

Heriot-Watt University Student Union

Trustees' report and financial statements

31 July 2019

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	MHA Henderson Loggie 11-15 Thistle Street, Edinburgh EH2 1DF
Bankers	Royal Bank of Scotland 239 St. John's Road, Edinburgh EH12 7XA
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 (resigned 08/12/2019)	Stephanie Harper
Scott Robinson (resigned 31/05/2019)	Linda Rogers (appointed 01/10/2019)
Michael Waite (resigned 31/05/2019)	Nicholas Findlay (appointed 01/06/2019)
Professor Brian Hay	Lok To Lam (appointed 01/06/2019)
Kathleen Patterson	Melissa Marques (appointed 01/10/2019)
Paul Travill	Fiona Fox (appointed 01/06/2019, resigned 19/07/2019)

President (*ex-officio*) – as detailed below

Vice-Presidents (*ex officio*) – as detailed below

Ex-officio trustees for 2019

President	Rahul Singh (appointed 01/06/2019, resigned 02/10/2019)
President	Kieran Renner (appointed 15/11/2019)
Vice-Presidents	
- Community	Kieran Renner (appointed 01/06/2019, resigned 15/11/2019)
- Wellbeing	Aoife Clarke (appointed 01/06/2019)
- Scottish Borders Campus	Rafael Camacho (appointed 01/06/2019)

Union information *(continued)*

Ex-officio trustees for 2018

President	Rahul Singh (appointed 01/06/2018, resigned 31/05/2019)	
Vice-Presidents		
- Community	Kieran Renner	(appointed 01/06/2018, resigned 31/05/2019)
- Wellbeing	Craig Duffy	(appointed 01/06/2018, resigned 31/05/2019)
- Scottish Borders Campus	Lucy Graham	(appointed 01/06/2018, resigned 31/05/2019)

Trustees' report

The trustees have pleasure in presenting their report for the period ended 31 July 2019. 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

Governing documents

Heriot-Watt University Students Association is constituted under the Charter of Heriot-Watt University since 1966. The Association is a Charitable Company Limited by Guarantee registered in Scotland. Our charity number is SC011949 and company number is 504788. The organisation has adopted the name Heriot-Watt University Student Union (the Union).

Appointment of Trustees

The four sabbatical office bearers are elected annually by the students attending the university UK campuses, both undergraduate and postgraduate. They take up office on 1 June to the following 31 May, and may hold office for up to a maximum of two years, and they are also Trustees of the charity. There are two student Trustees appointed by the Trustee Board following an open recruitment process who can hold office for 2 years with a further 2 year re-appointment. There is one university appointed Trustee who is nominated by the university and ratified by the Board. There are up to six and no less than three external Trustees, one of whom must be an alumni of the university. External Trustees are recruited by the Board and may serve a maximum of two consecutive 4 year periods.

Organisational structure

The Union Articles of Association and Bye Laws set out the organisations membership-led structure. In order to ensure the charity is properly run and suitably focused on our membership the charity employs key management personnel. The charity considered the four sabbatical officers and Senior Management Team as key management. Sabbatical pay is set by benchmarking against other Scottish student associations. Sabbaticals are auto-enrolled in the Lothian Pension Fund scheme.

The Senior Management Team consists of the Chief Executive Officer, Deputy Chief Executive and Head of Corporate Services; Finance Manager and Student Engagement Manager. The Union uses the Higher Education Role Analysis (HERA) method to assess grades within the Union staff structure. This year the union has introduced a new pay and reward policy for all career staff. All Senior Manager cost of living increases are assessed using this policy and based on performance against agreed objectives.

Trustees' report *(continued)*

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 promoting 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.

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.

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

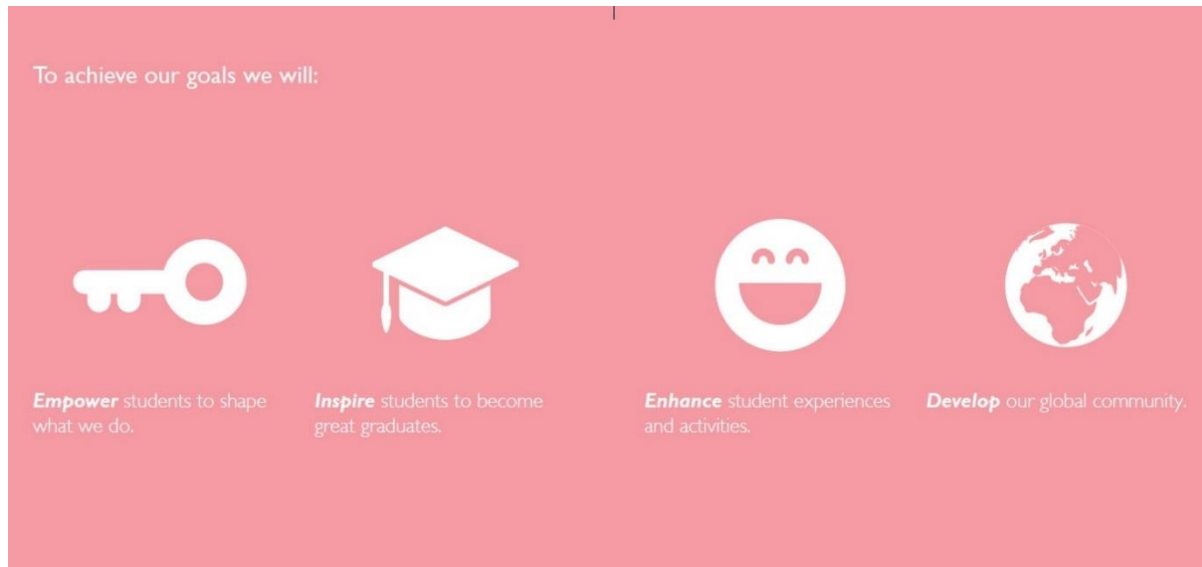
The Union provides all new Trustees with an induction. The induction covers:

- 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)*

Achievements and performance

Our strategic plan describes the direction of the organisation for 2015 – 2019 and describes how we will achieve our aim to build a strong global student community together for the future. To achieve this we will be supportive, collective, empowering, respectful and fun. We have four strategic themes that focus our activity:



The 2015-2019 strategic plan has now been completed and we will launch a new, ambitious strategy for 2019-2025.

Empower students to shape what we do

During the life of our strategic plan we have successfully achieved increased student engagement in our democratic structures. Our elections turnout has grown year on year to a high of 27%. In 2018/19 the Student Union changed its democratic structures, replacing a fully elected Executive Committee with a part elected, part appointed Student Parliament. Our first elections for student Parliament took place in March 2019 with Parliament taking up office on 1 June 2019.

We are very proud of our innovative approach to student democracy and are confident that these structures will enable the union to adapt to the changing needs of our students.

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 series of workshops or lectures were led by professionals and academics from within our University and offered committee members introductions to important topics such as Strategy, Networking, Digital Marketing, Basic Finances, Good Governance and Chairing Effective Meetings.

This year we took a new approach to Charities (now known as RAG). We tried to focus less on raising money over long periods of time, and used RAG Week and Action Week as opportunities to raise vital awareness for both local and national charities that effect our local communities. In total we have raised around £5,000 for a number of different charities including SAMH, Social Bite and CHAS.

Trustees' report *(continued)*

Inspire students to become great graduates *(continued)*



Our Advice Hub continues to be a busy and vital service to our members. This year we relocated our Advice Hub to new, larger premises. Continuing the ongoing pressure on this service we saw a growth of 14.5% in enquiries, totalling 3,449 this year. We continue to offer the C-Card service and have issued 9,912 free condoms, which is a 15% increase on last year. Our Therapets sessions remain popular with sessions being offered with dogs, ponies and alpacas.

Enhance student experiences and activities

Student activities continues to be a growth area for us. Last year we launched our new volunteer portal where students are able to record their volunteering hours to work towards a Bronze, Silver, Gold and Platinum Award. We are pleased to have also secured agreement with the university to record the volunteer log on university transcripts, enabling students to evidence their volunteering and skills developed to future employers.

The Student Union currently has 78 active societies, with 8 being newly affiliated over the past academic year. Those which have joined this year include Bright Futures Society, Business Management Society, Jewish Society and Saudi Society.

Develop our global community

This year has seen a reenergised partnership working relationship with the University and has led to the development of the Student Partnership Agreement. This report will highlight the work of the Student Union in the spheres of Learning, Teaching and Research.

The student union represents students who attend campuses in the UK. We work closely with the Dubai Student Council and Malaysia Student Association to represent their views to the university as appropriate.

Financial review

The principal funding sources of the charity come from our commercial activity and the block grant received by 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 significant 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. This year the university has readjusted its anticipated student numbers for the next five years and we have factored this into our own financial planning as a result.

The shop represents the largest part of our commercial income. This year retail performed better than the previous year, with sales and margins improving. The Union believes it has a strong team in place to lead this operation forward to achieve our ambitions for this vital commercial service for the charity.

Our bar and catering provision continue to operate within a difficult market with increasing competition, costs and changing customer needs. The facilities in the student union building and its location continue to be a limiting factor for this side of the business.

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 grow slightly over the next year. The union continues to work with NUS Services and our suppliers to protect price and margins however we have continued to experience uncertainty due to a lack of clarity over Brexit.

Reserves Policy

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.

In 2018/19 the student union held £788,037 in reserves (of which £652,193 was unrestricted and £135,844 was restricted) which the board has deemed to be adequate to meet our charitable activity for six months. Currently £396,740 of reserves are tied up within fixed assets. The union has a reserves policy that enables the union to release cash reserves for investment. We currently do not have any plans to release any reserves.

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 formally review the risk register annually in September. The Senior Management Team review the risk register on a monthly basis.

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. However, we are delighted to confirm that we have secured agreement with the university to build a new Student Life Building. We will progress with design and build of this from next year. We do not expect to be in a position to open this building within the next 2 years, so the current building remains a challenge for the operation of the charity.

Disclosures required by the Educational Act 1994

Affiliations

The Union was affiliated to the following organisations during 2018/19:

National Union of Students (NUS) – payments of £24,343

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

Trustees' report *(continued)*

Plans for the future

During this year the Union has been developing its new strategic plan and brand, both of which will launch in August 2019. Along with our new democratic representation model, which took office on 1 June 2019, we are excited and confident for the future. Our new brand and strategy focuses on putting students first, always. To do this we have plans to encourage innovation and enable our students and staff to be brave.

We expect to invest a considerable amount of effort of the next few years in creating a new Student Life building that will be fit for the changing student needs of the future. As a result of these developments, we expect the Union to continue to grow its offering to students in the UK and strengthen our relationships with our counterparts at our Dubai and Malaysia campuses.

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 MHA 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 2016 relating to small companies.

The financial statements were approved and authorised for issue on 30 January 2020 and are signed on behalf of the Board of Trustees by:

Kieran Renner
President

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.

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

Opinion

We have audited the financial statements of Heriot-Watt University Students' Union (the 'charitable company') for the period ended 31 July 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 charitable company's affairs as at 31 July 2019 and of 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of 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 charitable 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended)

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, 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, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable 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 trustees either 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

Use of our report

This report is made solely to the 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 Trustee 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 members and the charity's trustees 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 charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Diana Penny (Senior Statutory Auditor)

For and on behalf of MHA Henderson Loggie
Chartered Accountants
Statutory Auditor
11-15 Thistle Street
Edinburgh
EH2 1DF

30 January 2020

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

MHA Henderson Loggie is a trading name of Henderson Loggie LLP.

**Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 July 2019**

	<i>Note</i>	Unrestricted Funds £	Restricted Funds £	2019 Total £	<i>Restated</i> Unrestricted Funds £	<i>Restated</i> Restricted Funds £	<i>Restated</i> 2018 Total £
Income and endowments from:							
Donations and legacies	2	628,538	19,436	647,974	609,550	30,465	640,015
Other trading activities	3	10,182	-	10,182	7,957	-	7,957
Investments	4	873	-	873	185	-	185
Charitable activities	5	1,971,094	-	1,971,094	1,862,480	-	1,862,480
Total income and endowments		2,610,687	19,436	2,630,123	2,480,172	30,465	2,510,637
Expenditure on:							
Charitable activities	5	(2,623,838)	(24,009)	(2,647,847)	(2,399,853)	(41,041)	(2,440,894)
Total expenditure		(2,623,838)	(24,009)	(2,647,847)	(2,399,853)	(41,041)	(2,440,894)
Net income	12	(13,151)	(4,573)	(17,724)	80,319	(10,576)	69,743
Fund balance brought forward at 1 August 2018	12	665,344	140,417	805,761	585,025	150,993	736,018
Fund balance carried forward at 31 July 2019	12	652,193	135,844	788,037	665,344	140,417	805,761

All activities relate to continuing operations.

Balance sheet
as at 31 July 2019

	<i>Note</i>	2019 £	2019 £	<i>Restated</i> 2018 £	<i>Restated</i> 2018 £
Fixed assets					
Tangible assets	8		396,740		418,643
Current assets					
Stock	9	55,090		52,636	
Debtors	10	53,172		46,546	
Cash at bank and in hand		403,703		416,785	
			<hr/>	<hr/>	
		511,965		515,967	
Creditors: amounts falling due within one year	11	(120,668)		(128,849)	
			<hr/>	<hr/>	
Net current assets			391,297		387,118
Total assets less current liabilities			<hr/>	<hr/>	<hr/>
			788,037		805,761
Net assets			<hr/>	<hr/>	<hr/>
			788,037		805,761
Funds					
Unrestricted general funds	12		652,193		665,344
Restricted funds	12		135,844		140,417
			<hr/>	<hr/>	<hr/>
Total funds			788,037		805,761
			<hr/>	<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 30 January 2020 and are authorised for issue and signed on behalf of the Union by:

Kieran Renner
President

Company registration number SC504788

Statement of cash flows

For the year to 31 July 2019

	2019 £	2019 £	<i>Restated</i> 2018 £	<i>Restated</i> 2018 £
Cash flows from operating activities				
Net income	(17,724)		69,743	
Depreciation charges	61,627		50,920	
Income from investments	(873)		(185)	
(Increase)/decrease in stock	(2,454)		(27,856)	
Decrease/(increase) in debtors	(6,626)		39,982	
Increase in creditors	(8,181)		24,373	
(Decrease)/Increase in provisions	-		(14,067)	
	<hr/>		<hr/>	
Net cash provided by operating activities		25,769		142,910
Cash flows from investing activities				
Income from investments	873		185	
Purchase of fixed assets	(39,724)		(64,040)	
	<hr/>		<hr/>	
Net cash (used in) investing activities		(38,851)		(63,855)
		<hr/>		<hr/>
Increase in cash and cash equivalents in the year		(13,082)		79,055
Cash and cash equivalents at 1 August 2018		416,785		337,730
		<hr/>		<hr/>
Total cash and cash equivalents at 31 July 2019		403,703		416,785
		<hr/> <hr/>		<hr/> <hr/>
Cash and cash equivalents comprise:				
Cash at bank and in hand		403,703		416,785
		<hr/> <hr/>		<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). The financial statements have been presented in pounds sterling.

Going concern

During the period to 31 July 2019, the Union has a strong financial position with net current assets of £391,297 at 31 July 2019. In view of this performance and the financial memorandum of agreement between Heriot-Watt University and the Union, 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 that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

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 union 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 are measured by a qualified actuary using the assumptions set out in note 14. The surplus (to the extent that it is recoverable) or deficit is recognised in full on the Balance Sheet. The movement in the surplus/deficit is split between support costs and actuarial gains/losses on the Statement of Financial Activities.

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.

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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the trustees have made the following judgements:

- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

The union's key sources of estimation uncertainty are as follows:

The value of the surplus/deficit in the defined benefit pension fund is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the liabilities, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates.

2 Donations and legacies

	Unrestricted £	Restricted £	2019 £	<i>Restated</i> Unrestricted £	<i>Restated</i> Restricted £	<i>Restated</i> 2018 £
Allocation from University	622,300	-	622,300	603,600	-	603,600
Donation from HWUSA	-	-	-	-	3,800	3,800
Donations - other	6,238	636	6,874	5,950	-	5,950
Donation from Suicide Prevention	-	-	-	-	9,600	9,600
Donation from Alumni Fund	-	18,800	18,800	-	17,065	17,065
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	628,538	19,436	647,974	609,550	30,465	640,015
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3 Other trading activities

	2019 £	2018 £
Commission on sales	1,724	1,946
Marketing income	8,458	5,246
Sundry income	-	765
	<hr/>	<hr/>
	10,182	7,957
	<hr/> <hr/>	<hr/> <hr/>

4 Income from investments

	2019 £	2018 £
Interest receivable	873	185
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

5 Charitable activities

	Social space and ancillary trading £	Other charitable activities £	2019 Total £	Restated 2018 Total £
Income:				
Income from normal operations	1,921,522	49,572	1,971,094	1,862,480
Expenditure:				
Staff costs	(627,115)	(270,079)	(897,194)	(826,388)
Sabbaticals	(23,853)	(95,411)	(119,264)	(122,569)
Property costs	(168,262)	(6,957)	(175,219)	(162,343)
Support costs	(88,802)	(18,158)	(106,960)	(97,125)
Welfare costs	-	(47,211)	(47,211)	(49,257)
Commercial cost of sales	(1,278,420)	-	(1,278,420)	(1,142,601)
Specific project costs	-	(23,579)	(23,579)	(40,611)
	(2,186,452)	(461,395)	(2,647,847)	(2,440,894)
Deficit	(264,930)	(411,823)	(676,753)	(564,845)

Within the above expenditure, specific projects costs of £23,579 (2018: £40,611) and £430 (2018: £430) of property costs were restricted.

Included within property costs were £6,406 (2018: £6,406) of operating lease payments. Commercial cost of sales represent stock recognised as an expense in the year.

Support costs include the following

	2019 £	2018 £
Bank charges	26,371	23,051
Computer expenses	20,005	6,118
Office expenses	27,123	12,344
Governance costs (note 6)	33,461	42,045
	106,960	83,558

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

	2019 £	2018 £
Office-bearer's training costs	5,675	4,688
Election costs	1,095	1,642
Consultant's costs	17,551	26,952
Remuneration of auditors	8,240	7,765
Trustee Costs	900	998
	33,461	42,045

Notes to the financial statements *(continued)*

7 Staff costs and numbers

	2019 £	2018 £
Wages and salaries	823,343	775,981
Social security costs	52,536	49,435
Pension costs	104,015	83,275
	<hr/>	<hr/>
Other staff costs not through payroll	979,894 36,564	908,691 40,266
	<hr/>	<hr/>
	1,016,458	948,957
	<hr/> <hr/>	<hr/> <hr/>
 Average number of employees during the period	 72	 69
	<hr/> <hr/>	<hr/> <hr/>

No member of staff earns emoluments over £60,000. £14,730 in termination payments were made during 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 year totalled £310,055 (2018: £295,856).

6 (2018: 8) trustees received reimbursement of expenses amounting to £4,154 (2018: £2,521) in the year.

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 were paid as follows:

	Gross salary	Employer pension contributions	Total 2019 £	2018 £
R Singh, President	19,564	3,488	23,052	5,956
D Cowan, President	-	-	-	17,578
K Renner, Vice President, Community	20,292	2,823	23,115	5,057
J Clifford, Vice President, Community	-	-	-	20,812
C Duffy, Vice President, Wellbeing	15,064	-	15,064	4,129
A Clarke, Vice President, Wellbeing	4,594	-	4,594	-
A Bakshi, Vice President, Wellbeing	-	-	-	17,578
R Camacho, Vice President, SBC	4,500	-	4,500	-
L Graham, Vice President, SBC	15,265	3,158	18,423	22,570
	<hr/>	<hr/>	<hr/>	<hr/>
	79,279	9,469	88,748	93,680
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

8 Fixed assets

	Building improvements £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 August 2018	551,758	34,292	564,489	92,778	1,243,317
Additions	-	-	39,724	-	39,724
Disposals	-	(1,946)	(119,604)	(42,762)	(164,312)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2019	551,758	32,346	484,609	50,016	1,118,729
Depreciation					
At 1 August 2018	198,400	29,191	504,305	92,778	824,674
Charge for year	11,905	2,929	46,793	-	61,627
Eliminated on disposal	-	(1,946)	(119,604)	(42,762)	(164,312)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2019	210,305	30,174	431,494	50,016	721,989
Net book value					
At 31 July 2019	341,453	2,172	53,115	-	396,740
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 August 2018	353,358	5,101	60,184	-	418,643
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9 Stock

	2019 £	2018 £
Bar	7,280	3,976
Shop	2,002	2,835
Catering	45,808	45,825
	<hr/>	<hr/>
	55,090	52,636
	<hr/> <hr/>	<hr/> <hr/>

10 Debtors

	2019 £	<i>Restated</i> 2018 £
Trade debtors	6,607	4,597
Other debtors	11,104	12,957
Heriot-Watt University	4,335	2,094
Prepayments	14,326	17,298
Accrued income	16,800	9,600
	<hr/>	<hr/>
	53,172	46,546
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

11 Creditors: Amounts falling due within one year

	2019 £	<i>Restated</i> 2018 £
Trade creditors	62,526	66,247
Heriot-Watt University	5,092	4,606
Other tax and social security	15,829	12,088
Other creditors	14,570	16,612
Accruals and deferred income	22,651	29,296
	120,668	128,849

12 Funds

	<i>Restated</i> Balance at 1 August 2017 £	<i>Restated</i> Income £	<i>Restated</i> Expenditure £	<i>Restated</i> Balance at 31 July 2018 £
Unrestricted funds				
General fund	585,025	2,480,172	(2,399,853)	665,344
	585,025	2,480,172	(2,399,853)	665,344
Restricted funds				
Building improvements	81,544	-	(2,718)	78,826
Alumni Fund	55,880	17,065	(24,493)	48,452
Big Lottery fund	-	9,600	(9,600)	-
Lift funding	13,569	-	(430)	13,139
Other	-	3,800	(3,800)	-
	150,993	30,465	(41,041)	140,417
Total funds	736,018	2,510,637	(2,440,894)	805,761
	<i>Restated</i> Balance at 1 August 2018 £	Income £	Expenditure £	Balance at 31 July 2019 £
Unrestricted funds				
General fund	665,344	2,610,687	(2,623,838)	652,193
	665,344	2,610,687	(2,623,838)	652,193
Restricted funds				
Building improvements	78,826	-	(2,718)	76,108
Alumni Fund	48,452	18,800	(20,225)	47,027
Lift Fund	13,139	-	(430)	12,709
Other restricted funds	-	636	(636)	-
	140,417	19,436	(24,009)	135,844
Total funds	805,761	2,630,123	(2,647,847)	788,037

Notes to the financial statements *(continued)*

12 Funds *(continued)*

Purpose of the fund

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

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

National Lottery – Grant awarded for Suicide Prevention project.

Lift fund – grant awarded towards installation of lift in Union building against which depreciation is applied annually.

13 Analysis of net assets between funds

	Unrestricted £	Restricted £	2019 £	<i>Restated</i> Unrestricted £	<i>Restated</i> Restricted £	<i>Restated</i> 2018 £
Fixed assets	307,923	88,817	396,740	326,678	91,965	418,643
Net current assets	344,270	47,027	391,297	338,666	38,852	377,518
	<u>652,193</u>	<u>135,844</u>	<u>788,037</u>	<u>665,344</u>	<u>130,817</u>	<u>796,161</u>

14 Pension commitments

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.

The Union's share of the assets and liabilities of the scheme at 31 July 2019 are assessed by independent qualified actuaries using the projected unit method, updated from the latest full actuarial valuation of the scheme at 31 March 2017. The major assumptions used by the actuary are shown below.

The Lothian Pension Fund is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The employer contributions made for the year ended 31 July 2019 totalled £104,000 (2018: £98,000). The agreed contribution rates for future years to be 23.2% to 31 March 2021 for employers and between 5.5% to 11.2% for employees.

Principal Actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2017 updated to 31 July 2019 by a qualified independent actuary:

	2019 % p.a.	2018 % p.a.
Inflation/Pension increase rate	2.4	2.4
Salary increase rate	4.1	4.1
Discount rate	2.1	2.8
	<u> </u>	<u> </u>

Notes to the financial statements *(continued)*

14 Pension commitments *(continued)*

Life expectancy is based on the Fund's Vita Curves assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.7 years	24.3 years
Future pensioners	24.7 years	27.5 years
 <i>The net pension asset was:</i>		
	2019	2018
	£000	£000
Estimated employer assets	5,030	4,556
Present value of scheme liabilities	(4,952)	(4,004)
	-----	-----
Net pension asset	78	552
	=====	=====

The surplus on the Union's share of the assets and liabilities of the scheme as at 31 July 2018 and 31 July 2019 is not considered recoverable and as such has not been recognised on the balance sheet.

Reconciliation of fair value of scheme assets:

	2019	2018
	£000	£000
Opening fair value of scheme assets	4,556	4,184
Expected return on assets	128	114
Contributions by members	33	28
Contributions by employer	104	98
Actuarial gains/(losses)	291	209
Estimated benefits paid	(82)	(77)
	-----	-----
	5,030	4,556
	=====	=====

Reconciliation of defined benefit obligation:

	2019	2018
	£000	£000
Opening defined benefit obligation	4,004	3,937
Current service cost	187	180
Past service cost	-	-
Interest cost	114	108
Contributions by members	33	28
Actuarial losses/(gains)	696	(172)
Estimated benefits paid	(82)	(77)
	-----	-----
	4,952	4,004
	=====	=====

Notes to the financial statements *(continued)*
for the year ended 31 July 2019

14 Pension commitments *(continued)*

Analysis of scheme assets:

	2019	2018
Equities	74%	82%
Bonds	12%	5%
Property	7%	8%
Cash	7%	5%

15 Financial instruments

	2019	<i>Restated</i> 2018
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	22,046	19,648
Carrying amount of financial liabilities		
Measured at amortised cost	104,839	116,761

Debt instruments measured at amortised cost comprises trade debtors and other debtors.

Liabilities measured at amortised cost comprises trade creditors, accruals and other creditors.

16 Related party transactions

During the year, Heriot-Watt University allocated to the Students' Union £622,300 (2018: £603,600) in the form of block grant funding. Other grant funding from Heriot-Watt University amounted to £11,600 (2018: £24,493).

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 £28,698 (2018: £69,122) and the total amount invoiced by the University to the Union for goods and services was £64,396 (2018: £61,036). At 31 July 2019 the University owed the Union a balance of £4,335 (2018: £11,692). Amounts owed by the Union to Heriot-Watt University amounted to £5,092 (2018: £4,606).

Rent of £6,406 (2018: £6,406) was paid to Heriot Watt University for the Union shop premises. The Union building is owned by Heriot Watt University and is made available for use by the Union free of charge. Due to the layout, location and purpose of the building no accurate estimated annual rent for the building could be calculated and as such has not been recognised as a donation in the accounts.

18 Ultimate controlling party

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

19 Contingent liabilities

Contingent liabilities relate to donations received from Alumni Fund which are repayable if unspent on specified purpose. This total at 31 July 2019 is therefore the balance of £30,227 (2018: £38,852) held within restricted funds.

Notes to the financial statements *(continued)*
for the year ended 31 July 2019

20 Prior period restatement

A prior period error was identified and corrected in relation to the recognition of grant income; previously this was included in deferred income on receipt and released to income in line with fund expenditure. In line with FRS102 Charity SORP the income is now recognised as notified or receivable and any unspent monies carried forward in a restricted fund. The balance sheet and statement of financial activities, along with relevant notes have been restated to show the revised position. A reconciliation of balances for the year ended 31 July 2018 is provided below:

	As previously stated	Effect of correction	As restated
	£	£	£
Fixed assets	418,643	-	418,643
Current assets			
Stock	52,636	-	52,636
Debtors	36,946	9,600	46,546
Cash at bank and in hand	416,785	-	416,785
	<hr/>	<hr/>	<hr/>
Creditors: Amounts falling due within one year	506,367	9,600	515,967
	(167,701)	38,852	(128,849)
	<hr/>	<hr/>	<hr/>
Net current assets	338,666	48,452	387,118
	<hr/>	<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	(13,139)	13,139	-
	<hr/>	<hr/>	<hr/>
Net assets	744,170	61,591	805,761
	<hr/>	<hr/>	<hr/>
Funds			
Unrestricted general funds	665,344	-	665,344
Restricted funds	78,826	61,591	140,417
	<hr/>	<hr/>	<hr/>
	744,170	61,591	805,761
	<hr/>	<hr/>	<hr/>

Income has decreased from £2,518,495 to £2,510,637 as a result of the restatement, being the movement in deferred and accrued income for the year to 31 July 2018.