

Cardiff Union Services Ltd
Gwasanaethau Undeb Caerdydd Cyf

Limited by Guarantee

Directors' Annual Report
& Financial Statements

for the year ended 31st July 2013

Registered Company Number 02287517

Cardiff Union Services Limited
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Cardiff Union Services Limited

Company Information

Directors	Gethin Lewis Sir Donald Walters Cari Davies Oliver Wannell Thomas Eden Helen Dent Kim Gould MBE Elliot Howells Edore Evuarherhe Gemma Wheeler
Registered office	Cardiff Students Union Park Place Cardiff South Glamorgan CF10 3QN
Auditors	Blue Spire South LLP Chartered Accountants and Statutory Auditors Cawley Priory South Pallant Chichester West Sussex PO19 1SY

Cardiff Union Services Limited

Directors' Report for the Year Ended 31 July 2013

The directors present their report and the financial statements for the year ended 31 July 2013.

Principal activity

The principal activity of the company is that of services and facilities to provide the social and educational welfare of the students at Cardiff University..

Directors of the company

The directors who held office during the year were as follows:

Gethin Lewis

Sir Donald Walters

Henry Newman (resigned 31 July 2013)

Elizabeth Button (appointed 2 August 2012 and resigned 31 July 2013)

Adam Curtis (appointed 1 August 2012 and resigned 31 July 2013)

Megan David (appointed 1 August 2012 and resigned 31 July 2013)

Cari Davies (appointed 1 August 2012)

Kieran Gandhi (appointed 1 August 2012 and resigned 31 July 2013)

Hannah Pask (appointed 1 August 2012 and resigned 31 July 2013)

Christopher Williams (appointed 1 August 2012 and resigned 31 July 2013)

The following directors were appointed after the year end:

Oliver Wannell (appointed 1 August 2013)

Thomas Eden (appointed 1 August 2013)

Helen Dent (appointed 1 August 2013)

Kim Gould MBE (appointed 1 August 2013)

Elliot Howells (appointed 1 August 2013)

Edore Evuarherhe (appointed 1 August 2013)

Gemma Wheeler (appointed 1 August 2013)

Business review

Fair review of the business

The company had a successful year and was able to produce a small operating profit at the year end. The company's turnover increased during the year and it was able to generate more operating income, whilst maintaining a competitive gross profit. The profit during the year comes after a substantial operating loss in 2011/12 and places the company on good footing for 2013/14.

During 2012/13 the company's activities remained broadly similar to 2011/12, although the company continued to develop its commercial trading and continued to invest in its physical spaces. The company remains committed to developing its trading areas, whilst diversifying its services and this will continue into 2013/14.

Cardiff Union Services Limited
Directors' Report for the Year Ended 31 July 2013

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After a challenging year in 2011/12 it was vital that the company was able to return to profit and stabilise its cash flow in 2012/13. This was largely achieved, with the company only suffering a marginal decrease in cash over the year. The Director's have identified that the company's balance sheet position should be strengthened over the next few years and have set the following targets to achieve this:

- To agree a long term financial plan for the company and achieve the cash reserves target for 2013/14;
- To achieve an improved trading profit and increased cash position for the company for 2013/2014; and
- To develop a cost centre accounting approach to the company's various departments to drive efficiency.

The company has recognised its defined benefit pension scheme liabilities during the year and they have been listed as an exceptional item. The company's deficit contributions to the pension scheme are due to run until 2030, but the Director's are confident that the company can meet its liabilities as they fall due.

The new treatment of pensions within the accounts has had a dramatic impact on the company's overall position and the shareholders funds. In addition, the company has written off some bad debts within the year that have had a negative impact on the current assets position. This liability has been applied to when the debts were accrued, meaning that last year's results have been restated.

Principal risks and uncertainties

The Directors examine the major strategic, business and operational risks faced by the Company. The Company maintains a risk register that is updated at least annually. Where appropriate, systems or procedures have been established to mitigate the risks faced by the Company. These procedures are periodically reviewed to ensure that they continue to meet the needs of the Company.

Budgetary and internal control risks are minimised by expenditure limits set by the Board of Directors. In addition, stringent procedures are in place to ensure the health and safety of staff, volunteers and participants on all activities organised by the Company. All other types of risk have specific mitigation activities that are delegated to senior managers of the Company.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Cardiff Union Services Limited
Directors' Report for the Year Ended 31 July 2013

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Disclosure of information to the auditors

Each director has taken 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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Approved by the Board on and signed on its behalf by:

.....
Cari Davies
Director

Independent Auditor's Report to the Members of Cardiff Union Services Limited

We have audited the financial statements of Cardiff Union Services Limited for the year ended 31 July 2013, set out on pages 7 to 17. 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).

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2013 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

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

**Independent Auditor's Report to the Members of
Cardiff Union Services Limited**

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Matters on which we are required to report by exception

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

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

.....
Geoffrey Frost BSc (Hons) FCA (Senior Statutory Auditor)
For and on behalf of Blue Spire South LLP, Statutory Auditor

Cawley Priory
South Pallant
Chichester
West Sussex
PO19 1SY

Date:.....

Cardiff Union Services Limited
Profit and Loss Account for the Year Ended 31 July 2013

	Note	2013 £	(As restated) 2012 £
Turnover	2	4,659,929	4,634,813
Cost of sales		<u>(2,598,610)</u>	<u>(2,621,720)</u>
Gross profit		2,061,319	2,013,093
Administrative expenses		(3,934,376)	(4,067,123)
Other operating income		<u>1,935,192</u>	<u>1,754,137</u>
Operating profit/(loss)	3	62,135	(299,893)
Other exceptional items	4	(2,386,418)	-
Other interest receivable and similar income	6	501	331
Interest payable and similar charges	7	<u>(11,803)</u>	<u>(7,593)</u>
Loss on ordinary activities before taxation		<u>(2,335,585)</u>	<u>(307,155)</u>
Loss for the financial year	15	<u><u>(2,335,585)</u></u>	<u><u>(307,155)</u></u>

Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 11 to 17 form an integral part of these financial statements.

Cardiff Union Services Limited
(Registration number: 02287517)
Balance Sheet at 31 July 2013

	Note	2013 £	(As restated) 2012 £
Fixed assets			
Tangible fixed assets	9	797,834	943,244
Investments	10	<u>77,023</u>	<u>95,023</u>
		<u>874,857</u>	<u>1,038,267</u>
Current assets			
Stocks	11	122,440	205,976
Debtors	12	597,694	440,592
Cash at bank and in hand		<u>147,416</u>	<u>115,179</u>
		867,550	761,747
Creditors: Amounts falling due within one year	13	<u>(1,243,190)</u>	<u>(1,243,809)</u>
Net current liabilities		<u>(375,640)</u>	<u>(482,062)</u>
Net assets excluding pension liability		499,217	556,205
Net pension liability		<u>(2,278,597)</u>	<u>-</u>
Net (liabilities)/assets		<u><u>(1,779,380)</u></u>	<u><u>556,205</u></u>
Capital and reserves			
Profit and loss account	15	<u>(1,779,380)</u>	<u>556,205</u>
Shareholders' (deficit)/funds	16	<u><u>(1,779,380)</u></u>	<u><u>556,205</u></u>

Approved by the Board on and signed on its behalf by:

.....
Cari Davies
Director

Cardiff Union Services Limited
Cash Flow Statement for the Year Ended 31 July 2013

Reconciliation of operating profit/loss to net cash flow from operating activities

	2013 £	(As restated) 2012 £
Operating profit/(loss)	62,135	(299,893)
Depreciation, amortisation and impairment charges	207,313	182,197
(Profit)/loss on disposal of fixed assets	(195)	170
Decrease/(increase) in stocks	83,536	(29,440)
(Increase)/decrease in debtors	(139,102)	164,017
(Decrease)/increase in creditors	(35,555)	336,026
Decrease in provisions	-	(120,000)
Exceptional item - pension deficit contributions	(115,368)	-
Net cash inflow from operating activities	<u>62,764</u>	<u>233,077</u>

Cash flow statement

	2013 £	(As restated) 2012 £
Net cash inflow from operating activities	<u>62,764</u>	<u>233,077</u>
Returns on investments and servicing of finance		
Interest received	501	331
Interest paid	(8,512)	(4,054)
	<u>(8,011)</u>	<u>(3,723)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(83,126)	(393,011)
Sale of tangible fixed assets	21,418	(170)
Sale of investments	-	2,000
	<u>(61,708)</u>	<u>(391,181)</u>
Net cash outflow before management of liquid resources and financing	<u>(6,955)</u>	<u>(161,827)</u>
Decrease in cash	<u>(6,955)</u>	<u>(161,827)</u>

The notes on pages 11 to 17 form an integral part of these financial statements.

Cardiff Union Services Limited
Cash Flow Statement for the Year Ended 31 July 2013

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Reconciliation of net cash flow to movement in net debt

	Note	2013 £	2012 £
Decrease in cash		<u>(6,955)</u>	<u>(161,827)</u>
Movement in net debt		(6,955)	(161,827)
Net (debt)/funds at 1 August		<u>(92,494)</u>	<u>69,333</u>
Net debt at 31 July		<u><u>(99,449)</u></u>	<u><u>(92,494)</u></u>

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2013

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents amounts receivable for goods and services net of VAT where applicable.

Depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	over 5-10 years
Plant and machinery	over 7-10 years
Computer equipment	over 3 years
Motor vehicles	over 3 years

Fixed asset investments

Fixed asset investments are stated at cost less provision for diminution in value.

Stock

Stock and work in progress are valued at the lower of cost and net realisable value.

Pensions

The company participates in the Student Union Superannuation Scheme, a defined benefit scheme, which is externally funded and contracted out of the State Earning Related pension Scheme. The fund is valued at least every three years by a professionally qualified independent actuary with the rates of contributions payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. The scheme operates as a pooled arrangement, the contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to the company. The discounted present value of the future deficit contributions has been recognised in full.

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2013

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2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

An analysis of turnover by class of business is given below:

	2013 £	2012 £
Bars and food	1,837,970	1,790,932
Shops	582,113	627,977
Agency	1,255,536	1,341,697
Entertainment and venue	804,217	685,396
Other income	64,012	64,829
Advertising and marketing	116,081	123,982
	4,659,929	4,634,813

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2013 £	2012 £
Auditor's remuneration - The audit of the company's annual accounts	13,250	13,950
(Profit)/loss on sale of tangible fixed assets	(195)	170
Depreciation of owned assets	207,313	182,197

4 Exceptional items

	2013 £	2012 £
Pensions deficit liability	2,386,418	-

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2013

..... *continued*

5 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2013 No.	2012 No.
Trading activities	32	34
House and maintenance	22	22
Administration	27	29
Welfare	6	6
Casual	88	102
	175	193
	175	193

The aggregate payroll costs were as follows:

	2013 £	2012 £
Wages and salaries	2,082,889	2,080,128
Staff pensions	40,665	150,428
	2,123,554	2,230,556
	2,123,554	2,230,556

6 Other interest receivable and similar income

	2013 £	2012 £
Bank interest receivable	501	331
	501	331

7 Interest payable and similar charges

	2013 £	2012 £
Interest on bank borrowings	128	3,539
Other interest payable	4,128	4,054
Pension scheme other finance costs	7,547	-
	11,803	7,593
	11,803	7,593

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2013

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8 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

No taxation arises on the results for the year. In 2013, a large proportion of the company's trading activities consisted of mutual trading on which no liability to tax arises. The element of taxable income relating to non-mutual trading activities is covered by charges on income.

9 Tangible fixed assets

	Long leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 August 2012	2,423,330	1,362,565	2,750	3,788,645
Additions	46,808	36,318	-	83,126
Disposals	(100,179)	(1,088)	-	(101,267)
At 31 July 2013	<u>2,369,959</u>	<u>1,397,795</u>	<u>2,750</u>	<u>3,770,504</u>
Depreciation				
At 1 August 2012	1,635,637	1,208,848	916	2,845,401
Charge for the year	125,099	81,298	916	207,313
Eliminated on disposals	(80,044)	-	-	(80,044)
At 31 July 2013	<u>1,680,692</u>	<u>1,290,146</u>	<u>1,832</u>	<u>2,972,670</u>
Net book value				
At 31 July 2013	<u>689,267</u>	<u>107,649</u>	<u>918</u>	<u>797,834</u>
At 31 July 2012	<u>787,693</u>	<u>153,717</u>	<u>1,834</u>	<u>943,244</u>

10 Investments held as fixed assets

	2013 £	2012 £
Other investments	<u>77,023</u>	<u>95,023</u>

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2013

..... continued

Other investments

	Unlisted investments £	Total £
Cost		
At 1 August 2012	95,023	95,023
Transfer to current assets	<u>(18,000)</u>	<u>(18,000)</u>
At 31 July 2013	<u>77,023</u>	<u>77,023</u>
Net book value		
At 31 July 2013	<u>77,023</u>	<u>77,023</u>
At 31 July 2012	<u>95,023</u>	<u>95,023</u>

The market value of the investments is considered to be in excess of cost, and no provision for diminution in value is considered necessary.

11 Stocks

	2013 £	2012 £
Shop goods for resale	112,172	136,463
Bar stock	<u>10,268</u>	<u>69,513</u>
	<u>122,440</u>	<u>205,976</u>

12 Debtors

	2013 £	(As restated) 2012 £
Trade debtors	209,919	232,877
Other debtors	<u>387,775</u>	<u>207,715</u>
	<u>597,694</u>	<u>440,592</u>

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2013

..... *continued*

13 Creditors: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	334,585	311,997
Bank loans and overdrafts	246,865	207,673
Other taxes and social security	197,103	145,883
Other creditors	464,637	578,256
	1,243,190	1,243,809

14 Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

15 Reserves

	Profit and loss account £	Total £
At 1 August 2012	556,205	556,205
Loss for the year	(2,335,585)	(2,335,585)
At 31 July 2013	(1,779,380)	(1,779,380)

16 Reconciliation of movement in shareholders' funds

	2013 £	(As restated) 2012 £
Loss attributable to the members of the company	(2,335,585)	(307,155)
Net reduction to shareholders' funds	(2,335,585)	(307,155)
Shareholders' funds at 1 August	556,205	863,360
Shareholders' (deficit)/funds at 31 July	(1,779,380)	556,205

17 Prior period adjustments

A fundamental error in recording sales balances due in respect of student lettings activity. The result of the prior year adjustment is a reduction in opening reserves of £167,408.

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2013

..... *continued*

18 Commitments

Pension commitments

The company participates in the Students' Union Sperannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the scheme closed to future accrual.

The most recent valuation of the scheme was carried out as at 1 October 2010 and showed that the market value of the scheme's assets was £67,141,000 with these assets representing 58% of the value of benefits that had accrued to members after allowing for expected future increase in earnings. The deficit on an ongoing basis amounted to £47,869,000.

The assumptions which have the most significant effect upon the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

The following assumptions applied on 1 October 2010:-

- The investment return would be 6.6% per annum before retirement and 4.6% per annum after retirement.
- Pensions accruing on the CARE basis would revalue at 3.2% per annum.
- Present and future pensions would increase at rates specified by scheme rules with appropriate assumptions where these are dependent on inflation.

The 2010 valuation recommended a monthly contribution requirement by each Union expressed in monetary terms intended to clear the ongoing funding deficit over a period of 20 years and will increase by at least 3.2% each year. These contributions also include an allowance for cost of the ongoing administrative and operational expenses of running the Scheme. These rates applied with effect from 1 October 2011 and will be formally reviewed following completion of the next valuation due with an effective date of 1 October 2013. Surpluses or deficits which arise at future valuations will also impact on the Unions' future contribution commitment. In addition to the above contributions, the Unions also pay their share of the scheme's levy to the Pension Protection Fund.

The contribution rate (excluding deficit contributions) for the period to 30 September 2011 applicable to this company for the majority of members was 11.2% of Earnings for members and 6.35% of Earnings for the company the exception being in respect of some members who retain a lower normal pension age, for whom the rates were slightly different.

The total contributions paid into the scheme by the Union in respect of eligible employees for the year ended 31 July 2013 amounted to £156,033, including deficit contributions (2012 - £150,428).. Commitments provided for in the accounts amounted to £2,386,418 (2012 - £nil). Commitments not provided for in the accounts amounted to £nil (2012 -£2,487,184).