

**Cardiff Union Services Ltd**  
**Gwasanaethau Undeb Caerdydd Cyf**

**REGISTERED NUMBER: 02287517**

# **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2020**



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**CARDIFF UNION SERVICES LIMITED**  
(A Company Limited by Guarantee)

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**COMPANY INFORMATION**

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<b>Directors</b>	Daniel Palmer Jayne Sadgrove Ryan Singh Nicholas Fox (resigned 30 June 2020) Denise Rich (resigned 3 October 2019) Orla Tarn (resigned 30 June 2020) Jackie Yip (resigned 30 June 2020) Marie Natasha Appasamy (appointed 22 July 2020) Jane Chukwu (appointed 1 July 2020) Luke Evans (appointed 1 July 2020) Tomos Evans (appointed 1 July 2020)
<b>Registered number</b>	02287517
<b>Registered office</b>	Cardiff Students Union Park Place Cardiff South Glamorgan CF10 3QN
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor 90 Victoria Street Bristol BS1 6DP

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**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**Introduction**

The Directors present their strategic report for the year ended 31 July 2020.

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.

**Business review**

The Company's turnover decreased and gross profit fell during the year but was still able to make an operating profit of £390,362 (2019: -£1,130,570) in a year cut short by the Covid-19 pandemic. Prior to the enforced shutdown of activities in March 2020 the Company was on track to achieve a record level of turnover and an increase in gross profit from 2019. The operating profit was possible due to the additional grant received from Cardiff University for redevelopment and from funds secured to cover staff costs during the lockdown periods from the UK Government's Coronavirus Job Retention Scheme (CJRS). The profit is after annual depreciation charges of £705,150 of which £602,218 is attributable to the depreciation of the Union building.

Despite trade being limited to seven months of the year due to the pandemic, turnover only decreased to £3,795,928 (2019: £4,516,928) resulting in a reduced gross profit of £1,898,977 (2019: £2,380,850). The timing of the initial Covid-19 shutdown came after the Company's busiest periods of the year, whilst some trading activities were able to continue, such as Student Lettings. Administrative expenses increased to £3,924,274 (2019: £3,901,420) in the year. The Company's overall performance is in line with the Directors expectations which recognises that accounting profits are unlikely in a normal year due to the impact of pension accounting costs and the depreciation of the Union building. However, the additional grant received for redevelopment inflated overall income to make this possible, before the impact of loss of trade and the CJRS are considered.

The Directors are seeking to extend the length of the lease of the University Union building, leading to reduced depreciation charges for the asset. Irrespective of this, the Directors are satisfied that cash profits will be generated to support the parent Charity's charitable objectives. The Company's business growth continues a significant turnaround from the years leading up to 2015/16 and the Directors are confident that its future plans will ensure further business growth and profitability in the foreseeable years to come.

During 2019/20 the Company's activities remained broadly similar to 2018/19, but with a notable improvement in Lettings Agency income, made possible by limited business interruption in the year. As expected, all other areas of income reduced due to trading environment restrictions that the Directors project will depress income until at least the end of 2021. The Company is expected to make an operating loss in 2020/21 and until social distancing measures are lifted the Company will continue to make use of the CJRS and other packages available from public bodies. Totum income reduced to £5,406 (2019: £47,785) and is not expected to recover in future years.

The Directors have identified the strengthening of the Company's balance sheet as a priority in future years. This follows a period of erosion caused by the recognition of future pension liabilities and the impact of depreciation of the Union building. It is hoped that this will be improved in future years by obtaining a building lease extension and growing turnover and other income. The Company's net current liabilities improved to -£60,113 (2019: -£512,544) at year end and Directors have identified that the Company's cash reserves position should be strengthened. The Directors have set the following targets to achieve this:



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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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- To meet the long-term financial plans for the Company and the Cardiff University Students' Union Group to achieve Group free reserves of £1. 3M by 2023;
- To minimise the expected operating loss in 2020/2021 and return to operating profit from 2021/22 onwards; and
- To secure funding and redevelop the Union building entrance / reception and the Great Hall to maximise commercial income opportunities in future years

The Company has recognised its defined benefit pension scheme liabilities. The Company's deficit contributions to the pension scheme are due to run until 2035, 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 2019/20 was £602,218 (2019: £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.

**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.

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**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 2019/20 are listed below with a statement of progress against them. During 2020/21 the Company will review its overall strategic plan and how it supports the strategic objectives of the Students' Union Group.

Objective	Outcome
To achieve the overall budgeted surplus and cash position for the Union's group of companies for 2019/2020, by 31st July 2020	This target was <b>achieved</b> and is detailed within this report.
To achieve the overall budgeted income position for CUSL by increasing profit and / or maximizing the benefits of the Union's CSL mitigation agreement by 31st July 2020	This target was <b>not achieved</b> and is detailed within this report.
To complete phase 1 of the Great Hall development by 18th September 2019 and gain approval and secure funding for phase 2 by 31st May 2020	This target was <b>partially achieved</b> due to phase 1 being completed in late 2019. Phase 2 funding is unlikely due to Covid-19 and will be revisited when appropriate
To have identified a costed range of options and mock up designs for the Union's new entrance, Welcome Centre and Great Hall entrance by 30th June 2020	This target was <b>partially achieved</b> and is hoped to be fully achieved in 2020/21.
To adopt and agree operating procedures for the new temporary entrance to the University Union building by 9th Oct 2019	This target was <b>partially achieved</b> . Operating procedures are in place but disabled access to the building was severely delayed and has remained unreliable.

This report was approved by the board on 21 January 2021 and signed on its behalf by:



**Tomos Evans**  
Director

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**CARDIFF UNION SERVICES LIMITED**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 JULY 2020**

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The Directors present their report and the financial statements for the year ended 31 July 2020.

**Results and dividends**

The loss for the year, after taxation, amounted to £1,332,409 (2019 - loss £1,256,541).

Any taxable profits are gift aided to Cardiff University Students' Union (the parent charity).

**Directors**

The Directors who served during the year were:

Daniel Palmer  
Jayne Sadgrove  
Ryan Singh  
Nicholas Fox (resigned 30 June 2020)  
Denise Rich (resigned 3 October 2019)  
Orla Tarn (resigned 30 June 2020)  
Jackie Yip (resigned 30 June 2020)  
Marie Natasha Applasamy (appointed 22 July 2020)  
Jane Chukwu (appointed 1 July 2020)  
Luke Evans (appointed 1 July 2020)  
Tomos Evans (appointed 1 July 2020)

**Future developments**

The Company's parent Charity released its 2018-21 strategic plan during the year and have identified the development of the Union building and its activities and services as priorities for the next three years. 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 experience after the Centre for Student Life building has been built and connected to the existing Students' Union building.

**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 status and is in the 2020 Sunday Times Top 100 not-for-profit companies to work for. In July 2018 the Company achieved stage 2 Investors in Diversity status and was placed within the National Centre for Diversity top 100 index in 2020.

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.

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**CARDIFF UNION SERVICES LIMITED**  
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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditor**

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

This report was approved by the board and signed on its behalf.



**Tomos Evans**  
Director

Date: 21 January 2021

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**CARDIFF UNION SERVICES LIMITED**  
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**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2020**

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The Directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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.

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 to 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.



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**CARDIFF UNION SERVICES LIMITED**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF UNION SERVICES LIMITED**

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**Opinion**

We have audited the financial statements of Cardiff Union Services Limited (the 'Company') for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 FRS 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 2020 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.

**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 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**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**CARDIFF UNION SERVICES LIMITED**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF UNION SERVICES LIMITED**  
**(CONTINUED)**

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**Other information**

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

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

We have nothing to report in this regard.

**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 Directors' 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 have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

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**CARDIFF UNION SERVICES LIMITED**  
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF UNION SERVICES LIMITED**  
(CONTINUED)

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**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of the audit 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 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.



Jonathan Marchant (Senior statutory auditor)

for and on behalf of

Mazars LLP  
Chartered Accountants and Statutory Auditor  
90 Victoria Street  
Bristol  
BS1 6DP

Date: 9 March 2021

**CARDIFF UNION SERVICES LIMITED**  
**(A Company Limited by Guarantee)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 JULY 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
Turnover	<b>4</b>	3,795,928	4,516,928
Cost of sales		(1,896,951)	(2,136,078)
<b>Gross profit</b>		<u>1,898,977</u>	<u>2,380,850</u>
Administrative expenses		(3,924,274)	(3,901,420)
Other operating income	<b>5</b>	2,415,659	390,000
<b>Operating profit/(loss)</b>	<b>6</b>	<u>390,362</u>	<u>(1,130,570)</u>
Interest receivable and similar income	<b>10</b>	5,171	7,532
Other finance expenditure	<b>11</b>	(1,727,942)	(133,503)
<b>Loss before tax</b>		<u>(1,332,409)</u>	<u>(1,256,541)</u>
<b>Loss for the financial year</b>		<u><u>(1,332,409)</u></u>	<u><u>(1,256,541)</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£Nil).

The notes on pages 13 to 30 form part of these financial statements.

**CARDIFF UNION SERVICES LIMITED**  
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**REGISTERED NUMBER: 02287517**

**BALANCE SHEET**  
**AS AT 31 JULY 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	11,938,035	12,004,586
Investments	14	71,563	71,563
		<u>12,009,598</u>	<u>12,076,149</u>
<b>Current assets</b>			
Stocks	15	129,535	70,786
Debtors: amounts falling due within one year	16	358,100	292,591
Cash at bank and in hand	17	480,108	1,529,705
		<u>967,743</u>	<u>1,893,082</u>
Creditors: amounts falling due within one year	18	(1,027,856)	(2,405,626)
<b>Net current liabilities</b>		<u>(60,113)</u>	<u>(512,544)</u>
<b>Total assets less current liabilities</b>		<u>11,949,485</u>	<u>11,563,605</u>
Creditors: amounts falling due after more than one year	19	(245,833)	-
<b>Provisions for liabilities</b>			
Pension liability	22	(5,770,342)	(4,297,886)
<b>Net assets</b>		<u>5,933,310</u>	<u>7,265,719</u>
<b>Capital and reserves</b>			
Profit and loss account	23	5,933,310	7,265,719
		<u>5,933,310</u>	<u>7,265,719</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 January 2021.



**Tomos Evans**  
Director

The notes on pages 13 to 30 form part of these financial statements.



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**CARDIFF UNION SERVICES LIMITED**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 JULY 2020**

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	<b>Profit and loss account £</b>	<b>Total equity £</b>
<b>At 1 August 2018</b>	8,522,260	8,522,260
<b>Comprehensive income for the year</b>		
Loss for the year	(1,256,541)	(1,256,541)
<b>Total comprehensive income for the year</b>	<u>(1,256,541)</u>	<u>(1,256,541)</u>
<b>At 1 August 2019</b>	7,265,719	7,265,719
<b>Comprehensive income for the year</b>		
Loss for the year	(1,332,409)	(1,332,409)
<b>Total comprehensive income for the year</b>	<u>(1,332,409)</u>	<u>(1,332,409)</u>
<b>At 31 July 2020</b>	<u>5,933,310</u>	<u>5,933,310</u>

The notes on pages 13 to 30 form part of these financial statements.

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**CARDIFF UNION SERVICES LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**1. General information**

The Company is a private company limited by guarantee incorporated in England & Wales, registered number 02287517. The address of its registered office is Cardiff Students Union, Park Place, Cardiff, South Glamorgan, CF10 3QN.

The principal activity of the Company is the promotion of the social and educational welfare of the students of Cardiff University by providing services and facilities to them.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency of the Company is Sterling and the financial statements are rounded to the nearest £. The period of the current financial information is the year ended 31 July 2020 and the comparative information relates to the year ended 31 July 2019.

The following principal accounting policies have been applied:

**2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Cardiff University Students' Union as at 31 July 2020 and these financial statements may be obtained from Park Place, Cardiff, South Glamorgan, CF10 3QN.

**2.3 Going concern**

The financial statements have been prepared on a going concern basis. The Directors have reviewed the forecasts based on the Union's 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 i.e. to 31 January 2022. The forecasts have modelled several reasonably possible scenarios around recommencing our full commercial activities.

Whilst the situation continues to evolve, making scenario planning difficult, the Union principal funding source remains the block grant from the University, which is agreed in advance of the start of the financial year. There is no reason to expect that the level of grant will materially change and each year the Union is able to adopt a zero-based budget, with activity proportionate to the level of funding agreed. As a consequence the Union is well placed to manage its financial risks satisfactorily, and has a reasonable expectation that it will have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements.

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**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**2. Accounting policies (continued)**

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.5 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

**2.6 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

**2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**2. Accounting policies (continued)**

**2.8 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.9 Pensions**

**Defined contribution pension obligation**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**Defined benefit obligation**

The Company participates in the Students' 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.

**2.10 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Accounting policies (continued)**

**2.10 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

L/Term Leasehold Property	- over the remaining term of the lease
Leasehold improvements	- over the term of the lease
Plant & machinery	- 5 - 10 years
Office equipment	- 3 - 5 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.11 Valuation of investments**

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Fixed asset investments comprise holdings of Welsh Rugby Union debentures and shares in NUS Services Limited. These assets are held at cost on the basis there is no readily available market value.

**2.12 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.13 Debtors**

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



**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Accounting policies (continued)**

**2.14 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.15 Creditors**

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

**2.16 Long term employee benefits and holiday pay accrual**

Termination and redundancy payments are accounted for on an accruals basis with an expense and liability recognised when a legal or constructive obligation arises.

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

**2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.18 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. Accounting policies (continued)**

**2.18 Financial instruments (continued)**

difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

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

**Critical accounting estimates and assumptions:**

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 bond rates of return. At 31 July 2020 the liability was £5,770,342 (2019: £4,297,886) as disclosed in note 24.

**Critical areas of judgement:**

There are no other critical areas of judgement.

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Bars and food	2,311,941	2,817,284
Entertainment and venue	440,454	618,719
Retail	161,379	197,822
NUS Totum	5,406	47,785
Advertising and marketing	172,198	175,676
Letting agency	458,895	406,203
Rental income	245,655	253,439
	<u>3,795,928</u>	<u>4,516,928</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	3,795,928	4,516,928
	<u>3,795,928</u>	<u>4,516,928</u>

**5. Other operating income**

	2020 £	2019 £
Block Grant	1,482,000	390,000
Grant for Redevelopment	489,306	-
Coronavirus Job Retention Scheme	444,353	-
	<u>2,415,659</u>	<u>390,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Depreciation	705,150	690,799
Other operating lease rentals	10,538	9,173
	<u>705,150</u>	<u>690,799</u>

**7. Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,300	6,950
	<u>7,300</u>	<u>6,950</u>

**Fees payable to the Company's auditor and its associates in respect of:**

All other services	8,190	9,188
	<u>8,190</u>	<u>9,188</u>

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**CARDIFF UNION SERVICES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. Employees**

Staff costs, including Directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	2,376,938	2,232,041
Social security costs	168,595	154,503
Cost of defined contribution scheme	59,068	48,939
Apprenticeship Levy	8,785	10,447
	<u>2,613,386</u>	<u>2,445,930</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2020 No.	2019 No.
Administration and support	82	85
Cost of sales	163	167
	<u>245</u>	<u>252</u>

**Termination Benefits**

Termination benefits totalling £13,650 (2019 - £7,387) were made during the year under review.

The amount of the obligation is £Nil (2019 - £Nil). The extent of funding at the reporting date is £Nil (2019 - £Nil).

**9. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	86,721	88,112
Company contributions to defined contribution pension schemes	1,315	976
	<u>88,036</u>	<u>89,088</u>

During the year retirement benefits were accruing to 1 Director (2019 - 1) in respect of defined contribution pension schemes.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. Interest receivable**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Other interest receivable	5,171	7,532
	<u>5,171</u>	<u>7,532</u>
	<u><u>5,171</u></u>	<u><u>7,532</u></u>

**11. Other finance costs**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Other finance costs	1,727,942	133,503
	<u>1,727,942</u>	<u>133,503</u>
	<u><u>1,727,942</u></u>	<u><u>133,503</u></u>

Other finance costs relate to the accounting charge that represents the change in present value of the future deficit contributions towards the SUSS defined benefit pension scheme. This amount is further analysed in note 22.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. Taxation**

	<b>2020</b> £	<b>2019</b> £
Current tax on profits for the year	-	(123,936)
Adjustments in respect of previous periods	-	123,936
<b>Taxation on profit on ordinary activities</b>	<b>-</b>	<b>-</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	<b>2020</b> £	<b>2019</b> £
Loss on ordinary activities before tax	(1,332,408)	(1,256,541)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(253,158)	(238,743)
<b>Effects of:</b>		
Fixed asset adjustments	-	99,861
Adjustments to tax charge in respect of prior periods	-	123,936
Unrelieved tax losses carried forward	253,158	32,284
Pension adjustment	-	(17,338)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

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**13. Tangible fixed assets**

	<b>L/Term Leasehold Property £</b>	<b>Leasehold Improve'ts £</b>	<b>Office equipment £</b>	<b>Computer equipment £</b>	<b>Work in Progress £</b>	<b>Total £</b>
<b>Cost or valuation</b>						
At 1 August 2019	14,000,000	77,318	1,478,128	456,984	150,437	16,162,867
Additions	-	126,125	4,232	583	507,659	638,599
Transfers between classes	-	150,437	-	-	(150,437)	-
At 31 July 2020	14,000,000	353,880	1,482,360	457,567	507,659	16,801,466
<b>Depreciation</b>						
At 1 August 2019	2,407,299	5,493	1,321,582	423,907	-	4,158,281
Charge for the year on owned assets	602,218	28,217	58,757	15,958	-	705,150
At 31 July 2020	3,009,517	33,710	1,380,339	439,865	-	4,863,431
<b>Net book value</b>						
At 31 July 2020	10,990,483	320,170	102,021	17,702	507,659	11,938,035
At 31 July 2019	11,592,701	71,825	156,546	33,077	150,437	12,004,586

The net book value of land and buildings may be further analysed as follows:

	<b>2020 £</b>	<b>2019 £</b>
Long leasehold	10,990,483	11,592,701
Leasehold Improvements	320,170	71,825
	<u>11,310,653</u>	<u>11,664,526</u>

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**CARDIFF UNION SERVICES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. Fixed asset investments**

	<b>Other fixed asset investments £</b>
<b>Cost or valuation</b>	
At 1 August 2019	71,563
At 31 July 2020	<u>71,563</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.

**15. Stocks**

	<b>2020 £</b>	<b>2019 £</b>
Raw materials and consumables	129,535	70,786
	<u>129,535</u>	<u>70,786</u>

**16. Debtors**

	<b>2020 £</b>	<b>2019 £</b>
Trade debtors	61,429	219,180
Amounts owed by group undertakings	25,995	24,780
Other debtors	-	7,044
Prepayments and accrued income	146,740	41,587
Tax recoverable	123,936	-
	<u>358,100</u>	<u>292,591</u>

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**17. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	480,108	1,529,705
	<u>480,108</u>	<u>1,529,705</u>

**18. Creditors: Amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans	4,167	-
Trade creditors	178,887	438,662
Amounts owed to group undertakings	214,597	1,273,163
Other taxation and social security	180,394	131,774
Other creditors	108,649	141,960
Accruals and deferred income	341,162	420,067
	<u>1,027,856</u>	<u>2,405,626</u>

**19. Creditors: Amounts falling due after more than one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans	245,833	-
	<u>245,833</u>	<u>-</u>

The following liabilities were secured:

A Business Interruption Loan from Lloyds bank was obtained in May to provide additional working capital to fund project costs. The rate of interest payable on the loan is Bank of England Base Rate plus 1.81% per annum. Base Rate is currently 0.1% per annum. The loan is effectively interest free for the first 12 months after which interest is charged each month against the amount outstanding and will therefore vary throughout the life of the loan. The capital is repayable in 60 equal monthly instalments of £4,166.67 commencing 13 months after drawdown of the loan. There are no early repayment charges associated with the loan. The loan is secured against an unlimited debenture dated 01/10/10 from Cardiff Union Services Limited.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. Loans**

Analysis of the maturity of loans is given below:

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Amounts falling due within one year</b>		
Bank loans	4,167	-
	<hr/> 4,167	<hr/> -
<b>Amounts falling due 1-2 years</b>		
Bank loans	50,004	-
	<hr/> 50,004	<hr/> -
<b>Amounts falling due 2-5 years</b>		
Bank loans	150,012	-
	<hr/> 150,012	<hr/> -
<b>Amounts falling due after more than 5 years</b>		
Bank loans	45,817	-
	<hr/> 45,817	<hr/> -
	<hr/> 250,000	<hr/> -

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**CARDIFF UNION SERVICES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**21. Financial instruments**

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	660,018	1,780,560
	<u>660,018</u>	<u>1,780,560</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(1,081,407)	(2,216,980)
	<u>(1,081,407)</u>	<u>(2,216,980)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash at bank, trade debtors, amounts owed by group companies, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group companies, other creditors and accruals.

**22. Provisions**

	Net pension liability £
At 1 August 2019	4,297,886
Unwinding of discount	87,720
Additional provision based on latest recovery plan	1,420,310
Change in discount rate	219,912
Payments in the year	(255,486)
<b>At 31 July 2020</b>	<u><u>5,770,342</u></u>

**23. Reserves**

**Profit & loss account**

The profit and loss account relates to accumulated profits and losses of the Company.

**24. 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.

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**CARDIFF UNION SERVICES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25. Capital commitments**

At 31st July 2020, the Company had a capital commitment of £Nil (2019 - £52,745) in respect of the re-development of the first floor lobby area which has been authorised but not provided for.

At 31st July 2020, the Company had a capital commitment of £187,899 (2019 - £Nil) in respect of the refurbishment of the CHP Plant and Boiler which has been authorised but not provided for.

At 31st July 2020, the Company had a capital commitment of £140,067 (2019 - £Nil) in respect of the refurbishment of the 3rd floor which has been authorised but not provided for.

**26. Pension commitments**

**Defined contribution pension scheme**

The Company operates a defined contributions 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 £59,068 (2019 - £48,939). Contributions totalling £13,987 (2019 - £16,142) were payable to the fund at the balance sheet date and are included in creditors.

**Pension commitments**

The Company is a Participating Employer 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 Triannual Valuation of the Scheme was carried out as at 30 June 2019 and showed that the market value of the Scheme's assets was £119.1m (2016: £101.3m) excluding AVC's and insured pensioners with these assets representing 46% (2016: 46%) of the value of benefits that have accrued to members. The deficit on an ongoing funding basis amounted to £140.9m (2016: £119.7m).

The 2019 Valuation funding shortfall recovery plan requires a monthly contribution by each Participating Employer up to August 2035. The contribution will increase by 5% in October 2020 as planned and then by 16% in October 2021. Contributions will increase by 5% each year thereafter until the end of the deficit recovery period. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the Scheme. These rates apply with effect from 1 October 2019 and will be formally reviewed following completion of the next Valuation due with an effective date of 30 June 2022. Surpluses or deficits which arise at future valuations will also impact on Union's future contribution commitment. In addition to the above contributions, the Union also pays its share of the Scheme's levy to the Pension Protection Fund.

The total deficit contributions paid into the Scheme by Cardiff Union Services Limited in respect of eligible employees for the year ended 31 July 2020 amount to £255,486 (2019: £243,321).

At the balance sheet date the Company had commitments to pay deficit funding contributions of £21,547 per month, increasing by 5% at October 2020.

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**27. Commitments under operating leases**

At 31 July 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	5,633	5,633
Later than 1 year and not later than 5 years	5,232	10,198
	<u>10,865</u>	<u>15,831</u>

**28. Related party transactions**

**Key management personnel**

During the year ended 31 July 2020 the Company's key management personnel were reimbursed expenses constituting of travel and subsistence £3,412 (2019: £3,752), accommodation £484 (2019: £2,045) and entertainment £302 (2019: £Nil). At the year end there were no balances due to key management personnel in relation to expenses.

**Key management compensation**

	2020 £	2019 £
Salaries and other short term employee benefits	325,914	316,987
	<u>325,914</u>	<u>316,987</u>

**Related party transactions**

At 31 July 2020 the company was owed £25,995 (2019: £24,780) by Cardiff Volunteering Limited.

At 31 July 2020 the company owed Cardiff University Students' Union £214,597 (2019: £1,273,163).

**29. Controlling party**

The Company's immediate controlling party is Cardiff University Students' Union, incorporated in England and Wales.

