

Cardiff Union Services Ltd
Gwasanaethau Undeb Caerdydd Cyf

Limited by Guarantee

**Directors' Annual Report
& Financial Statements**

for the year ended 31st July 2016

Registered Company Number 02287517

Cardiff Union Services Limited
Contents

Company Information	1
Directors' Report	2 to 3
Independent Auditor's Report	4 to 5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 to 13

Cardiff Union Services Limited
Company Information

Directors	Rakesh Aggarwal Amelia Dyer Marc Harries Alexander Kuklenko Mark Leighfield Daniel Palmer Sophie Timbers Matthew Williams
Registered office	Cardiff Students Union Park Place Cardiff South Glamorgan CF10 3QN
Auditors	Blue Spire Limited Chartered Accountants and Statutory Auditors Cawley Priors South Pallant Chichester West Sussex PO19 1SY

Cardiff Union Services Limited

Directors' Report for the Year Ended 31 July 2016

The directors present their report and the financial statements for the year ended 31 July 2016.

Directors of the company

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

Rakesh Aggarwal

Amelia Dyer (appointed 1 July 2016)

Marc Harries

Alexander Kuklenko (appointed 1 July 2016)

Daniel Palmer

Sophie Timbers (appointed 1 July 2016)

Matthew Williams

Claire Blakeway (resigned 30 June 2016)

Susan Gwyer-Roberts (resigned 30 June 2016)

Katherine Kelly (resigned 30 June 2016)

Hannah Sterritt (resigned 30 June 2016)

The following director was appointed after the year end:

Mark Leighfield (appointed 11 August 2016)

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

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

Cardiff Union Services Limited
Directors' Report for the Year Ended 31 July 2016

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Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

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

.....
Sophie Timbers
Director

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

We have audited the financial statements of Cardiff Union Services Limited for the year ended 31 July 2016, set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 2), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

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Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

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

Cawley Priory
South Pallant
Chichester
West Sussex
PO19 1SY

Date:.....

Cardiff Union Services Limited
Profit and Loss Account for the Year Ended 31 July 2016

	Note	2016 £	2015 £
Turnover	2	3,663,405	3,427,602
Cost of sales		<u>(1,936,025)</u>	<u>(1,668,904)</u>
Gross profit		1,727,380	1,758,698
Administrative expenses		(3,207,554)	(3,083,997)
Other operating income		<u>1,460,000</u>	<u>1,441,000</u>
Operating (loss)/profit	3	(20,174)	115,701
Other exceptional items	4	(306,746)	-
Other interest receivable and similar income		878	887
Interest payable and similar charges	6	<u>(160,696)</u>	<u>(140,117)</u>
Loss on ordinary activities before taxation		<u>(486,738)</u>	<u>(23,529)</u>
Loss for the financial year		<u><u>(486,738)</u></u>	<u><u>(23,529)</u></u>

The notes on pages 8 to 13 form an integral part of these financial statements.

Cardiff Union Services Limited
(Registration number: 02287517)
Balance Sheet at 31 July 2016

	Note	2016 £	(As restated) 2015 £
Fixed assets			
Tangible fixed assets	8	345,457	350,153
Investments	9	<u>71,563</u>	<u>71,563</u>
		<u>417,020</u>	<u>421,716</u>
Current assets			
Stocks		75,114	153,042
Debtors	10	309,638	575,814
Cash at bank and in hand		<u>247,703</u>	<u>213,529</u>
		632,455	942,385
Creditors: Amounts falling due within one year	11	<u>(1,167,420)</u>	<u>(972,088)</u>
Net current liabilities		<u>(534,965)</u>	<u>(29,703)</u>
Net (liabilities)/assets excluding pension liability		(117,945)	392,013
Net pension liability		<u>(2,663,371)</u>	<u>(2,686,590)</u>
Net liabilities		<u><u>(2,781,316)</u></u>	<u><u>(2,294,577)</u></u>
Capital and reserves			
Profit and loss account		<u>(2,781,316)</u>	<u>(2,294,577)</u>
Shareholders' deficit	13	<u><u>(2,781,316)</u></u>	<u><u>(2,294,577)</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2015).

Approved and authorised for issue by the Board on and signed on its behalf by:

.....
 Sophie Timbers
 Director

Cardiff Union Services Limited
Notes to the Financial Statements for the Year Ended 31 July 2016

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Turnover

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

Depreciation

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

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

Fixed asset investments

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

Stock

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

Pensions

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

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2016

..... continued

2 Turnover

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

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

	2016 £	2015 £
Bars and food	2,229,722	1,951,573
Shops	306,844	260,489
Entertainment and venue	710,741	633,111
Advertising and marketing	138,493	79,778
Letting agency	277,605	318,750
Other income	-	183,901
	<u>3,663,405</u>	<u>3,427,602</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2016 £	2015 £
Auditor's remuneration - The audit of the company's annual accounts	12,850	14,250
Depreciation of tangible fixed assets	135,595	103,350
Directors remuneration	<u>76,501</u>	<u>76,185</u>

4 Exceptional items

	2016 £	2015 £
Other exceptional item	<u>306,746</u>	<u>-</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	<u>76,501</u>	<u>76,185</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2016

..... continued

	2016 No.	2015 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

6 Interest payable and similar charges

	2016 £	2015 £
Unwinding of discount of pension liability	<u>160,696</u>	<u>140,117</u>
	<u>160,696</u>	<u>140,117</u>

7 Taxation

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

No taxation arises on the results for the year. In 2015, a large proportion of the company's trading activities consisted of mutual trading on which no liability to tax arises. The element of taxable income relating to non-mutual trading activities is covered by charges on income.

8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 August 2015	1,507,320	1,626,090	3,133,410
Additions	<u>36,442</u>	<u>94,459</u>	<u>130,901</u>
At 31 July 2016	<u>1,543,762</u>	<u>1,720,549</u>	<u>3,264,311</u>
Depreciation			
At 1 August 2015	1,377,032	1,406,225	2,783,257
Charge for the year	<u>43,222</u>	<u>92,375</u>	<u>135,597</u>
At 31 July 2016	<u>1,420,254</u>	<u>1,498,600</u>	<u>2,918,854</u>
Net book value			
At 31 July 2016	<u>123,508</u>	<u>221,949</u>	<u>345,457</u>
At 31 July 2015	<u>130,288</u>	<u>219,865</u>	<u>350,153</u>

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2016

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9 Investments held as fixed assets

Other investments

	Unlisted investments £	Total £
Cost		
At 1 August 2015	71,563	71,563
At 31 July 2016	71,563	71,563
Net book value		
At 31 July 2016	71,563	71,563
At 31 July 2015	71,563	71,563

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

10 Debtors

	2016 £	2015 £
Trade debtors	160,633	121,120
Other debtors	149,005	454,694
	<u>309,638</u>	<u>575,814</u>

11 Creditors: Amounts falling due within one year

	2016 £	(As restated) 2015 £
Trade creditors	568,840	359,479
Other taxes and social security	67,221	65,165
Other creditors	531,359	547,444
	<u>1,167,420</u>	<u>972,088</u>

Included within trade creditors and other creditors above are the amounts £213,861 and £210,950 respectively in relation to ongoing building and reconfiguration work on the Union building's ground floor.

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2016

..... continued

12 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.

13 Reconciliation of movement in shareholders' funds

	2016 £	(As restated) 2015 £
Loss attributable to the members of the company	(486,738)	(23,529)
Net reduction to shareholders' funds	(486,738)	(23,529)
Shareholders' deficit at 1 August	(2,294,578)	(2,271,048)
Shareholders' deficit at 31 July	<u>(2,781,316)</u>	<u>(2,294,577)</u>

14 Prior period adjustments

At the commencement of the year under review the company became a wholly owned subsidiary of Cardiff University Students' Union. As such the directors have included adjustments, as necessary, to align accounting policies within the group. The impact of these adjustments is an increase of accruals as at 31 July 2014 of £60,000, therefore reducing opening reserves as at 1 July 2014 by this amount.

15 Commitments

Operating lease commitments

As at 31 July 2016 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2016 £	2015 £
Within one year	1,663	30,926
Within two and five years	-	9,621
	<u>1,663</u>	<u>40,547</u>

Cardiff Union Services Limited

Notes to the Financial Statements for the Year Ended 31 July 2016

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Pension commitments

Cardiff Union Services Limited 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 2013 and showed that the market value of the Scheme's assets was £80,910,623 with these assets representing 52% 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 £73,849,000.

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

The following assumptions applied at 30 June 2013:-

- The investment return would be 6.1% per annum before retirement and 4.1% per annum after retirement.
- Pensions accruing on the CARE basis would revalue at 3.6% per annum.
- Present and future pensions would increase at rates specified by Scheme rules with appropriate assumptions where these are dependent on inflation.

The 2013 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 17 years and will increase by at least 5% each year. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the Scheme. These rates applied with effect from 1 October 2014 and will be formally reviewed following completion of the next Valuation due with an effective date of 30 June 2016. Surpluses or deficits which arise at future valuations will also impact on Cardiff Union Services Limited's future contribution commitment. In addition to the above contributions, Cardiff Union Services Limited 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 2016 amounted to £183,911. Commitments provided for in the accounts amounted to £2,663,371.

16 Related party transactions

During the year under review one of the directors, Daniel Palmer, was remunerated for services provided to the company as detailed in note 5 above.

The company has taken advantage of the exemption in the FRSSE from disclosing transactions with other members of the group.

17 Control

The company is controlled by Cardiff University Students' Union.