

Heriot-Watt University Student Union

Trustees' report and financial statements
For the period from 1 May 2015 to 31 July 2016

Charity number SC011949

Company number SC504788

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Union information

Reference and administrative details

Registered charity number	SC011949
Company number	SC504788
Registered office	Riccarton, Edinburgh EH14 4AS
Auditors	Henderson Loggie 34 Melville Street, Edinburgh EH3 7HA
Bankers	Royal Bank of Scotland 540A Larnark Road, Juniper Green, Edinburgh EH14 5EL
Solicitors	Turcan Connell Princes Exchange, 1 Earl Grey Street, Edinburgh EH3 9EE
Chief Executive Officer	Gail Edwards

Trustee Board

The Trustees who served during the period were:

Dr Stefan G Kay	(appointed 01/05/2015)
Professor Brian Hay	(appointed 01/05/2015)
Grace Domingo dela Cruz	(appointed 01/05/2015, resigned 05/05/2015)
Sabrina Fuchs	(appointed 01/05/2015, resigned 05/05/2015)
Susan Kirkman	(appointed 01/05/2015, resigned 23/11/2015)
Sharon Baines	(appointed 01/05/2015, resigned 19/01/2016)
Samantha Forsyth	(appointed 05/05/2015)
Stephanie Harper	(appointed 05/05/2015)
Andrew Downie	(appointed 27/04/2016, resigned 20/09/2016)
President (<i>ex-officio</i>) – as detailed below	
Vice-Presidents (<i>ex officio</i>) – as detailed below	

Ex-officio trustees appointed in 2015

President	Jessie Nelmes Hannah Frances Wielbo	(appointed 01/05/2015, resigned 30/06/2015) (appointed 20/06/2015, resigned 30/06/2016)
Vice-Presidents		
- Community	Miranda Matoshi	(appointed 01/05/2015, resigned 20/06/2016)
- Wellbeing	Sahara Choudhury	(appointed 01/06/2015, resigned 30/06/2016)
- Scottish Borders Campus	Peter Gilchrist	(appointed 01/05/2015, resigned 20/06/2016)

Ex-officio trustees appointed in 2016

President	Diarmuid Cowan	(appointed 01/06/2016)
Vice-Presidents		
- Community	Sheona Dorrian	(appointed 01/06/2016)
- Wellbeing	Eloise McNeaney	(appointed 01/06/2016)
- Scottish Borders Campus	Corto Pimenta	(appointed 01/06/2016)

Union information *(continued)*

Senior Officer-Bearers (Senior Management Team)

The senior office-bearers of the Union, comprise the President and Vice-Presidents of the Union plus the following Senior Management Team members:

Appointed in June 2015

Mina Kostova
Luke McKeown
Georgie Ottoway
Iswarya Ravichandran
Rahul Singh
Hannah Frances Wielbo

Appointed in June 2016

Aashna Bakshi
Emily Conning
Thomas Garnett
Craig Gillen
Natalie Hay
Carl Thompson

Trustees' report

The trustees have pleasure in presenting their report for the period ended 31 July 2016. This report is prepared in accordance with the recommendations of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and in accordance with applicable law.

Structure, management and governance

Heriot-Watt University Student Union (the Union) is a registered Scottish charity with charity number SC011949. Following the creation of a company limited by guarantee with company number SC504788 on 1 May 2015, permission was obtained from OSCR to transfer all of the assets, liabilities and undertakings of the previously unincorporated Association (HWUSA) to this new legal entity. This transfer of undertakings took place on 1 August 2015.

Organisational structure

The Union's Articles of Association and Bye Laws set out the organisation's membership-led structure. The Union has a Trustee Board currently consisting of the four sabbatical officers and five external Trustees, one whom one is appointed by the University. The four sabbatical officers are elected by cross-campus ballot each year in March, taking up post for a duration of 12 months from 1 June after the election. External trustees are appointed on the basis of skills and experience relevant to their position on the Board.

Further to the Trustee Board the Union has an elected Executive Committee. The Senior Office Bearers sit on this Committee as well as the Trustee Board. The Executive Committee is made up of the four Senior Office Bearers plus an additional six elected students who are volunteers. The Executive Committee is responsible for the student facing activities of the Union such as running events and campaigns. The Executive Committee provides a report to the Trustee Board via the Senior Office Bearers.

Decision making

The Trustee Board delegates day to day management powers to the Chief Executive Officer who is required to report regularly to the Trustee Board. Alongside the CEO there are four other senior managers who make up the Senior Management Team: the Deputy Chief Executive and Head of Corporate Services; the Finance Manager; the Commercial Manager and the Student Engagement Manager.

Senior Managers are allowed to make non-routine financial decisions up to the value of £10,000. The Chief Executive Officer has power to make non-routine financial decisions up to the value of £20,000 and any amount above this must be approved by the Trustees.

The Trustee Board are responsible for agreeing any amendments to any policy and procedures relating to employees and financial structures. The Executive Committee are responsible for passing policy on campaign issues. The SMT are responsible for advising both Committees on the fulfilment of these responsibilities.

Trustee Induction

The Union provides all new Trustees with an induction. The induction covers:

- Legal responsibilities of Trustees
- An introduction to the structure of the organisation
- Current financial position of the Union and an introduction to the format of our management accounts
- The Strategic Plan
- Union policy

Trustees' report *(continued)*

Remuneration of key management personnel

In order to ensure the charity is properly run and suitably focused on our membership the charity employs key management personnel. The charity considers the four sabbatical officers and the members of the Senior Management Team as key management. Sabbatical pay is set by benchmarking against other Scottish student associations which is done every 2 years. Sabbaticals are auto-enrolled in the Lothian Pension Fund scheme. For Senior Management Team salaries, the Union uses the Higher Education Role Analysis (HERA) method to assess grades within the Union staff structure. The Union is in the process of a phased re-introduction of Heriot-Watt University pay scales using the HERA grade structure. All Senior Manager pay is assessed within this framework.

Objectives and activities

The objectives of the Union, as set out in its governing document, are:

- The advancement of education of students at Heriot-Watt University by representing, supporting, advising and promotion the interests, health and welfare of students within the University during their course of study and within the wider community, and by promoting student participation in, facilitating, co-ordinating and developing, the services, project and activities of the Union;
- The provision of recreational activities through the services, project and activities of the University providing social, cultural and recreational activities and forums from discussions and debate for the personal development of its Students;
- The advancement of community development within the University and within the wider community through student participation in the Union and its services, projects and activities, and by facilitating the involvement of students in the wider community;
- The relief of the student needs by being the recognised representative channel between Students and Heriot-Watt University, other academic organisation, the general public and any other external bodies and promoting social and academic unity among students of the University.

Achievements and performance

In 2015 the Union launched its new strategic plan. This plan sets out the direction of the organisation for 2015 – 2019 and sets out our aim to build a strong global student community together for the future. We have focused our activity around for key aims:

Empower students to shape what we do

The Union aims to improve students' understanding of what we do and empower students to influence change. This year we set a target turnout of 20% in our main student elections and were proud to achieve 20.5% which was the highest turnout in Scotland and an increase of over 8% on our previous year's elections.

This year the Union launched a new communication strategy which aims to raise awareness and provide relevant and timely information to our members. During this year the Union has received over 35,000 website visitors; 46,000 video views and 6,838 Facebook likes. The strategy is in its early stages of roll out but we are delighted with our progress so far.

The Union also launched our "Change One Thing" campaign, enabling students to raise issues quickly and easily for the Student Union to act upon. During the year we received 137 submissions from students and in response to student concerns, the Union was able to secure a promise to protect car parking on the Edinburgh Campus and to improve toilet facilities in the library.

We have set ourselves an objective that 75% of students are aware they are a member of the Student Union by 2019. This year our research has shown we have an awareness of 56% so we have a considerable way to go to achieve our objective.

Trustees' report *(continued)*

Inspire students to become great graduates

The vast majority of our students want to know they will have great employment prospects when they graduate. The Union continues to provide our academic representation and welfare service to enable students to achieve success throughout their studies.

This year we trained 21 School Officers; 168 Class Representatives and 7 Postgraduate Representatives. Through the year our academic representatives were able to raise a number of issues that the university have agreed to take action on including postgraduate demonstrator pay and hot-desking facilities.

Our Advice Hub continues to be a busy service and we are seeing an increase in the volume and complexity of student cases. This year the Advice Hub gave out 10,500 free condoms; 5,000 welfare advice packs and dealt with 1,472 student cases, an increase of 7% on the previous year. We dealt with 267 academic appeals and 98 disciplinary matters for students.

Enhance student experiences and activities

The Union is working to create a link for students between participation in activities such as societies and volunteering to employability. We have been working with the university to develop a way to record volunteer hours and skills so that they can appear on university transcripts. As part of this initiative we piloted a volunteer accreditation scheme this year and our volunteers were able to log 2,392 hours of volunteering representing an equivalent paid value of £16,026.

We have set an objective to develop our student societies to ensure they grow and thrive. We aim to have 80 student societies by 2019 and by the end of this year we had achieved a total of 67.

The Union Raising and Giving (RAG) Committee were very active this year and raised over £8,000 for charity.

The Student Union building is proving to be a significant barrier for the Union to grow this area of our activity. The current building does not have enough space for students to meet and carry out activities. Furthermore, the flexibility of the space is limiting in what the Union can provide for our members.

Develop our global community

The Union recognises that Heriot-Watt University is a global university with both a diverse student population in the UK as well as an increasing international presence. Our aim is to help shape the experience for students no matter where they study or what their background is.

In the UK we have focused on providing an increased events and social programme. The Union delivered 36 evening events throughout the year plus a range of daytime events including 5 cultural events such as Global Day; 11 equality and diversity events such as Mental Health Week and 4 Therapet sessions.

Financial review

The results of the Union are set out in the Statement of Financial Activities on page 11.

The principal funding sources of the charity come from our commercial activity and the block grant received from the university. The value of our block grant is determined by a Financial Memorandum between Heriot-Watt University and the Union. The amount is determined by the number of students attending the university in the UK and the risk of unexpected changes to this funding is considered low by the Trustee Board.

The Union block grant continues to grow in line with the university student numbers and as predicted within our five year financial plan. Our commercial services have had a challenging year. While sales have been steady our staff and purchasing costs have grown. Despite our increased costs we continue to return a profit on our commercial operations overall.

Trustees' report *(continued)*

Financial review *(continued)*

Going forward we anticipate the block grant to grow as expected within our five year plan and commercial income to remain the same as in 2015. However the Union plans to undertake a review of commercial margins in order to maintain profitable services in the future.

Reserves Policy

At 31 July 2016 the Union had total reserves of £579,600 of which £495,338 was unrestricted and £84,262 was restricted. Of the total unrestricted funds, the amounts not tied up in fixed assets and therefore representing the free reserves of the charity were £178,512.

The Union aims to hold sufficient reserves to fund its student support activities for a period of at least six months. This means that we should hold sufficient cash reserve to cover salaries and overheads for the charitable activity of the Union for six months. Based on the period under review, this would be approximately £530,000. In 2013 Trustee Board of the unincorporated Association put in place a five year financial plan to enable the Union to work towards our Reserves Policy figure. We are making good progress through this five year plan and the Trustee Board will review its strategy towards reserves in the coming financial year.

Risk Management

The Trustees have assessed the major risks to which the Union is exposed, in particular those related to the operations and finances of the Union, and are satisfied that systems are in place to mitigate our exposure to risk. The Trustees meet regularly and review all aspects of operations and finances with reference to financial reports and future forecasts.

The Trustees have considered whether the UK leaving the European Union will have a negative impact on the Union. We have determined that in the short-term the risk to the organisation is low however we note that the circumstances regarding the exit may have an impact on recruitment of students from the EU which may have long term implications for both university and union strategy. At this time we are unable to predict the impact of this.

The Trustees have also identified the Union building as our most pressing strategic and operational risk. The building is becoming increasingly isolated from the student population by university capital projects and we predict this to become an increasing challenge for the Union to provide both charitable and commercial services from its current location. The Union is in early stage discussions with the university regarding this issue and are hopeful to find a mutually acceptable solution within the next 12 months.

Disclosures required by the Educational Act 1994

Affiliations

The Union affiliated to the following organisations during 2015/16:

UK Council for International Student Affairs (UKCISA) – affiliation fee £206

- provides advice and information to international students studying in the UK and to staff who work with them

National Union of Students (NUS) – payments of £23,717

- provides national representation, information, advice including office-bearer training and other services

Trustees' report *(continued)*

Plans for the future

The Union has completed its first year of our new strategic plan and has implemented a three year project to measure and benchmark its success. We have commissioned a three year research project alongside four other Scottish student associations to measure our performance on key indicators including our academic representation, volunteering and commercial services. With this project we will be able to review our performance against our strategic objectives and learn from good practice taking place in other associations.

Statement as to disclosure of information to Auditors

The Trustee Board Members who were in office on the date of approval of these Financial Statements have confirmed, as far as they are aware, that there is no relevant information of which the Auditors are unaware. Each of the Trustees have confirmed that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditors.

Auditors

A resolution to reappoint Henderson Loggie as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Approval of the report

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved and authorised for issue on 16 February 2017 and are signed on behalf of the Board of Trustees by:



Stefan Kay
Chair of Trustee Board

Trustees' responsibilities

The Trustee Board is responsible for preparing the annual report and the financial statements, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in Scotland requires the Trustee Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements the Trustee Board is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's Constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



HENDERSON LOGGIE

Chartered Accountants

34 Melville Street
Edinburgh
EH3 7HA
United Kingdom

Independent Auditor's Report to the Trustees and Members of Heriot-Watt University Student Union

We have audited the financial statements of Heriot-Watt University Student Union for the period ended 31 July 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body in accordance with Section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the company's members and the charity's trustees those matters we are required to state to them in an auditors' 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 charity's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' annual report 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.

Independent Auditor's Report to the Trustees and Members of Heriot-Watt University Student Union *(continued)*

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Andrew Niblock

Senior Statutory Auditor

for and on behalf of Henderson Loggie, Statutory Auditors

Henderson Loggie is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

16 February 2017

Statement of financial activities (incorporating the income and expenditure account)
for the period ended 31 July 2016

	Note	Unrestricted Funds £	Restricted Funds £	15 months to 31 July 2016 Total £
Income and endowments from:				
Donations and legacies	2	933,342	112,993	1,046,335
Other trading activities	3	18,087	-	18,087
Investments	4	460	-	460
Charitable activities	5	1,793,776	-	1,793,776
		<hr/>	<hr/>	<hr/>
Total income and endowments		2,745,665	112,993	2,858,658
Expenditure on:				
Charitable activities	5	(2,250,327)	(28,731)	(2,279,058)
		<hr/>	<hr/>	<hr/>
Total expenditure		(2,250,327)	(28,731)	(2,279,058)
		<hr/>	<hr/>	<hr/>
Net income	15	495,338	84,262	579,600
Fund balance on incorporation at 1 May 2015	15	-	-	-
		<hr/>	<hr/>	<hr/>
Fund balance carried forward at 31 July 2016	15	495,338	84,262	579,600
		<hr/>	<hr/>	<hr/>

All activities relate to continuing operations.

Balance sheet
as at 31 July 2016

	Note	2016 £	2016 £
Fixed assets			
Tangible assets	9		401,088
Current assets			
Stock	10	43,017	
Debtors	11	32,423	
Cash at bank and in hand		272,804	
		<hr/>	
		348,244	
Creditors: amounts falling due within one year	12	(120,566)	
		<hr/>	
Net current assets			227,678
			<hr/>
Total assets less current liabilities			628,766
Creditors: amounts falling due after more than one year	13		(13,999)
Provisions for liabilities and charges	14		(35,167)
			<hr/>
Net assets			579,600
			<hr/> <hr/>
Funds			
Unrestricted general funds	15		495,338
Restricted funds	15		84,262
			<hr/>
Total funds			579,600
			<hr/> <hr/>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The financial statements were approved by the Trustee Board on 16 February 2017 and are authorised for issue and signed on behalf of the Union by:



Stefan Kay
Chairman

Company registration number SC504788

Statement of cash flows
For the period to 31 July 2016

	2016 £	2016 £
Cash flows from operating activities		
Net income	579,600	
Depreciation charges	32,006	
Income from investments	(460)	
Increase in fixed assets from transfer from HWUSA	(415,390)	
(Increase) in stock	(43,017)	
(Increase) in debtors	(32,423)	
Increase in creditors	134,565	
Increase in provisions	35,167	
	<hr/>	
Net cash provided by operating activities		290,048
Cash flows from investing activities		
Income from investments	460	
Purchase of fixed assets	(17,704)	
	<hr/>	
Net cash (used in) investing activities		(17,244)
		<hr/>
Increase in cash and cash equivalents in the period		272,804
Cash and cash equivalents at 1 May 2015		-
		<hr/>
Total cash and cash equivalents at 31 July 2016		272,804
		<hr/> <hr/>
Cash and cash equivalents comprise:		
Cash at bank and in hand		272,804
		<hr/> <hr/>

Notes to the financial statements

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention. The charity is a Public Benefit Entity and a company limited by guarantee, incorporated in Scotland with the registered office as noted on page 1. The financial statements are compliant with the charity's constitution, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities" (revised 2015), and in accordance with Financial Reporting Standard 102 (FRS 102).

Going concern

During the period to 31 July 2016, the Union has a strong financial position with net current assets of £227,678 at 31 July 2016. In view of this performance and the confirmation received from Heriot-Watt University that the Union will continue to receive financial support by way of Block Grant for the 12 month period following completion of these financial statements, the Trustees are satisfied that it is appropriate to prepare these financial statements on the going concern basis.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Donations, grants and similar income are included in the year in which they are received, which is when the charity is entitled to them. Income from the provision of bar, café and shop services to students is recognised on receipt, which is when the service has been delivered.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

In accordance with Charity SORP (FRS 102), services provided by volunteers are not recognised.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure of the Union, once incurred, is considered either a direct charitable activity cost or a support cost. Support costs are allocated to charitable activities according to the amount of staff time spent on these activities or by reference to floor space. Charitable activities are those resources applied in the delivery of services to meet the Union's charitable objectives. Support costs include management and accommodation costs and staff costs. They also include governance cost, which are those associated with the general running of the Union including activities which provide the Union's governance infrastructure.

Fixed assets

All expenditure of a capital nature where the expenditure exceeds £750 is capitalised under one of the above categories.

Depreciation is provided on all of the above categories of fixed assets on a straight line basis over the following periods:

Office equipment	3 to 5 years
Furniture and fittings	3 to 10 years
Plant and machinery	3 to 5 years
Building additions/improvements	30 to 50 years
Motor vehicles	5 years

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Fixed assets *(continued)*

A full year's depreciation is charged in the year of acquisition and none in the year of disposal. Impairment reviews are carried out at least annually as part of the annual reporting exercise and when significant changes in the Union's activities occur, or in other situations where circumstances indicate a review is necessary.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for any slow-moving or obsolete stock.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pension costs

The Union offers a defined benefit pension scheme for certain employees: the Lothian Pension Fund (LPF – Local Government Scheme).

The Union's share of the underlying assets and liabilities of the scheme cannot be directly attributed to the Union and therefore, in line with FRS 102, the LPF is accounted for as if the scheme were a defined contribution scheme based on actual contributions paid through the year. Further details can be found at note 8.

The Union entered into agreement with LPF to make additional annual contributions of £21,100 per annum towards the Scheme deficit until 31/03/2018. In line with requirements of FRS 102, to make these payments is recognised in provisions.

Taxation

The Union has been granted charitable status by HM Revenue and Customs and is a registered charity. The Union is not subject to corporation tax on any surpluses that have been derived in pursuing activities designed to carry out the main objects of its charitable status.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Funds

Unrestricted funds comprise donations and other incoming resources received or generated for charitable purposes. They are available for use at the discretion of the trustees in furtherance of the charity's general charitable objectives.

Restricted funds comprise donations and other incoming resources for which the purpose and use of those funds has been specified prior to their transfer to the charity, and which can only be applied for those specified purposes.

In 2016:

- £22,483 was received from the Heriot-Watt Alumni Fund for specific projects;
- £1,802 was received from Heriot-Watt University as a contribution towards the President's trip to Dubai campus.
- £1,728 was received from the Scottish Borders Council for organising a fashion show to mark the opening of the Borders Railway.

2 Donations and legacies

	Unrestricted £	Restricted £	2016 £
Allocation from University	549,600	1,802	551,402
Donation from HWUSA	379,328	86,980	466,308
Donations - other	4,414	1,728	6,142
Release from deferred income	-	22,483	22,483
	<hr/>	<hr/>	<hr/>
	933,342	112,993	1,046,335
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3 Other trading activities

	2016 £
Commission on sales	7,897
Marketing income	6,880
Sundry income	3,310
	<hr/>
	18,087
	<hr/> <hr/>

4 Income from investments

	2016 £
Interest receivable	460
	<hr/> <hr/>

Notes to the financial statements (continued)

5 Charitable activities

	Social space and ancillary trading £	Other charitable activities £	2016 Total £
Income:			
Income from normal operations	1,751,477	42,299	1,793,776
	<hr/>	<hr/>	<hr/>
Expenditure:			
Staff costs	(535,598)	(194,602)	(730,200)
Sabbaticals	(21,161)	(84,644)	(105,805)
Property costs	(144,834)	(6,708)	(151,542)
Support costs	(51,773)	(21,423)	(73,196)
Welfare costs	-	(35,417)	(35,417)
Commercial cost of sales	(1,154,167)	-	(1,154,167)
Specific project costs	-	(28,731)	(28,731)
	<hr/>	<hr/>	<hr/>
	(1,907,533)	(371,525)	(2,279,058)
	<hr/>	<hr/>	<hr/>
Deficit	(156,056)	(329,226)	(485,282)

Support costs include the following

	2016 £
Bank charges	23,921
Computer expenses	8,280
Office expenses	9,056
Governance costs (note 6)	31,939
	<hr/>
	73,196
	<hr/>

Support costs are allocated between charitable activities according to the amount of staff time spent on these activities or by reference to floor space.

6 Governance costs

	2016 £
Office-bearer's training costs	7,190
Election costs	1,671
Consultant's costs	14,365
Remuneration of auditors	7,540
Trustee Costs	1,173
	<hr/>
	31,939
	<hr/>

Notes to the financial statements *(continued)*

7 Staff costs and numbers

	2016 £
Wages and salaries	697,081
Social security costs	33,427
Pension costs	71,125
	<hr/>
	801,633
	<hr/> <hr/>
Average number of employees (full time equivalents) during the period	39
	<hr/> <hr/>

No member of staff earns emoluments over £60,000. The President and Vice-Presidents are required by the constitution of the Union to be Sabbatical members of the Executive Committee and Trustees ex-officio and as such are remunerated for their work. Remuneration and pension contributions of £68,595 were paid to such 8 trustees in the year. No remuneration was paid to any trustee in their capacity as trustee. 9 trustees received reimbursement of expenses amounting to £874 in the year.

The key management personnel are the Chief Executive officer, the President and Vice-Presidents and other members of the Senior Management Team whose total employment benefits for the period totalled £241,421.

8 Pension contributions

The Association participates in the Lothian Pension Fund and the Universities Superannuation Scheme.

Lothian Pension Fund (LPF)

Heriot-Watt University Student Union participates in the Lothian Pension Fund (LPF) which is part of the Local Government Pension Scheme (LGPS) (Scotland), a multi-employer scheme. The LGPS is a defined benefit scheme based on final pensionable salary.

Under the Lothian Pension Fund, the contribution rate required for Heriot-Watt University Student Union is set on a grouped basis, combining the experience of the employer with other employers also participating in the Fund. Assets and liabilities of the Fund are not separately identified between the various employers participating as part of the triennial actuarial valuations. As a result Heriot-Watt University Students' Association is unable to identify its relevant share of the underlying assets and liabilities in the Fund. These financial statements have therefore been drawn up in accordance with Financial Reporting Standard 102 on the basis that the pension cost is accounted for as a defined contribution scheme.

Information about the overall funding position of the Lothian Pension Fund has been obtained from the actuarial valuation of the Scheme as at 31 March 2014. The valuation showed that the overall funding of the Scheme as a whole was 91%, the deficit being £417 million. The contributions payable by the employers are based on the position of the Fund as a whole, which is reassessed at each triennial valuation, in line with the Administering Authority's Funding Strategy Statement. The pension cost for the period ended 31 July 2016 was £71,125 and employer contributions for the year from 1 April 2016 have been set at 23.1% of pensionable pay plus a monetary amount of £21,100 per annum.

Notes to the financial statements (continued)

9 Fixed assets

	Building improvements £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 May 2015	-	-	-	-	-
Transferred from HWUSA	545,838	23,161	457,878	92,563	1,119,440
Additions	5,920	5,857	5,712	215	17,704
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2016	551,758	29,018	463,590	92,778	1,137,144
Depreciation					
At 1 May 2015	-	-	-	-	-
Transferred from HWUSA	162,687	22,524	447,911	70,928	704,050
Charge for year	11,905	1,384	7,503	11,214	32,006
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2016	174,592	23,908	455,414	82,142	736,056
Net book value					
At 31 July 2016	377,166	5,110	8,176	10,636	401,088
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 May 2015	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
10 Stock					2016
					£
Bar					3,872
Shop					2,082
Catering					37,063
					<hr/>
					43,017
					<hr/>
11 Debtors					2016
					£
Trade debtors					7,486
Other debtors					5,105
Heriot-Watt University					4,772
Prepayments					15,060
					<hr/>
					32,423
					<hr/>

Notes to the financial statements *(continued)*

12	Creditors: Amounts falling due within one year			2016 £
	Trade creditors			41,816
	Heriot-Watt University			15,508
	Other tax and social security			17,266
	Other creditors			23,469
	Accruals and deferred income			22,507
				120,566
				120,566
13	Creditors: Amounts falling due after more than one year			2016 £
	Deferred grant income			13,999
				13,999
				13,999
14	Provisions for liabilities and charges			2016 £
	At beginning of period			-
	Transferred from HWUSA			56,267
	Amounts released in year			(21,100)
				35,167
				35,167
15	Funds	Balance at		Balance at
		1 May 2015		31 July 2016
		£	Income*	£
			£	£
	Unrestricted funds			
	General fund	-	2,745,665	(2,250,327)
		-	2,745,665	(2,250,327)
	Restricted funds			
	Building improvements	-	86,980	(2,718)
	Alumni fund	-	22,483	(22,483)
	Other smaller funds	-	3,530	(3,530)
		-	112,993	(28,731)
		-	112,993	(28,731)
		-	2,858,658	(2,279,058)
		-	2,858,658	(2,279,058)
		-	2,858,658	(2,279,058)

* Income includes £379,328 of unrestricted funds and £86,980 of restricted funds transferred from HWUSA.

Purpose of the fund

Building improvements – a capital fund for improvements financed by HWU against which depreciation is applied annually.

Alumi fund – grant awards from HWU for specific charitable projects and activities

Other funds – reimbursement of expenditure from HWU for the Dubai trip and the opening of the Borders train.

Notes to the financial statements *(continued)*

16 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	2016 Total
	£	£	£
Fixed assets and investments	316,826	84,262	401,088
Net current assets	227,678	-	227,678
Creditors due in more than one year	(13,999)	-	(13,999)
Provisions for liabilities and charges	(35,167)	-	(35,167)
	495,338	84,262	579,600
	495,338	84,262	579,600

17 Related party transactions

During the period, Heriot-Watt University allocated to the Students' Union £549,600 in the form of block grant funding. Other grant funding from Heriot-Watt University amounted to £24,285.

During the course of the Union's activities for the period, transactions with Heriot-Watt University took place. The total amount invoiced by the Union to the University for goods and services was £33,289 and the total amount invoiced by the University to the Union for goods and services was £80,006. At 31 July 2016 the University owed the Union a balance of £7,172. Amounts owed by the Union to Heriot-Watt University amounted to £15,508. £4,166 of deferred income was also in creditors at the period end in relation to grant awards.

18 Ultimate controlling party

The charitable company is constituted by its Articles of Association and is controlled by its Board of Trustees.

