

Cardiff Union Services Ltd
Gwasanaethau Undeb Caerdydd Cyf

REGISTERED NUMBER: 02287517

DIRECTORS'
REPORT AND
FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018



CARDIFF UNION SERVICES LIMITED
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors	Rakesh Aggarwal (resigned 23 March 2018) Mark Leighfield (resigned 21 March 2018) Daniel Palmer Hollie Cooke (resigned 1 July 2018) Thomas Kelly (resigned 1 July 2018) Lamorna Hooker (resigned 1 July 2018) Elizabeth Ryan Harper (resigned 1 July 2018) Fadhila Ali Mohammed Al Dhahouri (appointed 1 July 2018) Amr Mustafa Alwishah (appointed 1 July 2018) Denise Rich (appointed 1 July 2018) Jake Robert Smith (appointed 1 July 2018) Megan Perkins (appointed 28 September 2018)
Registered number	02287517
Registered office	Cardiff Students Union Park Place Cardiff South Glamorgan CF10 3QN
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 90 Victoria Street Bristol BS1 6DP

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CARDIFF UNION SERVICES LIMITED
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STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2018

Introduction

The directors present their strategic report for the year ended 31 July 2018.

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 had a strong year and was able to increase its turnover, gross profit and cash inflows from ongoing activities. At year end the Company made an operating profit of £323,781 (2017: £-123,574) representing a significant improvement on previous years. This profit comes after annual depreciation charges of £683,211, of which £602,218 is attributable to the depreciation of the Union building. The Company's turnover increased to £4,500,911 (2017: £3,975,803) during the year and administrative expenses reduced to £3,592,111 (2017: £3,759,682), creating a profit before tax for the first time since pension liabilities and building depreciation costs have been recognised. Although welcome, the Directors recognise that accounting profits are unlikely to be achieved in future years due to the impact of pension accounting costs and the depreciation of the Union building. However, the Directors are satisfied that cash profits will be generated to support the Parent Charity's charitable objectives. The Company's overall performance 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 2017/18 the Company's activities remained broadly similar to 2016/17, but income growth was generated through continued growth in the Company's night-time activities and maturity in the Union's retail leasing business. In the year the Company chose to close its beauty salon and IT shop businesses and reorganise these activities to maximise profit. Further growth is expected in 2018/19, although some trading areas may suffer interruption from building works taking place adjacent to the Union building. The Company has negotiated business interruption protection from Cardiff University during and shortly after the construction period.

After a positive year in 2016/17 it was important for the Company to continue its growth in ongoing activities and to maximise the profit generated from the retail expansion completed in September 2016. This work is ongoing and the Company will continue to seek ways to grow and diversify its income in future years. However, the income from retail expansion has now matured and won't grow at a similar year-on-year basis as has been the case in the past two years.

One of the Directors' key aims in 2017/18 was to move the Company's balance sheet back into net current assets after two years in net current liabilities. This was achieved and the Company had £466,732 (2017: £-205,824) in net current assets at year end. The Directors have identified that the Company's cash reserves position should be strengthened over the next few years and have set the following targets to achieve this:

- 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 achieve an improved trading profit and mitigate the lack of block grant income growth so that the Group will generate cash surplus of £180K in 2018/2019; and
- To generate further operating efficiencies by establishing a new Company efficiency programme.

The Company has recognised its defined benefit pension scheme liabilities. The Company's deficit contributions

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018

to the pension scheme are due to run until 2033, 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 lease charge in 2017/18 was £602,218 (2017: £601,960). 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.

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.

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 2017/18 are listed below with a statement of progress against them. During 2018/19 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 2017/2018, by 31 July 2018	This target was achieved 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 31 July 2018	This target was achieved and is detailed within this report.
To develop and present a business case for the redevelopment of the Great Hall, Reception and the former Graduate Centre by 28 February 2018	This target was not achieved due to construction delays for the Centre for Student Life building.

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018

To complete the final year of Operation 200 and establish an ongoing efficiency review programme by 31 March 2018	This target was achieved and further savings have been identified for 2018/19.
To achieve funding for a comprehensive maintenance package for the Union building and to achieve the year one targets by 31 July 2018	This target was not achieved and will be further pursued in 2018/19.
To establish a new Tendering Policy and to tend at least 5 of the top 10 (out of contract) Union suppliers by 31 July 2018	This target was partially achieved with four major contracts re-tendered during the year.
To ensure that the Union has prominent bilingual signage and branding on Park Place, priority use of the CSL terrace and an extended lease for the Union building by 28 February 2018	This target was not achieved due to construction delays for the Centre for Student Life building.

This report was approved by the board on 15 October 2018 and signed on its behalf.

Fadhila Ali Mohammed Al Dhahouri
Director

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2018

The Directors present their report and the financial statements for the year ended 31 July 2018.

Results and dividends

The profit for the year, after taxation, amounted to £120,064 (2017 - loss £2,080,864).

No payment of a dividend is recommended.

Directors

The Directors who served during the year were:

Rakesh Aggarwal (resigned 23 March 2018)
Mark Leighfield (resigned 21 March 2018)
Daniel Palmer
Hollie Cooke (resigned 1 July 2018)
Thomas Kelly (resigned 1 July 2018)
Lamorna Hooker (resigned 1 July 2018)
Elizabeth Ryan Harper (resigned 1 July 2018)
Fadhila Ali Mohammed Al Dhahouri (appointed 1 July 2018)
Amr Mustafa Alwishah (appointed 1 July 2018)
Denise Rich (appointed 1 July 2018)
Jake Robert Smith (appointed 1 July 2018)

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.

Over the next year the Company will develop its own long term business plans to grow and diversify its income. This work will include exploring new business opportunities linked to the changes to the Company's external environment and working closer with Cardiff University to exploit their combined resources for future activities.

Employee involvement

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. In recent years the Company has held Best Companies status, has been in the Sunday Times Top 100 not-for-profit companies to work for and has held gold Investor in People status. In July 2018 the Company achieved stage 2 Investors in Diversity status.

During the year the Company commissioned NUS to undertake an employee engagement survey for the Union Group's staff and achieved very good results when compared to comparable student organisations and the broader charity sector. Overall, 78% of staff wholeheartedly recommended the Students' Union Group as a great place to work. Other highlights included:

I believe that this organisation delivers a high quality service to its members:

96%

People within the organisation consistently treat each other with respect and dignity:

93%

People here are treated equally irrespective of ethnicity, gender, disability, age, sexual orientation or religion:

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018

93%

I'm happy to work the hours necessary to do my job well:

93%

I receive support and encouragement from colleagues at work

93%

The Company encourages a culture of employee involvement and supports a staff representative group, the Joint Consultative Committee (JCC). 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, to be renamed 'My Strategy' in 2018.

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 on 15 October 2018 and signed on its behalf.

Fadhila Ali Mohammed Al Dhahouri
Director

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DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JULY 2018

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.

CARDIFF UNION SERVICES LIMITED
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INDEPENDENT AUDITOR'S REPORT 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 2018 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 2018 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 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.

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.

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

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

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. 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:

CARDIFF UNION SERVICES LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2018

	Note	2018 £	2017 £
Turnover	3	4,500,911	3,975,803
Cost of sales		(2,268,019)	(1,939,695)
Gross profit		<u>2,232,892</u>	<u>2,036,108</u>
Administrative expenses		(3,592,111)	(3,759,682)
Other operating income	4	1,683,000	1,600,000
Operating profit/(loss)	5	<u>323,781</u>	<u>(123,574)</u>
Interest receivable and similar income	9	781	418
Other finance income	10	(204,498)	(1,957,708)
Profit/(loss) before tax		<u>120,064</u>	<u>(2,080,864)</u>
Profit/(loss) for the financial year		<u><u>120,064</u></u>	<u><u>(2,080,864)</u></u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£Nil).

The notes on pages 13 to 26 form part of these financial statements.

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BALANCE SHEET
AS AT 31 JULY 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	12,391,669	12,964,420
Investments	13	71,563	71,563
		<u>12,463,232</u>	<u>13,035,983</u>
Current assets			
Stocks	14	39,936	41,387
Debtors: amounts falling due within one year	15	170,510	195,788
Cash at bank and in hand	16	926,281	297,377
		<u>1,136,727</u>	<u>534,552</u>
Creditors: amounts falling due within one year	17	(669,995)	(740,376)
Net current assets/(liabilities)		<u>466,732</u>	<u>(205,824)</u>
Total assets less current liabilities		<u>12,929,964</u>	<u>12,830,159</u>
Pension liability		(4,407,704)	(4,427,963)
Net assets		<u><u>8,522,260</u></u>	<u><u>8,402,196</u></u>
Capital and reserves			
Profit and loss account	19	8,522,260	8,402,196
		<u><u>8,522,260</u></u>	<u><u>8,402,196</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 October 2018.

Fadhila Ali Mohammed Al Dhahouri
 Director

The notes on pages 13 to 26 form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2018

	Profit and loss account	Total equity
	£	£
At 1 August 2016	10,483,060	10,483,060
Comprehensive income for the year		
Loss for the year	(2,080,864)	(2,080,864)
Total comprehensive income for the year	<u>(2,080,864)</u>	<u>(2,080,864)</u>
At 1 August 2017	8,402,196	8,402,196
Comprehensive income for the year		
Profit for the year	120,064	120,064
Total comprehensive income for the year	<u>120,064</u>	<u>120,064</u>
At 31 July 2018	<u>8,522,260</u>	<u>8,522,260</u>

The notes on pages 13 to 26 form part of these financial statements.

CARDIFF UNION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

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 2018 and the comparative information relates to the year ended 31 July 2017.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 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;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.2 Revenue (continued)

- 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.

2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.4 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.5 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.

2.6 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
FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.6 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 the Statement of Comprehensive Income.

2.7 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.

2.8 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.

2.9 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
FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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.

2.13 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 the Statement of Comprehensive Income 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.

2.14 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 non-puttable 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

CARDIFF UNION SERVICES LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.14 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. Turnover

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

	2018	2017
	£	£
Bars and food	2,905,242	2,544,502
Entertainment and venue	603,844	559,871
Retail	180,807	203,016
NUS Extra sales	65,044	78,560
Advertising and marketing	181,784	129,569
Letting agency	334,399	302,146
Rental income	229,791	158,139
	<u>4,500,911</u>	<u>3,975,803</u>

	2018	2017
	£	£
United Kingdom	4,500,911	3,975,803
	<u>4,500,911</u>	<u>3,975,803</u>

4. Other operating income

	2018	2017
	£	£
Block Grant	1,683,000	1,600,000
	<u>1,683,000</u>	<u>1,600,000</u>

CARDIFF UNION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

5. Operating profit/(loss)

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

	2018	2017
	£	£
Depreciation	683,211	685,468
Other operating lease rentals	8,187	6,816
	<u>691,398</u>	<u>692,284</u>

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6,750	8,050
	<u>6,750</u>	<u>8,050</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

CARDIFF UNION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

7. Employees

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

	2018	2017
	£	£
Wages and salaries	2,192,547	2,182,364
Social security costs	145,184	148,689
Pension costs - defined contribution scheme	40,861	40,287
Apprenticeship Levy	7,529	2,392
	<u>2,386,121</u>	<u>2,373,732</u>

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

	2018	2017
	No.	No.
Administration and support	71	70
Cost of sales	192	165
	<u>263</u>	<u>235</u>

Termination Benefits

Termination benefits totalling £7,683 (2017 - £107,510) were made during the year under review.

The amount of the obligation is £Nil (2017 - £Nil). The extent of funding at the reporting date is £Nil (2017 - £Nil).

8. Directors' remuneration

	2018	2017
	£	£
Directors' emoluments	82,717	79,241
Company contributions to defined contribution pension schemes	530	378
	<u>83,247</u>	<u>79,619</u>

During the year retirement benefits were accruing to 1 Director (2017 - 1) in respect of defined contribution pension schemes.

CARDIFF UNION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

9. Interest receivable

	2018	2017
	£	£
Other interest receivable	781	418
	<u>781</u>	<u>418</u>
	<u><u>781</u></u>	<u><u>418</u></u>

10. Other finance costs

	2018	2017
	£	£
Other finance costs	204,498	1,957,708
	<u>204,498</u>	<u>1,957,708</u>
	<u><u>204,498</u></u>	<u><u>1,957,708</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.

11. Taxation

Factors affecting tax charge for the year

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

No taxation arises on the results for the year. 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.

CARDIFF UNION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

12. Tangible fixed assets

	L/Term Leasehold Property £	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 August 2017	14,000,000	2,787	1,325,229	421,372	15,749,388
Additions	-	32,721	64,693	13,479	110,893
Disposals	-	-	(1,130)	-	(1,130)
At 31 July 2018	<u>14,000,000</u>	<u>35,508</u>	<u>1,388,792</u>	<u>434,851</u>	<u>15,859,151</u>
Depreciation					
At 1 August 2017	1,202,862	-	1,205,388	376,718	2,784,968
Charge for the year on owned assets	602,218	1,020	52,167	27,806	683,211
Disposals	-	-	(697)	-	(697)
At 31 July 2018	<u>1,805,080</u>	<u>1,020</u>	<u>1,256,858</u>	<u>404,524</u>	<u>3,467,482</u>
Net book value					
At 31 July 2018	<u><u>12,194,920</u></u>	<u><u>34,488</u></u>	<u><u>131,934</u></u>	<u><u>30,327</u></u>	<u><u>12,391,669</u></u>
At 31 July 2017	<u><u>12,797,138</u></u>	<u><u>2,787</u></u>	<u><u>119,841</u></u>	<u><u>44,654</u></u>	<u><u>12,964,420</u></u>

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

	2018 £	2017 £
Long leasehold	12,194,920	12,797,137
Leasehold improvements	34,488	2,787
	<u><u>12,229,408</u></u>	<u><u>12,799,924</u></u>

CARDIFF UNION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

13. Fixed asset investments

	Other fixed asset investments £
Cost or valuation	
At 1 August 2017	71,563
At 31 July 2018	<u>71,563</u>
Net book value	
At 31 July 2018	<u>71,563</u>
At 31 July 2017	<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.

14. Stocks

	2018 £	2017 £
Raw materials and consumables	39,936	41,387
	<u>39,936</u>	<u>41,387</u>

Stock recognised in cost of sales during the year as an expense was £1,130,776 (2017 - £1,008,237) .

15. Debtors

	2018 £	2017 £
Trade debtors	117,873	135,387
Amounts owed by group undertakings	12,596	9,754
Other debtors	7,544	4,126
Prepayments and accrued income	32,497	46,521
	<u>170,510</u>	<u>195,788</u>

CARDIFF UNION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

16. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	926,281	297,377
	<u>926,281</u>	<u>297,377</u>

17. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	87,377	126,617
Amounts owed to group undertakings	20,777	105,590
Other taxation and social security	121,054	102,359
Other creditors	40,803	87,918
Accruals and deferred income	399,984	317,892
	<u>669,995</u>	<u>740,376</u>

18. Financial instruments

	2018	2017
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	71,563	71,563
Financial assets that are debt instruments measured at amortised cost	1,001,877	401,274
	<u>1,073,440</u>	<u>472,837</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(540,307)	(635,841)

Financial assets measured at fair value through profit or loss comprise investments.

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 trade creditors, amounts owed to group companies, other creditors and accruals.

CARDIFF UNION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

19. Reserves

Profit & loss account

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

20. 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.

21. Capital commitments

At 30 June 2018, the Company had a capital commitment of £33,639 (2017 - £Nil) in respect of a new till system which had been authorised but not provided for.

22. 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 £40,861 (2017 - £40,097). Contributions totalling £11,935 (2017 - £10,704) 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 2016 and showed that the market value of the Scheme's assets was £101,131,000 (2013: £80,910,023) excluding AVC's and insured pensioners with these assets representing 46% (2013: 52%) of the value of benefits that have accrued to members. The deficit on an ongoing funding basis amounted to £119,700,000, (2013: £73,849,000).

The assumptions used in the valuation are as follows:

Pre- retirement discount rate	4.3% pa
Post retirement discount rate	2.3% pa
RPI	3.2% pa
CPI	2.2% pa
Pension increases in payment	
Post 1997 (RPI min 3% max 5%)	3.6% pa
Post 2000 (RPI max 5%)	3.1% pa

Mortality projections CMI 2015 projections with a long term rate of improvement of 1.5% pa

CARDIFF UNION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

22. Pension commitments (continued)

The 2016 Valuation funding shortfall recovery plan requires a monthly contribution requirement by each Participating Employer to up to 30 June 2033 increasing by 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 apply with effect from 1 October 2017 and will be formally reviewed following completion of the next Valuation due with an effective date of 30 June 2019. 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 2018 amount to £224,757 (2017: £193,116).

At the balance sheet date the Company had commitments to pay deficit funding contributions of £19,544 per month, increasing by 5% at October 2018. This monthly payment is scheduled to increase by 5% per annum at October each year until 30 June 2033.

23. Commitments under operating leases

At 31 July 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Not later than 1 year	4,953	7,808
Later than 1 year and not later than 5 years	13,621	24,997
	<u>18,574</u>	<u>32,805</u>

CARDIFF UNION SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

24. Related party transactions

Key management personnel

During the year ended 31 July 2018 the Company's key management personnel were reimbursed expenses constituting of travel and subsistence £3,437 (2017: £2,576), accommodation £2,225 (2017: £436) and entertainment £60 (2017: £8). At the year end there were no balances due to key management personnel in relation to expenses.

Key management compensation

	2018	2017
	£	£
Salaries and other short term employee benefits	256,998	311,510
Termination benefits	-	46,285
	<u>256,998</u>	<u>357,795</u>

Related party transactions

At 31 July 2018 the company was owed £12,596 (2017: £9,754) by Cardiff Volunteering Limited.

At 31 July 2018 the company owed Cardiff University Students' Union £20,777 (2017: £105,590).

25. Controlling party

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

Cardiff Union Services Limited

Management information

For the year ended 31 July 2018

CARDIFF UNION SERVICES LIMITED
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DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2018

	Note	2018 £	2017 £
Turnover		4,500,911	3,975,803
Cost Of Sales		(2,268,019)	(1,939,695)
Gross profit		<u>2,232,892</u>	<u>2,036,108</u>
Gross profit %		49.6 %	51.2 %
Other operating income		<u>1,683,000</u>	<u>1,600,000</u>
Less: overheads			
Administration expenses		(3,592,111)	(3,759,682)
Operating profit/(loss)		<u>323,781</u>	<u>(123,574)</u>
Interest receivable		781	418
Other finance income		(204,498)	(1,957,708)
Profit/(Loss) for the year		<u>120,064</u>	<u>(2,080,864)</u>

CARDIFF UNION SERVICES LIMITED
(A Company Limited by Guarantee)

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2018

	2018	2017
	£	£
Turnover		
Bars and food	2,905,242	2,544,502
Entertainment and venue	603,844	559,871
Retail	180,807	203,016
NUS Extra sales	65,044	78,560
Advertising and marketing	181,784	129,569
Letting agency	334,399	302,146
Rental income	229,791	158,139
	<u>4,500,911</u>	<u>3,975,803</u>
	<u><u>4,500,911</u></u>	<u><u>3,975,803</u></u>
	2018	2017
	£	£
Cost of sales		
Direct manufacturing costs	1,746,795	1,487,176
Wages and salaries	515,495	432,295
National insurance	5,331	2,585
CoS staff pens costs - money purchase schemes	398	190
Maintenance	-	17,449
	<u>2,268,019</u>	<u>1,939,695</u>
	<u><u>2,268,019</u></u>	<u><u>1,939,695</u></u>
	2018	2017
	£	£
Other operating income		
Other operating income	1,683,000	1,600,000
	<u>1,683,000</u>	<u>1,600,000</u>
	<u><u>1,683,000</u></u>	<u><u>1,600,000</u></u>

CARDIFF UNION SERVICES LIMITED
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SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2018

	2018	2017
	£	£
Administration expenses		
Directors salaries	82,717	79,241
Directors pension costs - money purchase schemes	530	378
Staff salaries	1,594,335	1,670,828
Staff national insurance	139,853	146,104
Staff pension costs - money purchase schemes	39,933	39,719
Staff training	23,751	29,432
Staff welfare	19,409	19,178
Canteen	11,294	10,838
Motor running costs	259	50
Motor vehicle leasing (operational)	3,393	4,964
Hotels, travel and subsistence	14,587	6,623
Consultancy	37,297	38,164
Printing and stationery	7,844	8,401
Postage	3,683	4,891
Telephone and fax	14,616	20,085
Computer costs	17,121	24,835
General office expenses	482	499
Advertising and promotion	39,838	30,996
Trade subscriptions	83,831	73,430
Legal and professional	17,689	41,375
Auditors' remuneration	18,646	8,050
Equipment hire	97,803	56,807
Equipment leasing (operational)	4,794	1,852
Bank charges	17,553	15,294
Bad debts	(4,783)	955
Sundry expenses	78,752	50,736
Rates	-	3,535
Water	25,729	28,315
Light and heat	170,259	144,749
Cleaning	16,375	17,413
Insurances	92,168	93,455
Repairs and maintenance	124,355	117,559
Depreciation - office equipment	52,167	49,893
Depreciation - computer equipment	27,806	33,615
Depreciation - freehold property	602,218	601,960
Depreciation - leasehold property	1,020	-
Profit/loss on sale of tangible assets	407	-
Facilities	190,644	148,970
Recruitment	13,696	11,185

CARDIFF UNION SERVICES LIMITED
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SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2018

Administration expenses (continued)

P&L Year End Write Off	(114,014)	103,411
Agency costs	16,525	19,505
Apprenticeship Levy	7,529	2,392
	<u>3,592,111</u>	<u>3,759,682</u>

2018
£

2017
£

Interest receivable

Bank interest receivable	781	418
	<u>781</u>	<u>418</u>

2018
£

2017
£

Interest on pension scheme liabilities	204,498	1,957,708
	<u>204,498</u>	<u>1,957,708</u>
