.gov.uk/guidance/charity-commission-guidance>.

Brexit and GDPR

One issue that Trustees will need to consider going forward will be the impact of Brexit on the GDPR requirements. Initial guidance from the Government was withdrawn and the website page now says "*The UK is leaving the EU. This page tells you how to prepare for Brexit and will be updated if anything changes*". It also says "*You do not need to do anything now to continue sending personal data out of the UK to the EEA after Brexit. UK organisations will still be able to legally send personal data from the UK to the EEA and 13 countries deemed adequate by the EU.*"

Appendix 4 - Non Profits events, courses and briefings

We believe it is important to keep our clients up to date on the issues that affect them and, as a part of our ongoing communication, we regularly hold seminars and courses. Unfortunately, due to the current Covid-19 restrictions, we have necessarily had to suspend our face to face courses and seminars.

Although we hope to be able to return to our seminars and courses in the not too distant future, we are currently working to replace some of these as webinars. We have a number of webinars currently in development and will make these available as soon as we can.

As a result the webinar sessions are likely to be put out with relatively short notice and we therefore encourage you to visit our website (<https://www.crowe.com/uk/croweuk/industries/webinars>) or register to our mailing list (nonprofits@crowe.co.uk) to stay updated on these. Any webinars which you have missed remain available on demand on our website.

Past and planned webinars

These sessions are run by experts from our Non-Profits team on topical issues. Full details of timing and how to register are on our website.

• Governance for non-profits in a VUCA world
• Demonstrating your charity's impact
• COVID-19 financial reporting issues for charities
• Bite sized Trustee Essential: Reserves, going concern and reporting
• Understanding and managing reserves
• Efficiency and Productivity
• Planning for recovery
• COVID-19 and cybercrime
• COVID-19 and fraud
• Making Tax Digital for VAT 2020
• Charity VAT update
• VAT bitesize webinars
• Managing your cashflow with CBILS and CJRS
• Off payroll working

We hope to be able to return to our direct seminar sessions in the future and have therefore retained a number of dates for these as below.

Trustee essentials

Our Trustee essentials seminars have been developed to consider the issues facing trustees. We take an in-depth look at the key areas of responsibility which will provide trustees with useful information, tools and techniques. These sessions are full day seminars and cost only £50 per delegate.

• Trustee essentials	9 Oct 2020
• Trustee essentials	9 Dec 2020
• Introduction to schools' VAT	7 Oct 2020
• Introduction to charity VAT	15 Oct 2020
• Charity VAT reliefs	25 Nov 2020
• Charity conference (Manchester)	23 Sep 2020
• INGO conference	Nov 2020

For further information on or to register for any of the above events, please visit our website <https://www.crowe.com/uk/croweuk/industries/non-profits> or email nonprofits@crowe.co.uk



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