

REGISTERED NUMBER: 02287517 (England and Wales)

CARDIFF UNION SERVICES LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

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CARDIFF UNION SERVICES LIMITED

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FOR THE YEAR ENDED 31 JULY 2023**

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CARDIFF UNION SERVICES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2023**

DIRECTORS:

D J Palmer
J A Sadgrove
E L Howells
C Endall
A I G Meers
A J Flores Acuña
M P J Hutchinson

REGISTERED OFFICE:

Cardiff University Students' Union
Park Place
Cardiff
County of Cardiff
CF10 3QN

REGISTERED NUMBER:

02287517 (England and Wales)

AUDITORS:

MHA
Statutory Auditor
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

CARDIFF UNION SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

The directors present their strategic report for the year ended 31 July 2023.

The principal activity of the company is to promote the social and educational welfare of the students of Cardiff University by providing services and facilities to them. These services and facilities are provided to directly, or indirectly, improve their conditions of life by enabling them to participate in intellectual, social, recreational, travel and other activities connected with Cardiff University and Cardiff University Students' Union. The company also provides any other services or facilities that Cardiff University students need by reason of them being students and extends those uses to students connected with other students' unions as the company sees fit.

The company manages a purpose-built University Union building in Cardiff City Centre and plays a valuable and widely recognised role in supporting the student experience at Cardiff University.

REVIEW OF BUSINESS

The company's turnover increased in the year, and resulted in an operating surplus of £462,201 (2022: £694,969).

With trade being returned to normal activity turnover increased to £5,515,116 (2022: £5,237,048). Inflationary cost pressures were significant in the year which has meant that gross profit and operating surpluses were down on prior year. The gross profit level being £2,517,348 (2022: £2,611,536). Our Love Cardiff shop and Lettings businesses reached new turnover performance highs of £273,032 and £571,892 respectively. Growth within our Lettings business has increased substantially as a new portfolio of managed properties was onboarded in 2023.

The directors are seeking to extend the length of the lease of the University Union building, leading to reduced depreciation charges for the asset. The work on this is nearing completion and an extension should be signed before the end of the 2023 calendar year. Irrespective of this, the directors are satisfied that cash profits will be generated to support the parent charity's charitable objectives. The directors have invested significantly in the building in recent years to increase capacity within our commercial operations. The space enhances the student experience of our charitable parent company. Funding for the improvement work is via a substantial grant from Cardiff University coupled with use of our own group reserves.

The directors have continued to strengthen the company's balance sheet. This follows a period of erosion caused by the recognition of future pension liabilities and the impact of depreciation of the Union building coupled with the impact of covid. The company reported net current liabilities of £937,891 (2022: net current liabilities £828,633) at year end and net assets of £6,550,158 (2022: £6,470,124). The directors have set the following targets to ensure stability in the balance sheet:

- To manage the long-term financial plans for the company and the Cardiff University Students' Union Group to retain Group free reserves of £1.6M;
- To manage a breakeven budget for 2023/24 and to return to operating profit from 2024/25 onwards.

The company has recognised its defined benefit pension scheme liabilities. The company's deficit contributions to the pension scheme are due to run until May 2037, but the directors are confident that the company can meet its liabilities as they fall due. The treatment of pensions within the accounts has a dramatic impact on the company's overall position and the shareholders' funds.

Since 2016 the company has also recognised the lease value of the Union building and will depreciate the asset over the life of the existing lease, until 2038. The charge in 2022/23 was £602,219 (2022: £602,218). The directors are satisfied that the valuation gives a fair reflection of the company's exploitable assets and potential for further business growth. The company reserves the right to extend its current lease on the same terms at the point of expiry and is seeking an extension to 2088 with the freehold owner, Cardiff University.

The application of the Union building depreciation and future pension scheme liabilities disproportionately impacts the company's financial statements and the directors recognise that it is unlikely that the company will make accounting profits whilst both items have their current status. However, this does not prevent the company from producing trading profits and these will be generated to further the aims of the company and its parent charity.

CARDIFF UNION SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

PRINCIPAL RISKS AND UNCERTAINTIES

The directors examine the major strategic, business and operational risks faced by the company and as a part of the Students' Union Group. 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 company's needs.

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.

Financial and non-financial key performance indicators

The company's business plans are reviewed periodically by the directors and are established to meet the strategic needs of the company and the Students' Union Group. The company's top key performance indicators for 2022/23 are listed below with a statement of progress against them.

Objective	Outcome
Launch a new recognition program and event to recognise the positive impact of our student leaders and volunteers	Not achieved
Celebrate the successes of the new building developments and past building history	Achieved
To complete the Academic Rep Review and implement the key recommendations	Partially achieved
Undertake research activity to better understand the student experience of those students who are traditionally less satisfied	Achieved
To engage with 50% of academic schools to support academic community development activity	Achieved
Create an annual social program of events focused on non-club night activity. Including utilising zorbs, crazy golf, outdoor cinema, lazer tag to allow students to socialise in a non-drink focused setting	Partially achieved
Disrupt the private student lettings market in order to create growth which builds towards dominating the market share	Partially achieved
Fully roll out the Venues app offering throughout the Students' Union building. Establishing the Union building as a multipurpose study and social place for all	Partially achieved
Re-establish a range of student led services that provide valuable engagement opportunities for the wider student membership	Partially achieved
Ensure all student leaders are provided opportunities to undertake personal development	Achieved
Develop an organisation wide student safety strategy, ensuring wider stakeholders and University partnership to tackle safety concerns	Partially achieved
Complete building works project and plans for future works: 1) Develop the Welcome Centre and front entrance spaces, creating a vibrant and flexible entrance to the building. 2) Develop the Great Hall Balcony space to form an extension to the Club and flexible student space	Achieved
Work with the University to develop a basis of block grant calculation and KPI measurement which ensures future funding levels allow us to continue to support and grow our charitable objectives	Partially achieved

CARDIFF UNION SERVICES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2023**

Objective	Outcome
Develop a long term sustainability plan, with the aims of combatting rising fuel prices and reducing overall waste	Partially achieved
Develop a Graduate Intern Scheme across key roles within the Union, ensuring high quality and skilled roles for recent graduates	Achieved
Develop a blended induction and ongoing engagement process which is used for all volunteers, casual/career staff and trustees	Partially achieved
Review staff reward, recognition and benefits packages post pandemic, ensuring quality and valued initiatives that increase satisfaction with staff members	Partially achieved
Create a plan for a fully bilingual website, developing options and resource implications	Partially achieved
Review all data handling processes and data management across the organisation	Partially achieved
Ensure systems resilience against external factors that may impact digital systems, including ensuring PCI compliance and robust hacking deterrents	Partially achieved

ON BEHALF OF THE BOARD:



.....
A J Flores Acuña - Director

Date: 17/11/2023

CARDIFF UNION SERVICES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2023

The directors present their report with the financial statements of the company for the year ended 31 July 2023.

DIVIDENDS

No dividends will be distributed for the year ended 31 July 2023.

FUTURE DEVELOPMENTS

The company's parent charity launched its new strategic plan and branding in late 2021 - the heart of the Cardiff student life - 2021-25. The company expects that the development of the Union building will again form a significant part of the objectives of the parent charity over the coming years together with returning the Union to pre-pandemic levels of student engagement. The company will work with its related parties to ensure that this work can be planned, funded and undertaken so that the Union building remains at the heart of the Cardiff student life and realises the potential benefits from co-location with Cardiff University's new Centre for Student Life building which opened in late 2021. Further details can be found on our website: <https://www.cardiffstudents.com/about-cusu/plans/>

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2022 to the date of this report.

D J Palmer
J A Sadgrove
E L Howells

Other changes in directors holding office are as follows:

G C Dunn - resigned 30 June 2023
G S Diamond - resigned 30 June 2023
O J Evans - resigned 30 June 2023
S Goel - resigned 30 June 2023
C Endall - appointed 19 July 2023
A I G Meers - appointed 1 July 2023
A J Flores Acuña - appointed 1 July 2023
M P J Hutchinson - appointed 1 July 2023

ENGAGEMENT WITH EMPLOYEES

The company acts as the employer for all staff (except Sabbatical Trustees of the charity) working within the Students' Union Group and takes a proactive role in ensuring employee involvement in all aspects of the company's administration. The company holds Best Companies 1-star status and is in the 2021 Sunday Times Top 100 not-for-profit companies to work for and within the top-25 education and training providers. In July 2018 the company achieved stage 2 Investors in Diversity status.

The company encourages a culture of employee involvement and supports a staff representative group, the Staff Consultative Forum (SCF). The company encourages staff to develop their own ideas to further the company's aims and asks employees to propose their own development initiatives through the company's balanced scorecard system 'My Strategy'.

Qualifying third party indemnity provisions

Group directors and officers indemnity insurance is held by the parent entity up to a limit of £2m.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

CARDIFF UNION SERVICES LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2023**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

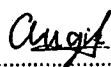
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITOR

On 30 June 2023 as a result of a recent merger, Watts Gregory LLP resigned as auditor in accordance with Section 516 of the Companies Act 2006 and re-engaged its services as MHA.

ON BEHALF OF THE BOARD:


.....
A J Flores Acuña - Director

Date: 17/11/2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CARDIFF UNION SERVICES LIMITED

Opinion

We have audited the financial statements of Cardiff Union Services Limited (the 'company') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2023 and of its profit 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CARDIFF UNION SERVICES LIMITED

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages five and six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inaccurate journals. We addressed these risks by carrying out specifically targeted procedures, which included:

- Enquiries of management, those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing minutes of meetings of those charged with governance;
- Evaluating the reasons for any large or unusual transactions;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations to underlying supporting documentation.

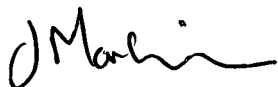
Because of the inherent limitations of an audit there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentations.

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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CARDIFF UNION SERVICES LIMITED**

Use of our report

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 a Report of the Auditors 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.



Julia Mortimer (Senior Statutory Auditor)
for and on behalf of MHA
Statutory Auditor
CARDIFF
CF23 8RS

Date: 20 November 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership
in England and Wales (registered number OC312313)

CARDIFF UNION SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2023**

	Notes	2023 £	2022 £
TURNOVER	3	5,515,116	5,237,048
Cost of sales		<u>(2,997,768)</u>	<u>(2,625,512)</u>
GROSS PROFIT		2,517,348	2,611,536
Administrative expenses		<u>(4,808,546)</u>	<u>(4,191,369)</u>
		(2,291,198)	(1,579,833)
Other operating income	4	<u>2,753,399</u>	<u>2,274,802</u>
OPERATING PROFIT	6	462,201	694,969
Interest receivable and similar income		15,187	363
Other finance income		<u>-</u>	<u>398,444</u>
		477,388	1,093,776
Interest payable and similar expenses	7	(6,446)	(4,933)
Other finance costs		<u>(390,908)</u>	<u>-</u>
PROFIT BEFORE TAXATION		80,034	1,088,843
Tax on profit	8	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		80,034	1,088,843
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>80,034</u>	<u>1,088,843</u>

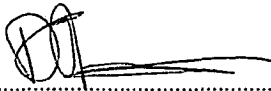
The notes form part of these financial statements

CARDIFF UNION SERVICES LIMITED (REGISTERED NUMBER: 02287517)

BALANCE SHEET
31 JULY 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	10	12,238,210	12,126,614
Investments	11	<u>71,563</u>	<u>71,563</u>
		<u>12,309,773</u>	<u>12,198,177</u>
CURRENT ASSETS			
Stocks	12	136,326	108,518
Debtors	13	376,458	379,289
Cash at bank and in hand		<u>469,125</u>	<u>357,272</u>
		981,909	845,079
CREDITORS			
Amounts falling due within one year	14	<u>(1,919,800)</u>	<u>(1,673,712)</u>
NET CURRENT LIABILITIES		<u>(937,891)</u>	<u>(828,633)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,371,882	11,369,544
CREDITORS			
Amounts falling due after more than one year	15	-	(141,667)
PENSION LIABILITY		<u>(4,821,724)</u>	<u>(4,757,753)</u>
NET ASSETS		<u>6,550,158</u>	<u>6,470,124</u>
RESERVES			
Revaluation reserve		9,183,829	9,786,047
Pension reserve		(4,821,724)	(4,757,753)
Retained earnings		<u>2,188,053</u>	<u>1,441,830</u>
		<u>6,550,158</u>	<u>6,470,124</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9/11/2023 and were signed on its behalf by:


D J Palmer - Director


A J Flores Acuña - Director

The notes form part of these financial statements

CARDIFF UNION SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2023**

	Retained earnings £	Revaluation reserve £	Pension reserve £	Total equity £
Balance at 1 August 2021	453,427	10,388,265	(5,460,411)	5,381,281
Changes in equity				
Transfer of excess depreciation	602,218	(602,218)	-	-
Movement in pension liability	(702,658)	-	702,658	-
Total comprehensive income	<u>1,088,843</u>	<u>-</u>	<u>-</u>	<u>1,088,843</u>
Balance at 31 July 2022	<u>1,441,830</u>	<u>9,786,047</u>	<u>(4,757,753)</u>	<u>6,470,124</u>
Changes in equity				
Transfer of excess depreciation	602,218	(602,218)	-	-
Movement in pension liability	63,971	-	(63,971)	-
Total comprehensive income	<u>80,034</u>	<u>-</u>	<u>-</u>	<u>80,034</u>
Balance at 31 July 2023	<u><u>2,188,053</u></u>	<u><u>9,183,829</u></u>	<u><u>(4,821,724)</u></u>	<u><u>6,550,158</u></u>

The notes form part of these financial statements

CARDIFF UNION SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

1. STATUTORY INFORMATION

Cardiff Union Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The financial statements are presented in Sterling (£), the company's functional currency, and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

There have been no material departures from Financial Reporting Standard 102.

Going concern

At 31 July 2023 the company reported net current liabilities of £937,891 (2022: £828,633). The directors have reviewed the forecasts based on the latest income and expenditure to ensure cash liquidity is maintained to an appropriate level for the 12 month period, from the date of signing these statements. In the circumstances they have concluded that no additional disclosure is required to the financial statements at this time. The directors are satisfied that it is appropriate for the company's financial statements to be prepared on a going concern basis.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirement of paragraph 33.7.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

All fixed assets are initially recorded at cost.

The company has taken advantage of the transitional exemptions of FRS 102 and carry the long leasehold property at its previously revalued amount as deemed cost.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss account.

Depreciation is provided at the following rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Long term leasehold property	over the remaining term of the lease
Leasehold improvements	over the term of the lease
Plant and machinery	5 - 10 years straight line
Office equipment	2- 5 years straight line
Computer equipment	3 years straight line

Work in progress

Work in progress represents capital costs incurred to date on the leasehold property which is still under construction at the balance sheet date. Upon completion of the works, the cost will be reclassified to the relevant asset line and depreciated in line with the above accounting policies as appropriate.

Investments

Fixed asset investments are stated at cost. Provision is made, where necessary, for any permanent diminution in value.

Stocks

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

Stock is included at the lower of cost or net realisable value using the FIFO stock valuation method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company participates in the Students' Union Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The fund is valued at least every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the trustees on the advice of the actuary. The scheme operates as a pooled arrangement, with contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to the Union. Where a plan has been agreed to fund an identified deficit, a liability is recognised for the present value of the contributions payable that arise from that agreement with the resulting expense recognised in the Statement of Comprehensive Income.

The company operates a defined contribution plan for its employees. Contributions payable to this pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents and trade and other creditors.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts which are repayable on demand.

Significant accounting judgements and estimates

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

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. The estimates and assumptions that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Pension liability

The pension liability is based on the latest deficit reduction recovery plan in place as at the year-end. It is an estimate of the future liability of the expected payments adjusted by a discount rate, which is estimated based on latest economic trends/expectations.

Operating lease commitments

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Government grants

Government grants in respect of capital expenditure are released to the profit and loss account over the estimated useful life of the asset acquired. Grants in respect of revenue expenditure are released so as to match the grant with the relevant cost.

CARDIFF UNION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2023****3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

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

	2023 £	2022 £
Bars and food	3,337,735	3,263,372
Entertainment and venue	794,925	719,998
Retail shop	273,032	272,735
Letting agency	571,892	527,122
Rental income	340,992	313,550
Advertising	146,341	102,643
Other	50,199	37,628
	<u>5,515,116</u>	<u>5,237,048</u>

An analysis of turnover by geographical market is given below:

	2023 £	2022 £
United Kingdom	<u>5,515,116</u>	<u>5,237,048</u>
	<u>5,515,116</u>	<u>5,237,048</u>

4. OTHER OPERATING INCOME

	2023 £	2022 £
Block grant	1,536,000	1,615,000
Supplemental Block grant income - Redevelopment	1,213,304	659,257
Coronavirus Job Retention Scheme	-	545
Department of Work and Pensions	<u>4,095</u>	<u>-</u>
	<u>2,753,399</u>	<u>2,274,802</u>

5. EMPLOYEES AND DIRECTORS

	2023 £	2022 £
Wages and salaries	2,869,804	2,475,806
Social security costs	207,367	174,169
Pension costs	<u>60,977</u>	<u>57,390</u>
	<u>3,138,148</u>	<u>2,707,364</u>

CARDIFF UNION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2023

5. EMPLOYEES AND DIRECTORS continued

The average number of employees during the year was as follows:

	2023	2022
	No.	No.
Administration and support	92	90
Direct staff	<u>211</u>	<u>156</u>
	<u>303</u>	<u>246</u>

	2023	2022
	£	£
Directors' remuneration	95,432	94,323
Directors' pension contributions to defined contribution schemes	<u>1,321</u>	<u>1,321</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2023	2022
	No.	No.
	<u>1</u>	<u>1</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2023	2022
	£	£
Depreciation - owned assets	976,575	798,619
Loss on disposal of fixed assets	78	346
Auditors' remuneration	10,000	10,590
Operating leases: lease payments recognised as an expense	<u>8,271</u>	<u>9,723</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Bank interest	<u>6,446</u>	<u>4,933</u>

8. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 July 2023 nor for the year ended 31 July 2022.

9. OTHER FINANCE COSTS/ (INCOME)

	2023	2022
	£	£
Defined benefit pension scheme - unwinding of discount	<u>390,908</u>	<u>(398,444)</u>

The above represents the change in present value of the future deficit contributions towards the SUSS defined benefit pension scheme. See note 21 for further details.

CARDIFF UNION SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2023**

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Long leasehold property £	Equipment £
COST			
At 1 August 2022	1,374,429	14,000,000	525,470
Additions	-	-	14,791
Disposals	-	-	(30,301)
Reclassification/transfer	2,107,839	-	14,942
At 31 July 2023	3,482,268	14,000,000	524,902
DEPRECIATION			
At 1 August 2022	254,710	4,213,953	395,061
Charge for year	311,595	602,219	54,324
Eliminated on disposal	-	-	(30,224)
At 31 July 2023	566,305	4,816,172	419,161
NET BOOK VALUE			
At 31 July 2023	2,915,963	9,183,828	105,741
At 31 July 2022	1,119,719	9,786,047	130,409
	Work in progress £	Computer equipment £	Totals £
COST			
At 1 August 2022	1,072,502	156,685	17,129,086
Additions	1,073,457	-	1,088,248
Disposals	-	(32,513)	(62,814)
Reclassification/transfer	(2,122,781)	-	-
At 31 July 2023	23,178	124,172	18,154,520
DEPRECIATION			
At 1 August 2022	-	138,748	5,002,472
Charge for year	-	8,437	976,575
Eliminated on disposal	-	(32,513)	(62,737)
At 31 July 2023	-	114,672	5,916,310
NET BOOK VALUE			
At 31 July 2023	23,178	9,500	12,238,210
At 31 July 2022	1,072,502	17,937	12,126,614

CARDIFF UNION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2023****10. TANGIBLE FIXED ASSETS - continued**

The company elected to adopt the transitional exemption of FRS 102 and has used the long leasehold properties' previous valuation as deemed cost.

If freehold property had not been revalued they would have been included at the following historical cost:

	2023 £	2022 £
Cost	<u>1,554,978</u>	<u>1,554,978</u>
Aggregate depreciation	<u>1,554,978</u>	<u>1,554,978</u>
Carrying value	<u>£ -</u>	<u>£ -</u>

11. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 August 2022 and 31 July 2023	<u>71,563</u>
NET BOOK VALUE	
At 31 July 2023	<u>71,563</u>
At 31 July 2022	<u>71,563</u>

The above unlisted investments relate to Welsh Rugby Union Debentures and NUS Credit guarantee deposit.

12. STOCKS

	2023 £	2022 £
Venues- wet stock and food	26,541	24,943
Retail stock	<u>109,785</u>	<u>83,575</u>
	<u>136,326</u>	<u>108,518</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	136,858	194,147
Other debtors	5,908	4,521
Prepayments and accrued income	<u>233,692</u>	<u>180,621</u>
	<u>376,458</u>	<u>379,289</u>

CARDIFF UNION SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2023**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans and overdrafts (see note 16)	-	50,000
Trade creditors	251,197	548,754
Amounts owed to group undertakings	876,023	347,066
Social security and other taxes	101,981	93,149
VAT	84,355	-
Other creditors	93,975	114,850
Accruals and deferred income	512,269	519,893
	<u>1,919,800</u>	<u>1,673,712</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Bank loans (see note 16)	<u>-</u>	<u>141,667</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>-</u>	<u>50,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>-</u>	<u>50,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>91,667</u>

A Business Interruption Loan from Lloyds bank was obtained in May 2020. The rate of interest payable on the loan was Bank of England base rate plus 1.81% per annum. The loan was effectively interest free for the first 12 months after which interest was charged each month. The capital was repayable in 60 equal monthly instalments of £4,166.67 commencing 13 months after drawdown of the loan. The loan was repaid in full during May 2023.

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023	2022
	£	£
Within one year	4,723	4,888
Between one and five years	<u>5,003</u>	<u>9,736</u>
	<u>9,726</u>	<u>14,624</u>

18. PROVISIONS FOR LIABILITIES

	Pension provision £
Balance at 1 August 2022	4,757,753
Unwinding of discounted amount	390,908
Payments during the year	<u>(326,937)</u>
Balance at 31 July 2023	<u>4,821,724</u>

CARDIFF UNION SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2023**

18. PROVISIONS FOR LIABILITIES - continued

See Note 21 for further details.

19. ULTIMATE PARENT COMPANY

The company is a 100% subsidiary of Cardiff University Students' Union, registered in England and Wales, which is the ultimate parent company.

The principal business address of the ultimate parent company is Park Place, Cardiff, CF10 3QN.

20. RELATED PARTY DISCLOSURES

At 31 July 2023 the company owed £876,023 (2022: £347,066) to Cardiff University Students' Union, the ultimate parent company.

21. PENSION COMMITMENTS

The company participates in the Students' Union Superannuation 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 30 June 2022 and showed that the market value of the Scheme's assets was £106.7m with these assets representing 44% of the value of benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £136.6m which reported an decrease to the previous 2019 valuation deficit of £140.9m.

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 previous 2019 actuarial valuation recommended a monthly contribution requirement by each participating employer expressed in monetary terms intended to clear the ongoing funding deficit over a period of 16 years which was due to end in August 2035. The 2022 actuarial valuation recommends extending this period to 1 May 2037. Employer contributions are expected to increase at a rate of 5% per annum annually in October.

In addition to the above contributions, the company also pays its share of the scheme's levy and associated expenses to the Pension Protection Fund.

The total contributions paid into the scheme by the Union in respect of eligible employees for the year ended 31 July 2023 amounted to £326,937 which are all deficit contributions (2022: £304,215). At the year end a liability was recognised for the present value of the contributions payable of £4,821,724 (2022: £4,757,753).

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £60,977 (2022: £57,390). At the year end there were outstanding contributions of £6,283 (2022: £14,612).