

**UCLU (operating as
Students' Union UCL)**

**Annual Report and Financial
Statements**

31 July 2021

Company Limited by Guarantee
Registration Number
07635628 (England and Wales)

Charity Registration Number
1142404

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Reference and administrative information

Trustees	J Ali A Aminy Z Badat P Barran B Beasant A Benmati I Benmouna C Bracey M Chaudhary Y Daoud M Day V Makai O Teklies
Chief Executive Officer	John Dubber
Senior Management Team	A McKee (Head of Student Engagement and Communication) D Nichols (Head of Operations) C Barrow (Head of Finance)
Charity registration number	1142404
Company registration number	07635628
Website	www.studentsunionucl.org
Registered address	25 Gordon Street London WC1H 0AY
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank Plc London Corporate Service Centre PO Box 46116 London EC4N 8WB

The trustees, who are also directors of the charitable company ("the charity"), present their report and the financial statements for UCLU ("the Union") for the year ended 31 July 2021, which have been prepared in accordance with the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charitable status

Students' Union UCL ('UCLU') is an incorporated charity (limited by guarantee) (charity registration number: 1142404; company registration number: 07635628).

It was originally established in 1893 and now operates in accordance with the Education Act 1994. It has been registered with the Charity Commission since 14 June 2011, when students' unions connected with exempt higher/further education institutions were removed from exemption by the then Charities Act 1993.

UCLU is governed by its Memorandum and Articles of Association last amended in May 2011. UCLU operates as Students' Union UCL following a rebranding project during the 2017/18 financial year.

Governance

UCLU is constituted under the Education Act 1994 as a charitable company limited by guarantee with internal regulations and rules approved by the governing body of University College London (UCL). The primary aim of the Union is the advancement of education of students at UCL for the public benefit.

Public benefit

All activities undertaken by the Union are to further our charitable purposes for the benefit of our student members.

In shaping our objectives and planning activities, the Board of Trustees have had regard to the Charity Commission's published general guidance regarding the exercising of duty and power for the public benefit. The main benefits which have arisen during the year from the organisation's aims are detailed in the following sections.

Board of Trustees

The Board of Trustees ensures Students' Union UCL has the necessary financial and structural abilities to carry out its aims effectively. The Board makes decisions on legal and financial issues and ensures that the organisation is delivering on the political policy set by the democratic bodies of the Union. In accordance with the organisation's Memorandum and Articles, the Board comprises:

- ◆ 4 Sabbatical Trustees (moved to 6 from 16 July 2021)
- ◆ 4 Student Trustees
- ◆ 1 External Trustee (Alumni)
- ◆ 1 External Trustee (UCL Staff)
- ◆ 1 External Trustee (Non-UCL)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Board of Trustees (continued)

Members of the Board (who are also directors of UCLU for the purposes of company law) who served during the year and up to the date of this report were:

Trustees (Directors)		Appointed / Resigned
A Benmati	Sabbatical	Appointed 16 July 2020
I Benmouna	Sabbatical	Appointed 16 July 2020
Y Daoud	Sabbatical	Appointed 16 July 2020
C Paige	Sabbatical	Resigned 15 July 2021
A Aminy	Sabbatical	Appointed 16 July 2021
V M Makai	Sabbatical	Appointed 16 July 2021
O M Teklies	Sabbatical	Appointed 16 July 2021
V Dinu	Student	Resigned 31 October 2020
T Mullings	Student	Resigned 31 October 2020
D Ruttenberg	Student	Resigned 31 October 2020
A Connolly	Student	Resigned 4 September 2020
S Bhatt	Student	Appointed 1 November 2020 Resigned 11 June 2021
A Liang	Student	Appointed 1 November 2020 Resigned 11 June 2021
S Shafeeq	Student	Appointed 1 November 2020 Resigned 11 June 2021
A Sree Asok	Student	Appointed 1 November 2020 Resigned 11 June 2021
D Banati	External	
P Barran	External	Appointed 1 September 2020
C Bracey	External	

The trustees hold a minimum of four meetings per academic year and are responsible for establishing and delegating to the following committees:

- ◆ Finance Committee
- ◆ Risk & Audit Committee
- ◆ Governance Committee
- ◆ Remuneration Committee

The terms of reference for the Board and its associated committees, are available on the Union website.

<https://studentsunionucl.org/about-us/governance-trustees/governing-documents>

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Committees

Finance Committee has delegated responsibility from the Board of Trustees to oversee the finances of the Union, including considering strategic options for, and general oversight of all areas of the Union's finances. This includes approving annual budgets and monitoring the financial performance of the organisation.

Risk & Audit Committee is charged by the Board for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the organisation is complying with all aspects of the law, relevant regulations and good practice. The annual statutory audit is also under this committee's remit.

Governance Committee is charged by the Board for promoting good governance and ensuring our governance arrangements are effective and comply with the governing documents laid down by our members, UCL, the Charity Commission, and other legislative bodies/authorities.

Remuneration Committee is charged by the Board for considering the remuneration of the Chief Executive and Sabbatical Officers, and proposals regarding broader staff remuneration.

Recruiting and training of trustees

The Sabbatical Officers (Sabbatical trustees) are democratically elected each year by the membership of the Union in the spring election to serve from 16 July to 15 July. All new Sabbatical Officers undergo a period of internal and external training. To ensure a smooth handover, incoming Sabbatical Officer undergo a 15 day shadowing period. Once in post, they have fortnightly meetings with the Union's Chief Executive and Senior Management Team (as a group including the officers referred to as the Leadership Team) who have delegated responsibility for overseeing the day-to-day activity of the Union and management of staff. The Sabbatical Officer role is to work closely with UCL's senior leadership team to ensure that student issues and concerns are a central part of the University's governance and decision making. They represent students to other organisations and nationally as required. They are leaders of the Students' Union, helping to ensure that it is a well-run and effective charity providing a wide range of valuable services for its members. They also ensure that policy proposals considered by the Executive, Members' meetings and referenda are implemented.

Student trustee positions are democratically elected by the membership of the Union, in the autumn. They serve for one year from 1 November or until their status as a student no longer exists.

External trustees are appointed following advertisements placed within the UCL community and nationally in the media. They are appointed for a period of four years and each appointment is ratified by Union Executive.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Union Executive

Union Executive is the democratic policy making body of the Union and is responsible for the ratification of Union policy except where policy was determined by a Referendum.

Relationship with University College London (UCL)

The relationship between UCL and the Union is established in the Regulations of UCL and detailed in the Union rules approved by both organisations. The Union receives an annual Block Grant from UCL and occupies a number of buildings owned by UCL. The Union also receives administrative support in a number of areas including Human Resources, IT infrastructure and payroll. This support is intrinsic to the relationship between UCL and the Union.

An estimated annual value to the Union for its free of charge occupation of UCL's serviced accommodation has been included in the financial statements, priced at a market value of £2.57m (2020: £2.58m).

Although the Union continues to generate supplementary funding from various mutual trading activities, it is dependent on UCL's support and for this it is appreciative.

There is no reason to believe that this or equivalent support from UCL will not continue for the foreseeable future, as the Education Act 1994 imposes a duty on UCL to ensure the financial viability of its student representative body.

Employment policy

The Union contracts of employment templates continue to be provided by UCL. This allows the Union to continue to benefit from UCL's extensive and proven HR procedures, policies and support from UCL Human Resources Division. Through its relationship with UCL, the Union offers competitive terms, conditions and benefits to its staff including a generous annual leave entitlement and pension scheme.

UCL implemented the Pay Framework Agreement for all non-clinical posts across the organisation in May 2006 and the Union's arrangement for setting pay and remuneration of staff is based on this agreement. The Union uses the same coherent ten grade structure as UCL, which is based on the non-discriminatory job evaluation scheme (HERA).

The Union has a longstanding commitment to equality, diversity and inclusion, and to providing a working and social environment in which the rights and dignity of its diverse staff are recognised. All staff have an annual appraisal which incorporates a personal development plan. The Union has excellent provision for training and also works closely with the UCL Organisational Development team.

Regular all-staff meetings and email briefings are used to keep staff up-to-date with relevant issues such as strategic and financial planning, and staff are invited to provide feedback to senior management through regular surveys and open meetings.

In the course of the year, to deliver and support our activities, we engaged a large number of part time casual student staff across many of our commercial and grant-funded services.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Employment policy (continued)

We also employ permanent members of staff, some of whom are responsible for the operational decisions taken across the organisation on a daily basis. Details of staff costs can be found in note 6.

Key management remuneration

The remuneration of key management personnel is set by the Board, with the policy objective of ensuring that they are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the Union's success. The appropriateness and relevance of such remuneration reviewed annually, including reference to comparisons with other unions to ensure that the Union remains sensitive to the broader issues of pay and employment conditions elsewhere.

Details of key management personnel and their remuneration are set out in note 6.

Statement of trustees' responsibilities

The trustees (who are also directors of the Union for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Observe the methods and principles in the Charities SORP;
- ◆ Make judgements and estimates that are reasonable and prudent;
- ◆ State whether applicable 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 disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of trustees' responsibilities (continued)

Each of the trustees confirms that:

- ◆ So far as each of the trustees is aware, there is no relevant information of which the charitable company's auditor is unaware; and
- ◆ The trustee has taken all steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and establish that the charitable company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Risk management

The Risk & Audit Committee oversee the organisation's approach to risk management. A Strategic Risk Register is agreed by the Board of Trustees, Risk & Audit Committee and Senior Management Team (SMT). This is reviewed on a quarterly basis with an annual review cycle. Going forward, this will be updated regularly alongside departmental risk registers, overseen by the Risk & Audit Committee. The Union will follow the UCL risk framework, including regular staff training and reviews and updates of registers. This combined with a practical approach and visible engagement and support from trustees and senior management will help embed risk management across the Union. The principal potential risks and uncertainties facing the Union are:

- ◆ Continuing disruption to services and income arising from the Coronavirus pandemic and associated restrictions.
- ◆ Continuing increases in levels of demand for service provision from students without a comparable increase in grant funding from UCL.
- ◆ GDPR (General Data Protection Regulation) compliance.
- ◆ A serious incident on Union premises or by members of the Union's clubs and societies that results in harm to staff or students and / or reputational damage.

The Union's mitigation strategies against these are:

- ◆ Careful monitoring of the changing national and regional spread of the virus and associated government guidance – with weekly reviews of the impact on the Union's operations and finances, and maintaining a close relationship and dialogue with UCL regarding the financial and operational impact.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

- ◆ Continuing to enhance and strengthen the Union's relationships with UCL and seeking increased contributions from commercial income.
- ◆ The Systems Manager is the Union's data protection and GDPR lead. A review of the Union's GDPR compliance and best practice in data management was completed in 2019 and work is continuing to monitor implementation of all controls.
- ◆ A Health and Safety Co-ordinator has been appointed (part time) to review and implement health and safety management for the Union, including risk assessments, training provision and records, safe working procedures, emergency response and incident response planning.
- ◆ Regular reviews of Union Health and Safety policies and procedures, continuing to work closely with UCL Communications and Marketing, continuing and improving training for Union and Clubs and Societies officers and ensure high quality risk assessments for activities and events.
- ◆ Implementation of a Student Union venues incident response plan currently under consultation. This includes identification of training needs and onsite supporting information. Training for team members will include external and internal training and simulation exercises. Testing of the plan will be undertaken periodically.
- ◆ Student Union working towards achieving completion of UCL T100 safety management system. The T100 tool is based around the Plan, Do, Check, Act management system approach which is consistent with Health and Safety Executive and Higher Education guidance and is based on practical measures to promote continuous improvement in health and safety.

STRATEGIC REPORT

Union purpose, vision, mission, values

Purpose

The object of the Union is the advancement of education of Students at UCL for the public benefit by:

- ◆ promoting the interests and welfare of students at UCL during their course of study and representing, supporting and advising students;
- ◆ being the recognised representative channel between students and UCL and any other external bodies; and
- ◆ providing social, cultural, sporting and recreational activities and forums for discussions and debate for the personal development of its students.

Vision

To be the best part of the UCL student experience and to be one of the best students' unions in the UK and internationally.

STRATEGIC REPORT (continued)

Union purpose, vision, mission, values (continued)

Mission

Our mission is to help students:

- ◆ Make more of their time at UCL.
- ◆ Get outstanding support when they need it from our advice and welfare services.
- ◆ Have strong influence with UCL and the wider community locally and nationally on issues of importance to their lives as students.
- ◆ Experience more at university and develop strong social connections and communities through our societies, activities, sports, volunteering service and events.
- ◆ Feel at home in our excellent spaces.

Values

Our values are:

- ◆ Student driven
- ◆ Inclusive
- ◆ Inspiring
- ◆ Fun
- ◆ Bold

Review of 2020/21

Achievements

The role of the Union is wide ranging, but our core purpose is that all of our members have a fantastic experience of university life. We want their interests to be at the heart of the future direction of the university. We aim to provide fantastic opportunities for them to meet friends and pursue their extracurricular interests via our cafes, bars, societies, clubs and volunteering opportunities. For those who face difficulties and barriers to being able to fully participate in and enjoy student life, we provide high quality independent support and advice. And perhaps most importantly, we want all of our students to feel at home at UCL, with a strong sense of belonging and feeling proud to be students of our university.

In the past year the Union has continued and accelerated its exciting programme of renewal and development, helping contribute to an improved experience for all of our students.

The pandemic has created an extraordinarily difficult year for our members as they have continued their studies amidst the impact of Covid. Many have experienced challenges with their mental health, others have suffered financial difficulties due to the lack of employment opportunities, huge numbers have experienced loneliness and isolation, whilst all have had to get to grips with remote study and research without the vibrant campus experience that is a vital part of a UCL education.

STRATEGIC REPORT (continued)

Achievements (continued)

Despite all this, our students have continued to do many incredible things this year and we have been proud to help support and enable a wide range of projects and initiatives that have supported and empowered them at this time. The resilience, determination, and community spirit our students have shown continues to inspire us, affirming our commitment to be the place *Where More Happens*.

We have focused our work this year on doing all we can to support our community of students and ensuring that the pandemic has not affected progress towards our long-term goal of once again becoming one of the best students' unions in the UK and the world.

Whilst the pandemic hugely affected our income and meant that our service provision was much reduced on a normal year, we have pulled together strongly as an organisation and the Union's staff and officer team have done a tremendous job of delivering fantastic support to students. From supporting 40 new student societies, launching speed friending sessions and lockdown challenges to tackle loneliness and isolation, and running the biggest Students' Union election this year in the UK, to the impact of our officers working with UCL to put students at the heart of the University's response to the pandemic, it's been a terrific team effort that has delivered incredible results. Our student satisfaction has continued to rise and was the most improved question in the National Student Survey for UCL this year. We have also laid the foundations for sustainable change at the Students' Union through the ratification of our first Sustainability Strategy and Action Plan.

Of course, given the impact of the pandemic on our finances, we have had to make considerable savings and reduce activity from their usual levels, but with additional financial support from UCL to support our student activities programme, and extensive use of the furlough scheme, we have come through the past year more strongly than we had originally feared. We now look forward to the future with confidence and optimism when we hope to transition towards a more normal year ahead.

As ever we are very grateful for UCL's support of the Students' Union. It has been fantastic to work with the senior leaders of the university who have demonstrated their commitment to our students so strongly during the past year. We look forward to working closely with all of UCL's incredible staff in the year ahead, continue to put students first and work towards our shared aim of a world leading student experience. We also ask for UCL's continuing help to address our space and facility issues which remain the Union's largest challenge and undermine what is in many other ways an excellent student experience. We are delighted to be working with UCL Estates on a new master plan for Students' Union space and sports facilities. We hope that this will address students' biggest priority for the future, which is a quality students' union building, comparable with other leading universities, with accompanying practice and rehearsal spaces for sport, music, performing arts and other societies, enabling our students to fulfil their extracurricular interests and build the friendships and social and cultural capital that are so important to an exemplary university education.

STRATEGIC REPORT (continued)

Achievements (continued)

Thank you to everyone who has played a role in the success of the Union this year, our elected officers, our fantastic staff team, all of UCL's staff who have done so much to support students during this extraordinary year, and finally to our amazing students who have continued to do incredible things supporting each other, contributing to the local community, and making UCL the very special place it is.

This year, we:

- ◆ Supported 336 sports clubs and societies which attracted 13,270 members.
- ◆ Supported the creation of 40 new student societies, with the aim of building communities, creating social opportunities and supporting their members.
- ◆ Enabled 47,841 memberships to clubs and societies, despite the barriers caused by remote delivery, with many students joining multiple groups and expanding their social circle.
- ◆ Won a One UCL Award 2021 for Outstanding Team
- ◆ Ran our first ever Digital Welcome Fair which 14,000 students visited, with more than 18,000 students tuning into watch our live Welcome broadcast.
- ◆ Introduced 7,800 students from 104 countries to UCL's Support Services during Welcome Week.
- ◆ Helped 1,233 students find friends fast during Welcome Week at innovative online Speed Friending sessions.
- ◆ One of the only universities in London to hold a competitive sports programme despite the pandemic. UCL beat King's College London to win the London Varsity Series for the fifth consecutive year, with thousands of students watching the events live from around the world.
- ◆ Engaged 1,309 students in online Project Active exercise classes, with 59% of attendees studying at Postgraduate level.
- ◆ Connected and supported 1,000 students with virtual volunteering opportunities, supporting projects like Age UK's Check In and Chat scheme, speaking to hundreds of vulnerable and isolated people in London.
- ◆ Launched a new online shop in January 2021 to enable all students to access high quality UCL merchandise, helping them to feel part of the student community from wherever they were in the world.
- ◆ Provided comprehensive support to 123 Postgraduate Taught students through the Community Research Initiative for Students, enabling them to research their dissertations in partnership with local community organisations.
- ◆ Hosted 3,307 student events throughout the year, up from 2,239 in the previous year, with the introduction of online events helping us to reach more students than ever before.

STRATEGIC REPORT (continued)

Achievements (continued)

- ◆ Delivered a digital International Festival across five themed days, featuring 23 different events, activities, and talks, helping to bring together and create intercultural experiences for UCL's amazingly diverse student body.
- ◆ Trained 9,874 students to be Active Bystanders, helping to prevent harassment and sexual misconduct, up from 2,323 the previous year.
- ◆ Supported 791 students in need via our Advice Service, including helping students win £104,000 of financial compensation, compared to £62,000 the previous year.
- ◆ Recruited and supported more than 1,900 Academic Representatives.
- ◆ Ran the largest and most successful ever election at UCL with 9,473 students voting in our Leadership Race – the largest student election in the UK this year and the largest ever across London.
- ◆ Met the Minister of Universities, Michelle Donelan MP; the Permanent Secretary of the Department for Education; and Leader of the Opposition and our local MP Sir Keir Starmer asking for additional financial assistance for students and to consider tuition fee refunds.
- ◆ Supported our clubs and societies to create a vibrant community at UCL and this year, hosting 1,006 guest speakers and running 994 society-led events.
- ◆ Developed a new activity tracking platform and encouraged 655 students to sign up and compete in challenges and leagues, helping them to remain active and healthy remotely.
- ◆ Achieved Investors in People Silver accreditation, with 95% of staff feeling the organisation is a great place to work and 97% of staff feeling the organisation has a positive impact on society.

Fundraising activities

The Union does not actively solicit donations directly from the public and does not use third parties for fundraising. Therefore it is not registered with the Fundraising Regulator and does not subscribe to any fundraising codes of practice. Were donations from individuals or trusts and foundations to be received, the Union would ensure personal data is appropriately protected. The Union received no complaints within the year regarding fundraising.

Financial review

The Union had an improved financial performance in 2020/21 versus the previous year. The realised income and expenditure (which excludes the unrealised gains and losses in relation to investments and pension schemes) is stated below and shows a net surplus from operations in the year of £116k (2020: deficit of £187k). The net expenditure after the depreciation charge of £379k (2020: £354k), relating to depreciation of a capital grant for building works, revaluation of investments and adjustment to pension provision, is a surplus of £273k (2020: £59k).

STRATEGIC REPORT (continued)

Financial review (continued)

	2021 £'000	2020 £'000
Total income	7,172	10,096
Total expenditure (excluding depreciated charged to restricted funds)	(7,056)	(10,283)
Operational surplus (deficit)	116	(187)

Throughout 2020/21, with the exceptions of a few venues, the Union's commercial outlets remained closed due to lockdown or the impact of covid restrictions. The low number of students on campus meant it was not viable to open all outlets, even when the lockdown restrictions were lifted. This was contrary to our expectation at the budgeting stage, which was that restrictions would be relaxed throughout the year and sales would return to approximately a quarter of those seen pre-covid. Commercial income generated fell well short of this, but the shortfall was offset by extensive use of the furlough scheme. The Union received income of £374k (2020: £439k) to offset the cost of staff unable to work due to covid restrictions, which covered a large proportion of fixed staff costs in Commercial, keeping the overall commercial deficit close to that anticipated at budget.

To manage this fall in commercial income, the Union reduced spend as much as possible whilst still providing core online student services, and also sought to recoup staff costs across all the non-commercial areas via use of the Government's furlough scheme. Savings were delivered from the necessary cancelling of student events, particularly around sports, and moving face-to-face activities to on-line.

The Union has continued to benefit from the recognition and support of UCL, and this year received a block grant of £2,795k (2020: £2,713k) and use of UCL facilities valued at £2,575k (2020: £2,582k). Income in the year was also supplemented by additional grants from UCL which were received on top of the block grant, totalling £462k (2020: £308k). This was in recognition of, and to help further, the vital work that the Union was delivering to support the student community.

Restricted reserves reduced to £1,517k (2020: £1,618k). This was the net of a reduction in restricted reserves of £379k, relating to the depreciation charge of a capital grant, and an increase of £278k due to restricted grants received which will be spent in the next financial year. Unrestricted reserves increased to £5,356k (2020: £4,982k).

Custodian activities: Clubs' & Societies Funds

The Union acts as custodian for funds raised by the students' Clubs & Societies amounting to a net figure of £968k (2020: £877k) in creditors at the year-end. In addition to this, the Union provides grant support for their core activities as shown in note 1 of the financial statements.

STRATEGIC REPORT (continued)

Future funding and going concern assessment

The Trustee board confirms that Students' Union UCL has sufficient funds to meet all its obligations. The cash at bank and on hand has reduced slightly to £1,630k (2020: £2,201k), however the intercompany balance with UCL, through which the grant funding is paid, has grown to £1,244k (2020: £287k) and in addition the Union has a letter of support from UCL that confirms that it will provide liquidity support, if required, throughout 2021/22 and into the following year as a minimum.

The Union expects that income will return to historic levels in 2021/22. Commercial and student activities will increase, but there is still an expectation that students will spend less time spent on campus due to the continuing impact of Covid-19. Although the occupancy on campus is anticipated to be lower than pre-covid, the contribution from commercial activities is expected to return to historic levels due to the opening of a new convenience store and because existing outlets should be open for the full year which were only partially in operation in previous years. The block grant for 2021/22 has been confirmed at £3,128k (2021: £2,795k) by UCL. This is an additional contribution of £250k on top of a 3% inflationary increase. UCL has agreed to increase the grant by a further £250k in 2022/23 and 2023/24, representing an increase of £750k over three years. The ongoing occupation of free-of-charge accommodation has also been confirmed.

Total fund levels have grown versus last year to £6,873k (2020: £6,600k) and, with the increase in block grant funding that has been agreed with UCL, the Union is financially stable and will be able to be resilient should trading conditions change in the coming year.

Reserves level and policy

The Union's reserves provide financial stability and the means for the continued development of our principal activities. The Union is heavily dependent on the annual grant received from UCL and would be at risk were those funds to be reduced.

In the event of a reduction in income and to ensure continuity of activities and scope for review, it is the trustees' policy to maintain free reserves (equating to general funds excluding the pensions liability) of a minimum of six months' running costs.

The charity had total reserves of £6,873k (2020: £6,600k) at the balance sheet date. This included restricted funds of £1,517k (2020: £1,618k) and designated funds of £4,317k (2020: £3,741k). After deducting these funds from total reserves, the free reserves at 31 July 2021 were £1,421k (2020: £1,582k) - equivalent to approximately 3.9 months' running costs. By budgeting to mitigate losses caused by Covid-19 restrictions and building commercial operations in the future to deliver accounting surpluses, the Union is taking steps towards rebuilding free reserves. The Union is also undertaking a review of its reserves policy to assess whether a cover of six months' operating costs is an appropriate free reserve target based on the potential operational risks.

The trustees have continued to formally designate £1,741k towards the planned developments within the strategic plan (2020: £1,697k). The Trustees will review this designation on an ongoing basis. The funds that are designated are for future strategic projects, including the development of student sports and the provision of sporting facilities.

STRATEGIC REPORT (continued)

Investments policy, objectives and performance

The Union's investment objectives are to balance the current and future needs by:

- ◆ maintaining (at least) the value of the investments in real terms;
- ◆ producing a consistent and sustainable amount to support expenditure; and
- ◆ delivering these objectives within acceptable levels of risk.

The policy to invest surplus funds is agreed by the Finance Committee.

Investments are placed after agreement with the Investment Team at UCL. Transfers are under the control of the Head of Finance and Chief Executive.

Other than investments in the UCL fund, all other assets must be held in a restricted portfolio (where capital has to be preserved).

Investments within the UCL Unified Fund follow UCL's Investment Policy including its ethical considerations, which are summarised below.

While the guiding principle of UCL's investment policy is to generate funds, whether through income or capital growth, with which to further the work of UCL, other than financial criteria being appropriate, UCL will not invest in a particular business in the following circumstances:

- ◆ Where such investment might conflict, or be inconsistent, with the aims, objects or activities of UCL. Thus, for example, investment in the tobacco industry would be inconsistent with and would conflict with UCL's research into cancer.
- ◆ Where such investment might hamper the work of UCL either by alienating financial supporters or potential financial supporters; or by having a material impact on applications from potential students.
- ◆ Where such investment, while not excluded by virtue of (i) or (ii) above, is considered by UCL to be unethical.

The investment policy objective is to obtain a minimum income yield of base rate plus 0.5%.

Our listed investments, valued at £3,674k as at 1 August 2020 in the UCL Unified fund returned an income yield of 1.7%, and an unrealised capital gain of £577k or 15.7% growth was recognised, taking the valuation to £4,251k as at 31 July 2021. The income yield objective of base rate plus 0.5% is satisfied; with annual inflation (CPI) of 2.1% at July 2021, sufficient income/capital to negate the erosion of the capital sums invested has been earned.

Other average treasury investment, being fixed term deposit account of £1,010k, returned an income yield of 0.3%. Interest rates on deposit accounts fell in the year and alternative investment vehicles are being considered.

STRATEGIC REPORT (continued)

Future plans

Students' Union UCL has the ambition to be one of the best students' unions in the UK and globally. We want to be the best organisation that we can for our members, providing outstanding services and facilities for students, and achieving real influence across UCL and beyond.

Following the disruption to our services during the pandemic, our plans for 2021-22 are to reopen as many face-to-face services as and when there are sufficient students using the university campus to support this. We anticipate all our services being open for the beginning of the academic year in late September.

We have budgeted that operations in 2021-22 will break even although there will be additional expenditure funded by restricted grant income received in previous years where the work was unable to be completed due to the pandemic. We will maintain core service provision for students and start to rebuild and reinvest in our operations that have been cut back during the last two years. We expect 2021-22 will be a transitional year as we move from lockdown and restricted movement to more activity on campus. However, there is still some uncertainty as what the new environment will be like and we do not expect that all aspects will return to as they were pre-pandemic. For that reason, expenditure will be carefully controlled to ensure we do not over-commit and can be agile to react to a changing environment. In this way we aim to protect the Union's reserves in the short term to enable long term investment.

We are also committed to continuing the Union's modernisation and our work towards our long-term vision. As we emerge from the pandemic, our plans build on the organisation's great achievements of the past few years, such as the significant increase in student engagement, with more and more students participating in clubs and societies, standing for election and voting. But we are also seeking to focus more resources and attention on our core systems and processes with strengthened objectives in areas such financial management, governance, health and safety, engagement with our student staff, and our environmental sustainability. We are also working closely with UCL to explore options for the modernisation and expansion of our facilities

Key objectives for the next year include:

- ◆ Student Wellbeing and Belonging – we want to lead the way on improving student wellbeing and belonging at UCL.
- ◆ Student Change – we want student voices to effectively influence the development of UCL and for UCL student voices to be influential in the wider community and nationally.
- ◆ Student Education – we want to ensure that the environment here at UCL is one where all students can fulfil their potential.
- ◆ Postgraduate Students – we want to deliver the best postgraduate experience in the UK for our students.

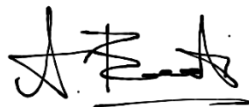
STRATEGIC REPORT (continued)

Future plans (continued)

- ◆ Student Activities and Development – we want to provide a fantastic student activities programme that enables our members to meet new friends, learn skills, develop their confidence and make more of their time at UCL.
- ◆ Accountability, Partnerships and Governance – we want to be one of the best students' unions in the UK and internationally, so that we provide the very best services and facilities for UCL students.

This Trustees' Report, comprising the Directors' Report and Strategic Report, was approved by the board and signed on its behalf by:

Trustee Ayman Benmati

A handwritten signature in black ink, appearing to be 'Ayman Benmati', with a horizontal line underneath.

Date 15/12/2021

Independent auditor's report to the members of UCLU

Opinion

We have audited the financial statements of UCLU for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the 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' (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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
- ◆ 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.

Responsibilities of Trustees

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

Responsibilities of Trustees (continued)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts.
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of representatives of management and the review of minutes of Board of Trustees meetings.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of where management considers there was susceptibility to fraud and knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

How the audit was considered capable of detecting irregularities including fraud
(continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Tested the authorisation of expenditure;
- ◆ Gained an understanding of the processes in place for the management of the charitable company's investments; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Review of the minutes of meetings of those charged with governance;
- ◆ Enquiring of management as to actual and potential litigation and claims; and
- ◆ Agreeing accounts disclosures to underlying supporting documentation.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

A handwritten signature in grey ink, appearing to read 'Shachi Blakemore'.

Shachi Blakemore
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 16 December 2021

Statement of financial activities (including income and expenditure account)
Year to 31 July 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Income from:							
Grants and donations	1	5,370,655	478,944	5,849,599	5,383,153	220,469	5,603,622
Charitable activities							
. Trading	3	478,738	—	478,738	3,229,443	—	3,229,443
. Non-trading	3	775,835	—	775,835	1,170,816	—	1,170,816
Investments	2	67,481	—	67,481	92,332	—	92,332
Total income		6,692,709	478,944	7,171,653	9,875,744	220,469	10,096,213
Expenditure on:							
Charitable activities							
. Trading	4	3,114,107	—	3,114,107	5,622,190	—	5,622,190
. Non-trading	4	3,740,803	580,112	4,320,915	4,500,459	514,822	5,015,281
Total expenditure		6,854,910	580,112	7,435,022	10,122,649	514,822	10,637,471
Net expenditure		(162,201)	(101,168)	(263,369)	(246,905)	(294,353)	(541,258)
Other recognised gains and losses							
Actuarial (loss) gain on defined benefit pension schemes	16	(40,803)	—	(40,803)	481,848	—	481,848
Unrealised gain on investments	9	577,297	—	577,297	118,516	—	118,516
Net income (expenditure)		374,293	(101,168)	273,125	353,459	(294,353)	59,106
Transfer between funds		—	—	—	—	—	—
Net movement in funds		374,293	(101,168)	273,125	353,459	(294,353)	59,106
Balances brought forward		4,981,930	1,617,998	6,599,928	4,628,471	1,912,351	6,540,822
Balances carried forward		5,356,223	1,516,830	6,873,053	4,981,930	1,617,998	6,599,928

The statement of financial activities includes all gains and losses recognised in the above two years.

All amounts derive from continuing activities.

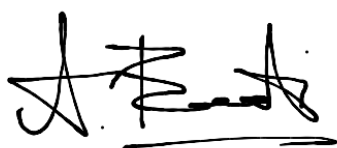
The notes on pages 30 to 40 form part of these financial statements.

Balance sheet 31 July 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible fixed assets	7		529,960		947,614
Investments	9		5,261,019		<u>4,683,782</u>
			5,790,979		5,631,396
Current assets					
Stocks	10	31,197		73,826	
Debtors	11	1,374,025		492,157	
Cash at bank and in hand		1,630,329		<u>2,201,022</u>	
		3,035,551		2,767,005	
Liabilities					
Creditors: amounts falling due within one year	12	(1,571,944)		<u>(1,457,742)</u>	
Net current assets			1,463,607		<u>1,309,263</u>
Net assets excluding pension liability			7,254,586		6,940,659
Pension scheme deficit	16		(381,533)		<u>(340,731)</u>
Total net assets			6,873,053		<u>6,599,928</u>
Represented by:					
Restricted reserves	14		1,516,830		1,617,998
Unrestricted reserves					
. Designated funds	15		4,316,951		3,740,586
. General fund	15	1,420,805		1,582,075	
. Pension reserve	15	(381,533)		<u>(340,731)</u>	
	15		1,039,272		<u>1,241,344</u>
Total funds			6,873,053		<u>6,599,928</u>

These financial statements were approved by the Trustee Board and signed on their behalf by:

Trustee Ayman Benmati



Date: 15/12/2021

The notes on pages 30 to 40 form part of these financial statements.

Company Registration number 07635628

Statement of cash flows Year to 31 July 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net income (expenditure)		273,125	59,106
Depreciation		533,207	670,566
Gains on investments		(577,237)	(118,516)
Interest received		(4,003)	(25,970)
(Increase) decrease in stock		42,629	(20,542)
Decrease in debtors		(887,404)	407,546
(Gains) losses on defined pension scheme liabilities		40,803	(481,848)
(Decrease) in creditors		99,609	(121,794)
Net cash provided from operating activities		(479,271)	368,548
Cash flows from investing activities:			
Interest receivable		4,003	25,970
Purchase of tangible fixed assets		(95,425)	(194,245)
Net cash used in investing activities		(91,422)	(168,275)
Change in cash and cash equivalents in the year		(570,693)	200,273
Cash and cash equivalents at the beginning of the year		2,201,022	2,000,749
Total cash and cash equivalents at the end of the year		1,630,329	2,201,022
Analysis of cash and cash equivalents			
Cash in hand and at bank		1,630,329	2,201,022

	At 1 August 2020 £	Cash flows £	At 31 July 2021 £
Reconciliation of net debt			
Cash at bank and in hand	2,201,022	(570,693)	1,630,329
Total cash and cash equivalents	2,201,022	(570,693)	1,630,329

Principal accounting policies Year to 31 July 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 July 2021 and are presented in sterling and are rounded to the nearest pound.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 “the Financial Reporting Standard applicable in the UK and Republic of Ireland”, and the 2015 Charities Statement of Recommended Practice based thereon – the Charities SORP. University College London Union meets the definition of a public benefit entity under FRS 102.

Going concern

The Trustees consider that there is a reasonable expectation that the Union has adequate resources to continue in operational existence for the foreseeable future and, for this reason, they continue to adopt the going concern basis in preparing the annual financial statements.

The Trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The Union’s free reserves stand at £1,421k (2020: £1,582k) sustaining only a relatively small reduction in 2020/21 considering the drop in income due to the curtailing or closing of commercial operations. All commercial outlets were open again for the start of the new academic year in October 2021 and expectation is that income will return to historic levels in 2021/22. It is expected that there will be lower footfall on campus at the beginning of the year but there will be more outlets open than in previous years to offset this. To mitigate for the risk around commercial income, UCL is increasing the block grant by £750k over three years, an increase of 27% versus the 2020/21 grant and has also provided a letter of support confirming liquidity support, if required.

Total fund levels have been maintained in line with last year at £6.6m but the proportion of restricted reserves is now less at £1.6m (2019: £1.9m) and free reserves have benefitted from a reduction in required pension provision.

The trustees are of the opinion that UCLU will have sufficient resources to meet its liabilities as they fall due.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ valuation of donations in kind received during the year;
- ◆ estimating the useful economic life of tangible fixed assets;

Critical accounting estimates and areas of judgement (continued)

- ♦ allocation of support costs across charitable activities; and
- ♦ valuation of the pension scheme liabilities in relation to the Universities Superannuation Scheme (USS).

Income

Income is recognised in the period in which the Union has entitlement to the income, the amount can be measured reliably, and it is probable that the income will be received.

Income comprises of donations and grants received from UCL, income generated from commercial activities, and investment income.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer or economic benefits will be received in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and is stated inclusive of irrecoverable VAT.

Charitable expenditure comprises the direct and indirect costs of delivering the charitable activities as set out in the Trustees' report. This includes governance costs, which are those costs incurred in relation to compliance with constitutional and statutory requirements, such as the annual audit, annual elections and training for sabbatical officers.

Support costs are allocated to charitable activities. The value of serviced campus accommodation is apportioned on estimated floor space occupied. Other central overhead costs are apportioned to charitable and other projects/activities on a usage basis, pro rata to the staff costs of each project or activity undertaken.

Depreciation

A full year of depreciation is charged in the year of acquisition. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

For depreciation purposes, useful life is assessed to be:

- ♦ Fixtures and fittings 5-10 years
- ♦ Equipment 3-5 years
- ♦ Furniture 3-5 years

Capital expenditure in excess of £1,000 is capitalised within fixed assets. Expenditure less than this amount is charged to the statement of financial activities in the year it is incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

No provision is made in these financial statements for corporation tax as the Union is exempt from such tax as a result of its charitable status.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Pension costs

The Union contributes to three principal pension schemes on behalf of its employees: the Universities Superannuation Scheme (USS), the Superannuation Arrangements for the University of London (SAUL), and the NEST scheme.

USS and SAUL are defined benefit schemes and it is not possible to identify the Union's share of the underlying assets and liabilities in the multiemployer schemes. However, the Union has entered into an arrangement to clear the USS scheme deficit by 31 March 2031. The net present value of the Union's contributions as part of these plans are reflected as a liability on the balance sheet, which will reduce as they are paid.

The NEST scheme is a defined contribution scheme.

Contributions to all schemes are charged to the statement of financial activities.

Fund accounting

Restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Designated funds are monies set aside of unrestricted general funds and designated for specific purposes by the Trustees.

General funds represent those monies that are freely available for application towards achieving any charitable purpose that fall within the Union's charitable objects.

Leased assets

Rentals payable under operating leases are charged as expenditure to the statement of financial activities on a straight line basis over the period of the lease.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Creditors

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the Union anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Financial instruments

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

Notes to the Financial Statements Year to 31 July 2021

1 Donations and grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Clubs and Societies grants	21,040	—	21,040	264,756	—	264,756
Union grant	2,773,537	—	2,773,537	2,448,426	—	2,448,426
Facilities grant ("donation in kind")						
· Trading	1,554,066	—	1,554,066	1,739,363	—	1,739,363
· Other	1,021,274	—	1,021,274	842,419	—	842,419
Total block grant from UCL	5,369,917	—	5,369,917	5,294,964	—	5,294,964
Other grants	—	478,944	478,944	87,619	220,469	308,088
Other donations	738	—	738	570	—	570
Total funds	5,370,655	478,944	5,849,599	5,383,153	220,469	5,603,622

Facilities grant funding above (trading and other) relates to "donation in kind" accommodation provided by the University to UCLU (see note 5).

2 Investment income

	Unrestricted	
	Total funds 2021 £	Total funds 2020 £
Income from deposits	4,004	25,970
Investment income	63,477	66,362
	67,481	92,332

3 Incoming resources from charitable activities

	Unrestricted	
	Total funds 2021 £	Total funds 2020 £
Trading income	478,738	3,229,443
Non-trading income - other	402,138	731,454
Non-trading - Furlough grant income	373,697	439,362
	1,254,573	4,400,259

4 Total resources expended

	Direct staff costs £	Direct other costs £	Direct depreciation £	Support costs (note 5) £	Total funds 2021 £
Charitable activities:					
Trading expenditure	828,787	309,368	123,682	1,852,270	3,114,107
Non-trading expenditure	1,155,189	242,237	15,607	2,907,882	4,320,915
	1,983,976	551,605	139,289	4,760,152	7,435,022

Notes to the Financial Statements Year to 31 July 2021

4 Total resources expended (continued)

	Direct staff costs £	Direct other costs £	Direct depreciation £	Support costs (note 5) £	Total funds 2020 £
Charitable activities:					
Trading expenditure	1,628,219	1,638,444	191,531	2,163,996	5,622,190
Non-trading expenditure	1,139,336	778,377	13,092	3,084,476	5,015,281
	<u>2,767,555</u>	<u>2,416,821</u>	<u>204,623</u>	<u>5,248,472</u>	<u>10,637,471</u>

	Total 2021 £	Total 2020 £
This is stated after charging:		
Depreciation	533,207	670,566
Auditors' remuneration		
. Current year	17,085	18,492
. Prior year under provision	690	14,400
VAT services	<u>12,900</u>	<u>8,000</u>

5 Support costs

	Total funds 2021 £	Total funds 2020 £
Rent *	2,575,340	2,581,782
Salaries and wages	1,352,239	1,389,753
Other staff related costs**	(16,387)	140,125
Printing and stationery	795	6,269
Website and publicity	27,540	94,044
Cleaning and utility costs	57,737	93,142
Repairs, maintenance and equipment	89,482	(11,110)
Depreciation	393,918	465,944
Audit	19,275	21,550
Legal and professional	35,872	60,290
Insurance	74,743	75,734
Membership and subscription	51,106	73,703
Training and conferences	21,556	23,771
Bank charges and cash handling	16,200	37,584
Irrecoverable VAT	55,365	190,075
Doubtful debts***	(2,727)	(44,856)
Other	8,098	50,772
	<u>4,760,152</u>	<u>5,248,472</u>

*Rent charge above relates to the "donation in kind" for accommodation provided by UCL (see note 1).

** Other staff related costs above is showing a credit value due to the release of Holiday Pay provision of £36,834 in the current year.

*** Doubtful debts above is showing a credit value due to recovery of debts provided for in the prior year.

6 Staff costs

	Total funds 2021 £	<i>Total funds 2020 £</i>
Wages and salaries	2,645,354	3,428,663
Agency costs	85,372	249,718
Social and security costs	223,802	227,655
Pension costs	381,687	354,065
	3,336,215	4,260,101

Included in staff costs are redundancy and settlement costs of £nil (2020: £99,068).

	Permanent No.	Casual (FTE) No.	Total 2021 No.	Permanent No.	Casual (FTE) No.	Total 2020 No.
Average	68	15	83	71	55	126

The number of employees whose emoluments exceeded £60,000 was:

	Total 2021 £	<i>Total 2020 £</i>
£60,001 - £70,000	1	2
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1

Pension contributions made on behalf of the above individuals totalled £61,693 (2020: £50,985).

Key management personnel received aggregate remuneration of £590,041 (2020: £521,911). Key management personnel comprise the trustees and senior management team as set out on page 1. This includes employers' national insurance and pension contributions.

7 Tangible fixed assets

	Fixtures & fittings £	Assets under construction £	Equipment £	Furniture £	Total £
Cost					
At 1 August 2020	5,992,543	—	780,937	41,341	6,814,821
Additions	11,310	75,743	28,500	—	115,553
At 31 July 2021	6,003,853	75,743	809,437	41,341	6,930,374
Depreciation					
At 1 August 2020	5,201,563	—	643,429	22,215	5,867,207
Charge for the year	442,510	—	83,430	7,267	533,207
At 31 July 2021	5,644,073	—	726,859	29,482	6,400,414
Net book value:					
At 31 July 2021	359,780	75,743	82,578	11,859	529,960
At 31 July 2020	790,980	—	137,508	19,126	947,614

7 Tangible Fixed Assets (continued)

Costs incurred under assets under construction related to a new student convenience store on campus and a 'Grab N Go' concept development at a café outlet.

8 Capital Commitments

The Union had contracted capital commitments of £nil (2020: £nil).

9 Investments

	Unlisted investments £	Cash £	Listed investments £	Total £
Cost or valuation				
At 1 August 2020	60	1,009,535	3,674,187	4,683,782
Sale of unlisted investment	(60)	—	—	(60)
Revaluation in the year	—	—	577,297	577,297
	(60)	—	577,297	577,237
Net book value:				
At 31 July 2021	—	1,009,535	4,251,484	5,261,019
At 31 July 2020	60	1,009,535	3,674,187	4,683,782
Historic cost of investments	—	1,009,535	2,173,606	3,183,141

On 29 July 2021 the Students' Union sold their minority holding of 60 "A" shares in NUS Services Limited. These shares had been held at cost under unlisted investments.

Listed investments represent the value of investments held on behalf of the Union by UCL in its University Trust Fund. The investment was originally purchased by the Union and revaluations in investments are recognised through the Revaluation fund (see note 15).

Cash relates to a cash deposit held with Scottish Widows.

10 Stocks

	2021 £	2020 £
Bars	16,113	41,543
Cafes	1,432	12,105
Sports centre	3,781	5,397
Retail and other	9,871	14,781
	31,197	73,826

11 Debtors

	2021 £	2020 £
Trade debtors	39,265	51,821
Amounts due from university	1,281,248	292,643
Other debtors	13,732	129,695
Prepayments and accrued income	39,780	17,998
	1,374,025	492,157

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	178,679	102,164
Other creditors	1,004,131	956,334
Accruals and deferred income	389,134	399,244
	1,571,944	1,457,742

	2021 £	2020 £
Deferred income included above:		
At 1 August	162,431	272,937
Utilised in the year	(162,431)	(272,937)
Deferred in the year	147,126	162,431
At 31 July	147,126	162,431

13 Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at amortised cost	3,004,355	2,693,179
Financial assets measured at fair value through the statement of financial activities	5,261,019	4,683,782
Financial liabilities		
Financial liabilities measured at amortised cost	1,424,819	1,295,311
Financial liabilities measured at fair value through the statement of financial activities	381,533	340,731

	2021 £	2020 £
Interest income and expenses		
Interest income for financial assets measured at amortised cost	4,003	25,970
Interest expense for financial liabilities measured at amortised cost	24,900	11,259

Financial assets measured at amortised cost comprise trade debtors, other debtors, intercompany debtors and cash.

Financial assets measured at fair value comprise investments.

Financial liabilities measured at amortised cost comprise, trade creditors, other creditors, and accruals excluding deferred income.

Financial liabilities measured at fair value comprise the pension deficit contribution liability

14 Restricted reserves

	As at 1 August 2020 £	Incoming resources £	Resources expended £	Transfers £	As at 31 July 2021 £
Capital grants	405,087	—	(379,181)	5,534	31,440
Other restricted reserves	149,010	478,944	(200,931)	(5,534)	421,489
The Shenley Athletics Ground capital fund	1,063,901	—	—	—	1,063,901
	1,617,998	478,944	(580,112)	—	1,516,830

	As at 1 August 2019 £	Incoming resources £	Resources expended £	Transfers £	As at 31 July 2020 £
Capital grants	759,337	—	(354,250)	—	405,087
Other restricted reserves	89,113	220,469	(160,572)	—	149,010
The Shenley Athletics Ground capital fund	1,063,901	—	—	—	1,063,901
	1,912,351	220,469	(514,822)	—	1,617,998

Capital Grant Fund relates to receipts received to fund specific capital purchases. The funds are written down over the life of the asset.

Other restricted funds relate to receipts received for the following specific purposes:

- ◆ Hardship Fund – received to set up a revolving hardship loan/grant service for students in need. The fund is administered by UCLU's Rights & Advice Department and payments are authorised by the officers/trustees of the Union.
- ◆ Alumni Fund – received from UCL Alumni to be spent on student "Welfare" projects. These funds will be utilised by the welfare officer/trustee as specified.
- ◆ Supporting Student Communities Fund - received from UCL to help students to participate in co-curricular activities by facilitating and enhancing student services and activities.
- ◆ Global Engagement Fund - received to support the Students' Union Global Engagement Programme to increase support for UCL's international students and create opportunities for all students to integrate and build cultural sensitivity and awareness.
- ◆ Active Bystander Fund - received as part of the UCL 'Full Stop' campaign to put a full stop to sexual misconduct, bullying and harassment in any form at UCL and beyond. These funds will be utilised to provide both online training and in person workshops for students.
- ◆ VSU Fund - received to help fund projects within the Volunteering unit.
- ◆ Creche Feasibility Study Fund - received to establish the feasibility of running child creches for students.

14 Restricted reserves (continued)

- ◆ EDI Chinese Students Fund - received for a research project on Chinese and East Asian students.

The Shenley Athletics Ground Capital Fund originates from transfer of surplus funds previously held in trust by UCL on behalf of UCLU and used to carry out capital works to ensure the grounds and facilities are fit for purpose. There are restrictions which limit the use of funds on capital works greater than £20k.

15 Unrestricted reserves

	As at 1 August 2020 £	Incoming resources £	Resources expended £	Gains and transfers £	As at 31 July 2021 £
Designated funds					
Sports Development fund	118,100	43,075	—	—	161,175
Big Idea fund	244,927	—	—	—	244,927
Capital reserve	542,527	—	—	(44,007)	498,520
Shenley athletics ground fund	1,334,451	—	—	—	1,334,451
Revaluation fund	1,500,581	—	—	577,297	2,077,878
	3,740,586	43,075	—	533,290	4,316,951
Pension fund	(340,731)	—	—	(40,803)	(381,534)
General fund	1,582,075	6,649,634	(6,854,910)	44,007	1,420,806
Total unrestricted reserves	4,981,930	6,692,709	(6,854,910)	536,494	5,356,223
	As at 1 August 2019 £	Incoming resources £	Resources expended £	Gains and transfers £	As at 31 July 2020 £
<i>Designated funds</i>					
<i>Sports Development fund</i>	75,025	43,075	—	—	118,100
<i>Big Idea fund</i>	244,927	—	—	—	244,927
<i>Capital reserve</i>	664,620	—	—	(122,093)	542,527
<i>Shenley athletics ground fund</i>	1,334,451	—	—	—	1,334,451
<i>Revaluation fund</i>	1,382,065	—	—	118,516	1,500,581
	3,701,088	43,075	—	(3,577)	3,740,586
<i>Pension fund</i>	(822,579)	—	—	481,848	(340,731)
<i>General fund</i>	1,749,962	9,832,669	(10,122,649)	122,093	1,582,075
Total unrestricted reserves	4,628,471	9,875,744	(10,122,649)	600,364	4,981,930

The Sports Development fund originates from the increase in grant received when the Chislehurst Sports ground was sold in 1999. There is no restriction on the grant but UCLU took the decision to ring fence these funds annually to be spent on sport/student development projects. Any underspend in the year against the annual designated fund of £43,075 will be added to the fund for future projects.

The Big Idea fund represents ring-fenced project expenditure earmarked for use in delivering the Students' Union's strategic objectives that will be undertaken by the Union on behalf of our membership.

15 Unrestricted reserves (continued)

The Capital reserve represents fixed asset expenditure incurred from the Union's unrestricted reserves. The transfer is to cover fixed assets purchased in the year less depreciation charged against assets held.

The Shenley Athletic Ground fund originates from the annual unused grant allocated to the management of the grounds by the UCLU. The grounds are held in Trust by the UCL on behalf of UCLU. These funds have been designated to support and fund the upkeep, maintenance and future running of the grounds and facilities.

The revaluation fund consists of the unrealised gains on revaluation of the listed investments held by UCLU in the University Trust Fund.

The pension fund represents UCLU's liability at the balance sheet date under the deficit recovery plan in relation to the Universities Superannuation Scheme (see note 16).

16 Pensions

The principle pension schemes for the UCLU's staff are the Universities Superannuation Scheme (USS), Superannuation Arrangements of the University of London (SAUL) and NEST. The schemes are externally funded and contracted out of the State Second Pension (S2P) and are valued every three or four years by professionally qualified independent actuaries using the projected unit method. Assets of each scheme are held in separate trustee administered funds. As these are multi-employer schemes it is not possible to identify UCLU's share of the underlying assets and liabilities.

Universities Superannuation Scheme (USS)

USS is the main pension scheme for academic and academic-related staff across the sector, and it operates on a mutual basis such that assets are not attributed to individual institutions and a scheme-wide contribution rate is set. UCLU is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

The latest actuarial valuation of the scheme was at 31 March 2018 (the 2018 valuation). It was carried out using the projected unit method, and the financial assumptions that had the most significant effect on the result were as follows:

Discount rate (forward rates)

Years 1-10: CPI - 0.14% reducing linearly to CPI - 0.73%

Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21

Years 21+: CPI + 1.55%

Pension increase (CPI)

Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

16 Pensions (continued)

Universities Superannuation Scheme (USS) (continued)

Pension increase (CPI) (continued)

The mortality assumptions included within the valuation are that male (female) members who retire at typical ages will live to approximately age 89 (91).

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective of maintaining sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7bn and the value of the scheme's technical provisions was £67.3bn, indicating a shortfall of £3.6bn and a funding ratio of 95%. This compares favourably to the equivalent, FRS102 adjusted, shortfall of £11.8bn that was reported following the scheme's 2017 valuation and the associated funding ratio of 85%.

Since that point, the funding position of the scheme has been updated on an FRS 102 basis, which values scheme assets at £67.4bn and technical provisions at £79.2bn. On that basis, a resulting shortfall of £11.8bn reflects a total funding level of 85%.

As part of the 2018 valuation, a new deficit recovery plan was put in place. Over the period from 1 October 2019 to 30 September 2021, a proportion of employer contributions equating to 2% of salaries will be specifically earmarked to repair the existing deficit, and from October 2021 that proportion will increase to 6%. On this basis, it is expected that the shortfall will be eliminated by 31 March 2028. The previous recovery plan, based on the 2017 valuation, earmarked 5% of salaries over the period from 1 April 2020 to 30 June 2034.

In accordance with the requirements of FRS102 and the SORP, UCLU recognises a provision for the obligation to fund past deficits. As a consequence of the substantial decrease in deficit contributions, the value of the provision has risen from £340,371 to £381,533.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The total pension cost for the Union in respect of the USS pension scheme amounted to £150,729 during the year (2020: £136,290).

The Superannuation Arrangements of the University of London

The latest completed actuarial valuation of the scheme was as at 31 March 2020 (unaudited) using the projected unit method. The financial assumptions that had the most significant effect on the result of the valuation were as follows:

Investment returns per annum:	
- before retirement	3.15%
- after retirement	1.05%
Price inflation (RPI)	2.70%
Post 2016 pension increases per annum	2.50%

16 Pensions (continued)***The Superannuation Arrangements of the University of London (continued)***

The mortality assumptions included within the valuation are that male (female) members who retire at typical ages will live to approximately age 86 (89).

As at the valuation date, the assets of the scheme were reported as £3.61bn and the scheme's technical provisions as £3.83bn, resulting in a shortfall of £217m. Assets were therefore sufficient to cover only 94% of the past service benefits that had accrued to members, after allowing for expected future increases in earnings.

These results represent a decline in funding level compared to the 2017 valuation (a reported £56m surplus and funding level of 102%) and are reflective of a significant fall in yields of fixed interest gilts over the inter-valuation period, an increase to the CPI inflation assumptions underpinning the valuation of member's future benefits and an increase in SAUL's "short service" active members: those with less than 3 years' service in the Scheme.

To address this issue and ensure that the statutory funding objective continues to be met, the Trustee and employers have agreed to increase employer contributions from 16% to 19% from 1 April 2022 and then again to 21% from January 2023, and amend the Scheme's eligibility requirements such that new members joining after January 2023 can only accrue full benefit after 3 complete years of service. In combination, these measures are estimated to reduce contribution strain by approximately £50m per annum.

Auto-enrolment pension scheme

Since 2017/18, eligible employees have been included in the NEST scheme for auto-enrolment. The Union's cost of contribution in the year amounted to £24,106 (2020: £31,019).

17 Analysis of net assets between funds

	Fixed assets £	Investment £	Net current assets £	Pensions liability £	Total 2021 £
Unrestricted funds	—	1,442,588	(21,783)	(381,533)	1,039,272
Designated funds	498,520	3,818,431	—	—	4,316,951
Restricted funds	31,440	—	1,485,390	—	1,516,830
Total funds	529,960	5,261,019	1,463,607	(381,533)	6,873,053

	Fixed assets £	Investment £	Net current assets £	Pensions liability £	Total 2020 £
Unrestricted funds	—	1,485,723	96,352	(340,731)	1,241,344
Designated funds	542,527	3,198,059	—	—	3,740,586
Restricted funds	405,087	—	1,212,911	—	1,617,998
Total funds	947,614	4,683,782	1,309,263	(340,731)	6,599,928

18 Related party transactions

The Union is in receipt of a recurrent grant from UCL of £2,794,577 (2020: £2,713,182). Other grants were received from UCL of £514,194 (2020: £241,396).

In addition, the Union occupies its building on a rent-free basis under an informal licence subject to the Union maintaining the building in a good state of repair. Under the Charities SORP the “donation in kind” must be valued and included within the financial statements. The value to the Union for this space is considered to be £2,575,340 (2020: £2,581,782).

The trustees of the Union are stated on page 1. Seven sabbatical officers received remuneration totalling £205,039 (2020: £227,046) for their services as provided for within the Constitution. There are seven sabbatical officers per year with a two week handover period in July. No trustees received reimbursement of expenses during the year (2020: none).

The Union is also a related party of Somers Town Community Sports Centre Ltd, an incorporated charity (Charity Registration Number 1057305, Company Registration Number 3157703), as it is considered to be under common control. The Union has been invoiced for amounts totalling £nil (2020: £nil) for the hire of sports facilities. Somers Town Community Sports Centre Limited was invoiced for amounts totalling £nil (2020: £1,513). The balance due to UCLU at 31 July 2021 is £37,136 (2020: £5,169).

19 Affiliations

	2021 £	2020 £
Membership contribution to National Union of Students	37,880	60,380

The membership fee is paid directly by UCLU for membership of the National Union of Students.