



Trustees' Report and Consolidated Financial Statements

for the year ended 31 July 2017

Registered Charity Number 1136115
Registered Company Number 03934555

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

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THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees (and Directors)

Full-time (Sabbatical) Officer Trustees

President	James Belmonte (appointed 1 st July 2016, resigned 30 th June 2017)
President	James Thompson (from 1 st July 2017)
VP Activities	Alexandra Paschali (appointed 1 st July 2016, resigned 30 th June 2017)
VP Activities	Amber Mathurin (appointed 1 st July 2017)
VP Welfare & Community	Bethany Moody (appointed 1 st July 2016, resigned 30 th June 2017)
VP Welfare & Community	Anita Butler (appointed 1 st July 2017)
VP Sports	Ben Conway (appointed 1 st July 2016, resigned 30 th June 2017)
VP Sports	Marcus Campopiano (appointed 1 st July 2017)
VP Education & Democracy	Oludolapo Bolaji (appointed 1 st July 2016, resigned 30 th June 2017)
VP Education & Democracy	Angel Layer (appointed 1 st July 2017)

Student Trustees

Non-Portfolio	Kaleke Kolawole (co-opted 1 st July 2016, resigned 30 th June 2017)
Non-Portfolio	David Ayton (co-opted 1 st July 2016, resigned 30 th June 2017)
Non-Portfolio	Ryan Edge (co-opted 8 th December 2016, resigned 30 th June 2017)
Non-Portfolio	Thea Noli (co-opted 27 th June 2017)

University Nominated Trustee

Non Portfolio	Jason Oakley (co-opted 22 nd March 2017)
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External Trustees

Non-Portfolio	Rhian Johns
Non-Portfolio	Ian Lockwood (resigned 22 nd March 2017)
Non-Portfolio	Ian Watson
Non-Portfolio	Nicholas Williams (co-opted 22 nd March 2017)

Company Secretary

James Belmonte (from 1st July 2016, to 30 th June 2017)
James Thompson (from 1st July 2017)

Chief Executive

Anna Clodfelter

Registered Office

Student Union Building
Cambridge Road
Portsmouth
Hants
PO1 2EF

Registered Company Number

03934555

Registered Charity Number

1136115

Auditors

Blue Spire Limited
Cawley Priory
South Pallant
Chichester
West Sussex
PO19 1SY

Bankers

Barclays Bank Plc
Leicester
LE87 2BB

Charity Bank Limited
194 High Street
Tonbridge
Kent TN9 1BE

Santander UK Plc
Abbey National House
2 Triton Square
Regents Place
London NW1 3AN

Unity Trust Bank Plc
Nine Brindleyplace
Birmingham B1 2HB

Lloyds TSB Bank Plc
25 Gresham Street
London EC2V 7HN

Solicitors

Warner Goodman LLP
Colman House
2-4 Landport Terrace
Portsmouth PO1 2RG

Penningtons Manches LLP
125 Wood Street
London EC2V 7AW

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TRUSTEES' REPORT

The Trustees, who are directors for the purposes of company law, have pleasure in presenting their annual report for the purposes of Charities Act 2011 and Companies Act 2006, together with the accounts for the year ended 31st July 2017.

The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the University of Portsmouth Students' Union (the Union).

STRUCTURE GOVERNANCE AND MANAGEMENT

The Union is a registered charity (Charity No: 1136115) linked to the University of Portsmouth (the University).

The Union is also a company limited by guarantee registered in England and Wales (Company No: 3934555).

The Union is constituted by its Memorandum and Articles of Association and is controlled by a Board of Trustees, who act as Directors for the purposes of company law and Trustees for the purposes of charity law. Decisions are made by simple majority vote.

The Union is a students' union, as defined in the Education Act 1994, with internal regulations and rules approved by its Board of Trustees.

The Union has twelve Trustees and are made up of the following persons:

- i. Five Officer Trustees, elected annually in accordance with the Union's Memorandum and Articles of Association and elections rules
- ii. Three Student Trustees, appointed in accordance with the Union's Memorandum and Articles of Association
- iii. One University Nominated Trustee, appointed in accordance with the Union's Memorandum and Articles of Association
- iv. Three External Trustees, appointed in accordance with the Union's Memorandum and Articles of Association.

The Union's Board of Trustees meets at least quarterly and is responsible for maintaining legal, financial and reputational stewardship. The Board of Trustees is also responsible for setting the organisation's strategy, in line with student member priorities. The Board approves general policies and approving the annual budgets and accounts.

All Trustees are provided with the Charity Commission's Guidance to Trustees and are given an introduction to the activities of the Union by the existing Board and the Chief Executive. Trustees are provided with training as and when required, based on individual and collective needs.

A full governance review amended the committee structure and democratic processes for implementation from summer 2015 – the sub committees of The Student Focus and Governance Committee, Operations Committee, Finance & Risk Committee, support the Board of Trustees.

Student Focus and Governance Committee

The Student Focus & Governance Committee has responsibility as delegated by the Board of Trustees for ensuring that the Union: has in place and maintains a high quality, relevant and inclusive representation, co-curricular and student support provision; maintains student leadership through fit for purpose and effective governance and democratic structures; complies with relevant legislation and regulations.

- Membership (quoracy is 50% + 1 to include an External Trustee and a Sabbatical Officer):
- One External or University Trustee (elected by Leadership) who will vice-chair.
- Two Sabbatical Officers (elected by Leadership) one of which will Chair.
- One student trustee (elected by Leadership)
- Head of Student Opportunities
- Student Experience Manager
- Marketing and Communications Manager
- The Good Governance Officer
- In an advisory capacity only - The Chief Executive

There shall be at least two meetings in each academic year, at least one before Christmas.

Operations Committee

The Operations Committee has responsibility as delegated by the Board of Trustees for ensuring that the Union: has in place and operates effectively, appropriate and robust procedures and business planning processes to deliver the union strategic aims; maintains fit for purpose personnel, technology and space resource; complies with relevant legislation and regulations.

- Membership (quoracy is 50% + 1 to include an External Trustee and a Sabbatical Officer):
- One External or University Trustee (elected by Leadership) who will vice-chair.
- Two Sabbatical Officers (elected by Leadership) one of which will Chair.
- One student trustee (elected by Leadership)
- Head of Operations, Deputy to the Chief Executive
- Finance & Central Administration Manager
- In an advisory capacity only - The Chief Executive

There shall be at least two meetings in each academic year, at least one before Christmas.

Finance and Risk Committee

The Finance & Risk Committee has responsibility as delegated by the Board of Trustees for ensuring that the Union: remains in sound financial health; maintains effective risk management practices; complies with relevant legislation and regulations

- Membership (quoracy is 50% + 1 to include an External Trustee and a Sabbatical Officer):
- One External or University Trustee who will vice-chair.
- Two Sabbatical Officers one of which will Chair.
- One student trustee

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- Head of Operations, Deputy to the Chief Executive
- Finance & Central Administration Manager
- In an advisory capacity only - The Chief Executive.

The committee meets on a quarterly basis in line with financial quarter reporting framework.

The political and campaigning policies of the Union were fully reviewed and updated through full student consultation and approval by referendum in May 2015, the process was further reviewed during 16/17 to streamline and remove barriers to student participation. The updated democratic framework of UPSU is as follows:

'Have your say' is the democratic process at the Union that enables students to get their voice heard and changes made. Every student can have a say on the Union and the University by attending and/or submitting an idea to one of our 'Have your say' zones. These are regular meetings that allow students to discuss and vote on ideas that improve the student experience. There are Faculty and interest focussed (such as Athletic Union, Societies etc) zones.

Ideas passed at 'Have your say' zones are then passed to the Union Actioning Body for final approval and execution by the Officer Trustees and other elected student officers. The Board of Trustees maintains an oversight of these policies in accordance with the Board's duties to maintain legal, financial and reputational stewardship.

The Union's Union Actioning Body membership comprises the 5 Faculty Reps, 7 Union zone Reps, 10 Student Officers and a Good Governance Officer.

The Board of Trustees delegates the day-to-day running of the Union to a Chief Executive.

To ensure effective management the Chief Executive leads a Senior Management Team, with responsibility for operational management of the Union's activities and services.

During 2016/17 they were:

- Chief Executive – Anna Clodfelter
- Head of Business & Marketing – Tom Worman (role amended to be Head of Operations, Deputy to the Chief Executive, May 15)
- Head of Student Opportunities – Fern Lewis returned from maternity leave Autumn 2016
- Senior Department Manager for Student Opportunities (Maternity Cover to November 2016)

The five Officer Trustees and the Senior Management Team are members of the Union's Leadership Team.

The role of the Leadership Team is to review the operational performance of the organisation, approve operational policies and coordinate ongoing activities in accordance with the Union's strategy and actions of the Board of Trustees. The full terms of reference for the Leadership Team can be seen within the Union's byelaws.

The Union employed approximately 32 permanent staff and a further 40 occasional staff for the sake of continuity in the management of its activities. All staff are accountable to the Chief Executive for the performance of their duties, via a line-management structure of delegated authority.

Salary bandings for all staff were reviewed against sector comparators and agreed by Trustees in 2014. The Union operates a performance related pay framework for all staff including the strategic management staff. Staff are appraised against agreed annual objectives by line managers and pay awards are agreed annually by Finance and Risk Committee. The CEO objectives and pay award are approved by Board of Trustee, CEO appraisal is undertaken by a panel of Trustees.

RELATIONSHIP WITH RELATED PARTIES

The relationship between the University and the Union is established in a Memorandum of Understanding and the Union receives a Block Grant from the University. The Union also part-occupies buildings owned by the University and enjoys a positive and supportive relationship with the institution; this non-monetary support is intrinsic to the relationship between the University and the Union and the associated benefits to the student body.

Although the Union continues to generate supplementary funding from various mutual-trading activities, it is dependent on the University's financial support. The Union is appreciative of the University's on-going investment in the Union and for confirming that they will provide continued financial support at similar levels for the foreseeable future.

The 1994 Education Act imposes a duty on the University to ensure that the Union operates in a fair and democratic manner and is accountable for its finances. A Financial Memorandum of Understanding exists between the two organisations which is reviewed annually and approved by the Union Finance & Risk Committee and University Governors.

The Union's trading company; Portsmouth Students' Union Trading Company Ltd (PSUT) is a wholly owned trading subsidiary company of the Union, which generates commercial income to support the Union's charitable objectives. In 2016/17 PSUT generated an operating profit of £148,606 from its activities, of which £148,466 was gifted to the Union.

The Union is affiliated to the following organisations, as ratified by the Annual Members Meeting in December 2016:

- British Universities and Colleges Sport (BUCS)
- the National Student Television Association (NaSTA) and;
- the Student Radio Association (SRA).

In addition, the Union held a referendum on affiliation to the National Union of Students (NUS) in November 2016 that ratified continued affiliation, Trustees agreed in March 2017 that a further referendum will take place within 3 years.

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All affiliation resolutions in 2016/17 were conducted in accordance with the provisions stated within the 1994 Education Act.

RISK MANAGEMENT

The Trustees examine the major strategic, business and operational risks faced by the Union.

The Union maintains a risk register that is updated at least annually. Where appropriate, systems or procedures have been established to mitigate the risks faced by the Union.

These procedures are periodically reviewed to ensure that they continue to meet the needs of the Union. Health & Safety processes and frameworks and Finance processes are continually reviewed and updated by staff teams resulting in the embedding of excellent practice across the organisation.

Budgetary and internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. In addition, stringent procedures are in place to ensure the health and safety of staff, volunteers and participants on all activities organised by the Union.

All other types of risk have specific mitigation activities that are delegated to senior and operational managers of the Union.

OBJECTIVES AND ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

The Union remained committed to furthering its charitable objectives through setting stretching targets in delivering excellent activities, services and representation to University of Portsmouth students.

The National benchmarking survey the NSS (National Student Survey) changed the focus of its Student Union question away from positive impact and onto Representation. This switch saw a fall in satisfaction rates nationally and a year one benchmark for UPSU of 61% (in the second quartile) this in comparison to the previous measure where UPSU sat in the top 20 nationally with a 79% satisfaction rating.

2016/17 saw the completion of the Year Three objectives of the Unions three-year strategic plan that sets out the following aims:

Our Vision:

The Unions Vision – as set with student consultation in both 2011 and 2014 is: 'A positive impact for every Portsmouth student'.

Our Values:

Student-Led, Fun, Approachable, Effective, Positive, Innovative

Our Commitments:

1. Making Life Easier

Students Will Say:

- The Union has simple processes and is easy to access
- The Union provides visible and independent support for students
- The Union communicates effectively with helpful information

2. Life Changing Opportunities

Students will say:

- The Union is the 'go to' place for life outside their course
- The Union helps students exceed their expectations
- The Union is always developing fun and engaging opportunities

3. Empowering the Student Voice

Students will say:

- The Union representatives are making a difference
- The Union is a mouthpiece for all students
- The Union listens, consults and acts on student views

Enablers

Students will say:

- The Union champions excellence in everything we do
- The Union has the right staff, with the right skills in the right places to deliver and excellent service
- All students have the freedom to use the Union spaces to benefit their University experience
- Our funding is allocated fairly and financial decisions are student led.
- The Union remains financially stable and able to invest in new ideas.
- The Union is ground-breaking in its use of technology to benefit students
- The Union works with partners to influence, benefit and improve student life.

Staff will say:

- The Union makes them happy at work, supports their development and inspires them.
- The Union workspaces are fun, innovative and effective places to be

Full strategy available at <http://www.upsu.net/your-union/strategy/>

The Union is committed to the fulfilment of its charitable objects for the public benefit through the advancement of education of Students at the University of Portsmouth for the public benefit by:

1. promoting the interests and welfare of Students at the University of Portsmouth during their course of study and representing, supporting and advising Students;

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2. being the recognised representative channel between Students and the University of Portsmouth and any other external bodies; and
3. providing social, cultural, sporting and recreational activities and forums for discussions and debate for the personal development of its Students.

These are supplemented by the further object of;
'helping members to develop their own charitable activities as active participants in civil society'

These objects are wholly consistent with the Union's Constitutional objects.

In pursuit of these aims for the public benefit, the Union has established departments and services for use by its members and works with the University and other organisations on behalf of students.

The Union ensures diversity of its membership is recognised by monitoring its participation from all sections of the student community and by electing and supporting students as champions of liberation campaigns.

The Union represents students of the University on relevant local, national and international issues by maintaining a high proportion of student representatives. Student representatives are present on all policy and strategy making bodies.

When reviewing the Union's objectives and planning the Union's activities, the Union gives due consideration to the Charity Commission's general and relevant supplementary guidance on public benefit.

The Union's top level targets for 2016/17 are listed below alongside the actual performance against those targets:

The Union has implemented a change planning process as a result of the outcomes of the significant business review undertaken in the year 2015/16.

The process identified a new focus and set of principles for the Union as follows:

1. UPSU will refocus its primary purpose: Listening and acting on the student voice will be its primary function – a model to develop research led conversation/representation leading to micro impacts for ALL students will be implemented by 2025.
2. UPSU' secondary purpose will then be: To act on student need through a portfolio of: in house services, partner services, signposting, peer support or supported self-delivery.
3. UPSU will retain services to impact the student needs of: support and advice when things go wrong and opportunities to develop the skills and experience for their chosen next steps.
4. UPSU will, however, outsource all and any services that others can do better or that will release resource to allow UPSU to deliver its primary purpose.
5. UPSU and PSUT would benefit from adopting a model of more separate strategic decision making, operation and governance – this will be reviewed as part of the project.

In April 2015 the UPSU Board of Trustees approved an 18 month change management project – Project 25 – to deliver the plan to achieve the above principles. The plan to be in place by July 2017 and implementation finalised with associated structure and financial plans by March 2018. A fixed term Project Manager was recruited to run the project from September 2016 to July 2018.

1. **Project 25 as described above has focussed on reviewing the organisation and taking steps to future proof the Union model. The objectives will be to deliver the project in budget and to time and to deliver quick wins for implementation through the 2017 budgeting process followed by a robust plan for implementation from August 2017.**

2016/17 saw organisation wide activity to undertake the change planning project and deliver quick wins. A full audit of all UPSU activity took place across two weeks in November 2016, establishing keep, stop, gap matrices mapped against the P25 principles. Organisational modelling took place and was tested through consultation with staff, trustees, students and the University in January 2017. The final union model was approved by Trustee Board in March 2017 (4 months ahead of schedule) identifying the functions of the Future Union:

Work-streams to commence implementation planning were established including: HR, Finance, PSUT, University Partnership, Sport and Quick Wins.

Quick Wins were embedded into the budgeting process and included the implementation of a research/insights function and associated software, development of agile working processes and associated resource allocation and a 'student impact' focus during refinement allowing the reallocation of resources away from historical yet ineffective activities.

2. **The delivery of the third year targets of the existing strategy, which include:**

i. To implement the 16/17 actions from the Communications Strategy & Technology Roadmap, Opportunities Strategy and HR Strategy by end July 2017.

Communications & Technology: a full website review project to establish baseline content, delivered extensive levels of new and revised content. Digital-first customer service programme; complete review and population of University MyPort website content; strong positive relationship between UoP Marketing and UPSU Marketing built which helps drive integrated communications and improves reach to students. Website has seen rise of over 100k sessions and 25% reduction in bounce rate, 24,000 visits to MyPort articles related to the SU. Live Chat function planned for 2018.

Opportunities: Embedding of alcohol and culture change within AU, nationally recognised by NUS. Received 5244 students at Give it a go sessions, This Girl Can also received 1149 participants. These achievements have assisted in diversifying Sport within the Athletic Union. Membership and funding of activities are under continuous review. Training and upskilling students, as well as utilising online tools to broaden the training offer is on-going, over 800 students used to date. The Relationships between partners in the city and the University

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have strengthened. University partnership established to create a joined up sports strategy. Mutually beneficial relationship has positively impacted students who have received greater facility access as a result.

HR: Staff structure review has been undertaken in line with Future Union planning and will continue into 2017/18. Staff attrition review was undertaken establishing high risk roles and enabling planning for enhancing work environments and benefits to increase retention (attrition rate significantly dropped with lowest rate since 2014). High Quality roles introduced for student staff (including the paperless time management system, design and event technicians) three student staff winning national awards in the Student Staff awards. Training and development culture thrives through on-going development of formal and informal development options and PDP planning for staff. Wellbeing focus has seen 96% satisfaction from staff on work/life balance and support.

ii. To undertake a full Student Rep Review in collaboration with the University, delivering a new and improved agreed model by July 2017

A decision was taken to halt the Student Rep review until academic year 17/18 and halt the Sabbatical Officer review project until 18/19 to bring in line with Future Union planning. The focus for 16/17 has been on the Course Rep review. Phase 1 of the review is complete, there are several phases to this project to align with the University.

iii. To implement, against agreed success criteria, the updated 'Have your say' democratic structures and implement any significant required changes, with student consultation, ready for September 2017.

A complete review of the 'Have your say' structure was undertaken in the academic year 16/17. Student consultation and feedback was undertaken to streamline and digitalise the structures to increase accessibility for students. Trustees voted to implement a new system with simpler structures for submission of ideas from academic year 17/18 commencement and this will be monitored throughout 17/18.

iv. To achieve an increase of at least 1% on the Union's 2017 National Student Survey (NSS) question 23 score to 80%.

The National benchmarking survey the NSS (National Student Survey) changed the focus of its Student Union question away from positive impact and onto Representation. This switch saw a fall in satisfaction rates nationally and a year one benchmark for UPSU of 61% (in the second quartile) this in comparison to the previous measure where UPSU sat in the top 20 nationally with a 79% satisfaction rating.

v. To undertake a campus wide NUS affiliation referendum.

Completed November 2016 – quorate and 'yes' outcome. 1125 votes cast with 651 yes

vi. To agree a final plan and timeline for the new Union building

This objective is subject to University priority setting and the new building has been delayed to 2020.

vii. To deliver the 16/17 objectives of the Do More, Be More initiative for the capture of skills and experience gained through student involvement in Union opportunities by July 2017

All volunteering and employment opportunities within the Union are skills assessed and badged, Students have the option of completing online modules for role specific training. Additional content is planned for 17/18 to broaden the appeal across the wider student body. Head of Student Opportunities working with Pro Vice Chancellor for Student Experience and Department of Curriculum and quality enhancement to align the Do More project with the University work.

viii. To complete and implement the agreed student group funding model in line with 2017 budgeting procedures

The review is a phased project. Phase one, achieved 15/16 established a student agreed model for allocation of student activity subsidy which was implemented for the academic year 16/17. Phase two will commence Academic year 2017/18; focussing on streamlining the funding model including setting frameworks for membership fee setting. All work on this project will be in line with Future Union priorities.

ix. To achieve the overall budget for the Union for 2016/2017

Achieved an actual surplus of £153,463 vs a budgeted breakeven budget of (£579) with a further investment spend of (£23,234) vs an actual investment budget of (£84,480)

x. To achieve the overall budgeted surplus for PSUT for 2016/2017

Achieved an overall surplus of £148,606 vs a budget £125,595.

xi. To update the forward 3 year cash-flow plan at year end July 2017 to ensure its robust informing of the 5 year planning within Project 25

The financial planning work stream for Project 25 is commenced with the support of Counterculture LLP. Financial planning processes and applied assumptions were agreed by Board of Trustees in June 2017. The detailed financial planning will develop through 2017-18 as Future Union structure details are agreed.

VOLUNTEER CONTRIBUTION

In achieving the objectives above there has been a significant contribution from The Union's student volunteers. The Union has approximately 2185 volunteers that are supported to facilitate and participate in the majority of sports, societies, student media and community volunteering projects as well as Union Actioning Body, Course Reps, Deputy Faculty Reps and Advice centre volunteers (including peer supporters and mediators).

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FINANCIAL REVIEW

The group's gross income from all sources totalled £2,351,673 (2016: £2,127,054). Core expenditure was £2,188,576 plus a further movement in Pension deficit liability of £413,434 giving a 2017 total of: £2,602,010 (2016: £2,377,434) and was broadly within the stated budget with the following exceptions:

- i. £114k total cost savings across the budget agreed by Finance and Risk Committee due to the reserves recovery project
- ii. Circa £24k underspend in Student Activities

The Union budgeted for investment from reserves, approved by Trustees in 15/16 of £84,480 of which £61,246 was unspent due to the above.

The Union has continued to benefit from the recognition and support of the University, and for 2016/17 the Union received £1,150,600 in block grant plus the on-going agreement to prepay the Unions Pension deficit for three years attracting a 4% discount.

The Union last reviewed its reserves requirements during 2015/16 assessing the required amount of charitable funds allocated to reserves - the reserves policy is follows:

'It shall be the policy of the Union to maintain a level of free reserves that could sustain the expenditure of three months' core activity (salaries, student opportunities activity (creditors), insurances, banking and professional fees) such amount to be determined annually by Trustees in line with budgeting procedures.

In addition to this, a further £25,000 will be maintained to allow new student led projects to be funded for an initial period of twelve months. No new project shall be funded from Reserves for more than one year, after this time the Project is either to become funded from on-going income or to be dissolved.'

The year end 2016 level of reserves, as reported, was below the Union's minimum requirement of 3 months' essential activity costs from unrestricted funds (approximately £267,000 plus a £25,000 student development fund). An investigation undertaken by the CEO and Trustees (through Finance and Risk Committee) established that incorrect data provided in a financial planning tool coupled with inadequate internal understanding or seeking of advice regarding the reserves levels had led to the insufficient tracking of reserves through the budgeting process. The reserves level was recovered through a financial plan in-year and changes were made to the financial advisors of UPSU and to internal processes to mitigate any further risk.

The Union's free reserves stood at £389,794 (2016: £210,061) at the year-end which meets the Union's desired reserve levels. Reserves have been calculated as follows:

	£
Total reserves	(1,017,037)
Less: Restricted reserves	(104,177)
Add: Pension deficit	1,604,387
Less: Fixed assets	(93,379)
	<u>389,794</u>

For the first time, the Union's accounts show a provision for the future liabilities due to the Students' Union Superannuation Scheme. The latest valuation of the liabilities as at 30 June 2016 show the amount available to pay pension benefits in the future has declined when compared to its future liabilities. The Union in common with other participating student unions has to pay its share of the increased funding shortfall and is required to pay increased contributions based on previous contributions payable and the term has been extended. A separate reserve has been created in the accounts due to the long-term nature of the liability.

The Union acts as trustee for restricted funds raised by the students' many Clubs and Societies amounting to income of £143,464 (2016: £161,575) and expenditure of £140,547 (2016: £143,044) in addition to the grant-supported funds disbursed to them as shown in the accounts.

The Union, through student volunteer RAG (Raise and Give) activity, was custodian of money for 23 charities totalling £9701.05. This money was held for distribution to charities on 31st July 2017 unless a formal request was made prior to this date.

The four largest beneficiaries of the Unions custodian money were; Midlands Air Ambulance (£3357.57), Breast Cancer Now (£1355.53) Special Effect (£915), Cystic Fibrosis (£706.13) and Prostate Cancer UK (£505.48).

Students and Staff at the Union raised an additional £30,000 (approx. figure to date) (making a grand total of £39,701.05 raised vs. £170,922 in 2016) for various local and national charities. All of this fundraising was direct to charity, online, through websites such as JustGiving and MyRaising.

The Union did not make any grants to other organisations during this or the preceding year, apart from the administration of RAG (Raise and Give) funds.

The Trustees confirm that the Union has sufficient funds to meet all its obligations. The Block Grant for 2017/18 has been confirmed at £1,182,817 (before cash deductions for early pension deficit payment) and the Union is very grateful for the increase in Block Grant funding from the University. The commercial activities, through PSUT, are budgeted to generate profit of £134,102.

FUTURE PLANS

The Union remains committed to furthering its charitable objectives through setting stretching targets in delivering excellent activities, services and representation to University of Portsmouth students.

To deliver the organisations targets the Union will see three strategic focusses running in parallel for 2017/18:

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INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

Opinion

We have audited the financial statements of The University of Portsmouth Students' Union (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 July 2017 which comprise Consolidated Statement of Financial Activities, Consolidated and Parent Charitable Company Balance Sheet, Consolidated and Parent Charitable Company 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 July 2017, and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's or the parent 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 trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within 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 our knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept by the parent charitable company; or
 - the parent charitable company financial statements are not in agreement with the accounting records and returns; or
 - certain disclosures of trustees' remuneration specified by law are not made;
 - we have not received all the information and explanations we require for our audit; or
-

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

INDEPENDENT AUDITORS REPORT

- 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 directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement trustees' responsibilities, the trustees (who are directors 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 group's and the parent 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 directors either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

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

Date

Cawley Prioory
South Pallant
Chichester
West Sussex
PO19 1SY

Blue Spire Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	2	1,223,100	-	1,223,100	1,123,100
Other trading activities	3	345,274	-	345,274	204,233
Investments	5	-	-	-	536
Charitable activities	6	609,298	143,464	752,762	799,185
Other	7	30,537	-	30,537	-
Total		2,208,209	143,464	2,351,673	2,127,054
EXPENDITURE ON:					
Raising funds	8	164,294	-	164,294	77,022
Charitable activities	9	1,883,735	140,547	2,024,282	2,172,779
Other - Movement on pension deficit liability	11	413,434	-	413,434	127,633
Total		2,461,463	140,547	2,602,010	2,377,434
Net Income/(expenditure)		(253,254)	2,917	(250,337)	(250,380)
TRANSFERS					
Gross transfers between funds	22	-	-	-	-
Net movement in funds		(253,254)	2,917	(250,337)	(250,380)
RECONCILIATION OF FUNDS					
Total funds brought forward	22	(867,960)	101,260	(766,700)	(516,320)
Total funds carried forward	22	(1,121,214)	104,177	(1,017,037)	(766,700)

None of the charity's other activities were acquired or discontinued during the above two financial years.

The charity has no recognised gains or losses other than those dealt with in the statement of financial activities.

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

GROUP AND CHARITY BALANCE SHEETS AS AT 31 JULY 2017

	Note	Group		Charity	
		2017 £	2016 £	2017 £	2016 £
FIXED ASSETS					
Tangible assets	15	93,379	112,932	93,379	112,932
Investments	16	-	-	1	1
		<u>93,379</u>	<u>112,932</u>	<u>93,380</u>	<u>112,933</u>
CURRENT ASSETS					
Stock - clothing and memorabilia	17	23,609	24,927	-	-
Debtors	18	99,214	107,949	80,387	210,766
Cash at hand and in bank		<u>557,257</u>	<u>485,006</u>	<u>509,202</u>	<u>332,100</u>
Total current assets		<u>680,080</u>	<u>617,882</u>	<u>589,589</u>	<u>542,866</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	19	(186,109)	(306,561)	(95,619)	(231,546)
Net current assets/(liabilities)		<u>493,971</u>	<u>311,321</u>	<u>493,970</u>	<u>311,320</u>
Net assets/(liabilities) before pension liability		587,350	424,253	587,350	424,253
Defined benefit pension scheme asset/(liability)	20	(1,604,387)	(1,190,953)	(1,604,387)	(1,190,953)
Net assets/(liabilities)		<u>(1,017,037)</u>	<u>(766,700)</u>	<u>(1,017,037)</u>	<u>(766,700)</u>
THE FUNDS OF THE CHARITY					
Restricted funds	22	104,177	101,260	104,177	101,260
Pension deficit	22	(1,604,387)	(1,190,953)	(1,604,387)	(1,190,953)
General funds	22	<u>483,173</u>	<u>322,993</u>	<u>483,173</u>	<u>322,993</u>
Unrestricted funds		<u>(1,121,214)</u>	<u>(867,960)</u>	<u>(1,121,214)</u>	<u>(867,960)</u>
Total charity funds		<u>(1,017,037)</u>	<u>(766,700)</u>	<u>(1,017,037)</u>	<u>(766,700)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the trustees and signed on their behalf.

James Thompson
Trustee/director
President, Company Secretary and Chair of the Board of Trustees

Date

The notes on pages 17 to 28 form part of these financial statements.

The University of Portsmouth Students Union
Registered Company Number: 03934555
Registered Charity Number: 1136115

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

GROUP AND PARENT CHARITY STATEMENT OF CASH FLOWS

	Note	Group		Charity	
		2017 £	2016 £	2017 £	2016 £
Net cash flow from operating activities (see below)		72,251	(169,484)	158,654	54,379
Cash flow from investing activities					
Dividends, interest and rents from investments	5	-	536	140	676
Purchase of fixed assets	15	-	-	-	-
Net cash flow from investing activities		<u>-</u>	<u>536</u>	<u>140</u>	<u>676</u>
Net increase/(decrease) in cash and cash equivalents		72,251	(168,948)	158,794	55,055
Cash and cash equivalents at 1 August 2016		485,006	653,954	332,100	277,045
Cash and cash equivalents at 31 July 2017		<u>557,257</u>	<u>485,006</u>	<u>490,894</u>	<u>332,100</u>
Cash and cash equivalents consist of:					
Cash at bank and in hand		557,257	485,006	509,202	332,100
Cash and cash equivalents at 31 July 2017		<u>557,257</u>	<u>485,006</u>	<u>509,202</u>	<u>332,100</u>

Reconciliation of net income to net cash flow from operating activities

	Note	Group		Charity	
		2017 £	2016 £	2017 £	2016 £
Net income/(expenditure) for the year		<u>(250,337)</u>	<u>(250,380)</u>	<u>(268,645)</u>	<u>(250,380)</u>
Adjusted for:					
Depreciation and impairment of tangible fixed assets	15	19,553	33,659	19,553	33,659
Dividends, interest and rents from investments	5	-	(536)	(140)	(676)
Finance cost of pension deficit liability	11	413,434	127,633	413,434	127,633
Decrease/(increase) in stocks	17	1,318	(6,275)	-	-
Decrease/(increase) in debtors	18	8,735	6,022	130,379	218,193
Increase/(decrease) in creditors due in less than one year	19	(120,452)	(79,607)	(135,927)	(74,050)
		<u>322,588</u>	<u>80,896</u>	<u>427,299</u>	<u>304,759</u>
		<u>72,251</u>	<u>(169,484)</u>	<u>158,654</u>	<u>54,379</u>

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

ACCOUNTING POLICIES

General information, scope and basis of the financial statements

The University of Portsmouth Students' Union is an incorporated charity, limited by guarantee, incorporated in England with the company number 03934555. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the charity information page of these financial statements. The nature of the charity's operations and principal activities are outlined in the trustees' report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted Charities SORP 2015 (FRS 102) in the current year and an explanation of how transition to Charities SORP 2015 (FRS102) has affected the reported financial position and performance is given in note 26.

Consolidation

The results of the charity's wholly owned subsidiary (Portsmouth Students' Union Trading Limited) are consolidated on a line by line basis with any intragroup balances and transactions eliminated in full. Portsmouth Students' Union Trading Limited has one ordinary share in issue of £1 owned by the charity and its registered office address is Student Centre, Cambridge Road, Portsmouth Hampshire, PO1 2EF.

The charity and its subsidiary have a uniform reporting date and reporting period. Where necessary, appropriate adjustments are made to the subsidiary's financial statements for differences in accounting policies as part of the consolidation process.

The charity has taken advantage of the concession which allows it to publish only a consolidated statement of financial activities rather than one for the charity alone. The results of the charity for the year under review are shown in note 1 of these financial statements.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Income from trading activities includes income generated by the charity's trading subsidiary. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and cash deposits. It includes dividends and interest. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the charity's right to receive payment is established.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

Costs of raising funds; which includes the costs of the charity's trading subsidiary

Expenditure on charitable activities; which includes costs in furtherance of the charity's objects and costs to support those activities

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

ACCOUNTING POLICIES

Resources expended (continued)

Support cost allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to expenditure on charitable activities on a basis consistent with use of the resources.

Governance costs

Governance costs comprise the costs associated with the governance arrangements of the charity and include audit fees, legal advice (if any) for trustees, costs associated with constitutional and statutory requirements and any costs associated with the strategic as opposed to the day to day management of the charity's assets.

Donated services and facilities

The University of Portsmouth provides the charity with office space and sports facilities at no charge. As required by SORP 2015, the donation of these facilities is included as an incoming resource within note 2 and a matching outgoing resource within the statement of financial activities at the trustees' estimate of their value to the charity.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Pensions

University of Portsmouth Students' Union participates in the Students' Union Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The fund is valued at least every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the pension scheme trustees on the advice of the actuary. The Scheme operates as a pooled arrangement, with contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to University of Portsmouth Students' Union. Under the terms of FRS 102, the discounted present value of future cash flows under a deficit funding arrangement is included as a liability in these accounts and the change in that valuation from year to year is taken to the statement of financial activities.

With effect from 30 September 2011 the scheme was closed to future accrual. Payments to the Students' Union Superannuation Scheme continued after the closure of the scheme in the form of deficit funding and levies.

The Union operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity in respect of the year. Any differences between the contributions payable and actually paid are shown as either accruals or prepayments.

Taxation

The charity is considered to pass the tests set out in sections 466 to 493 Corporation Tax Act 2010 (CTA 2010), as such no income tax is payable on the charity's activities.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Motor vehicles	25% straight line
Fixtures & Fittings	10%-20% straight line
AU equipment	33 % straight line

Fixed asset investments

Fixed asset investments comprise the entire share capital of the charity's subsidiary trading company, Portsmouth Students' Union Trading Limited. The investment is valued at cost on the basis there is no available fair value for the share capital.

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

ACCOUNTING POLICIES

Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Going concern

The consolidated financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or raised by the charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the financial statements.

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS

1. Results of the charity

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Total incoming resources	1,975,699	143,464	2,119,163
Total resources expended	<u>(2,247,261)</u>	<u>(140,547)</u>	<u>(2,387,808)</u>
Net incoming resources of the charity	(271,562)	2,917	(268,645)
Transfers between funds	-	-	-
Net movement in funds	<u>(271,562)</u>	<u>2,917</u>	<u>(268,645)</u>
Reserves brought forward	(867,960)	101,260	(766,700)
Reserves carried forward	<u><u>(1,139,522)</u></u>	<u><u>104,177</u></u>	<u><u>(1,035,345)</u></u>

	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
Total incoming resources	1,823,524	161,575	1,985,099
Total resources expended	<u>(2,092,435)</u>	<u>(143,044)</u>	<u>(2,235,479)</u>
Net incoming resources of the charity	(268,911)	18,531	(250,380)
Transfers between funds	-	-	-
Net movement in funds	<u>(268,911)</u>	<u>18,531</u>	<u>(250,380)</u>
Reserves brought forward	(599,049)	82,729	(516,320)
Reserves carried forward	<u><u>(867,960)</u></u>	<u><u>101,260</u></u>	<u><u>(766,700)</u></u>

2. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Block grant received	1,150,600	-	1,150,600
Donated facilities	72,500	-	72,500
	<u>1,223,100</u>	<u>-</u>	<u>1,223,100</u>

	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
Block grant received	1,050,600	-	1,050,600
Donated facilities	72,500	-	72,500
	<u>1,123,100</u>	<u>-</u>	<u>1,123,100</u>

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS

3. Other trading activities

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Income from subsidiary company (see note 4)	344,364	-	344,364
Other trading income	910	-	910
	<u>345,274</u>	<u>-</u>	<u>345,274</u>

	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
Income from subsidiary company (see note 4)	203,544	-	203,544
Other trading income	689	-	689
	<u>204,233</u>	<u>-</u>	<u>204,233</u>

4. Portsmouth Students' Union Trading Company Limited - Unrestricted

UPSU owns 100% of the issued share capital

	<i>Charitable Activities</i>		<i>Fundraising</i>	2017 Total Funds £
	Trips & Tours £	Events & Dinners £	Other Activities £	
Turnover	-	171,600	344,364	515,964
Cost of sales	-	(66,790)	(147,412)	(214,202)
Other administrative expenses	-	(1,426)	(16,882)	(18,308)
<i>Non-group related expenditure</i>	<u>-</u>	<u>(68,216)</u>	<u>(164,294)</u>	<u>(232,510)</u>
Management charges	-	(46,836)	(88,012)	(134,848)
Loan interest payable to UPSU	-	-	(140)	(140)
Gift aid payment to UPSU	-	(56,548)	(91,918)	(148,466)
<i>Total expenditure</i>	<u>-</u>	<u>(171,600)</u>	<u>(344,364)</u>	<u>(515,964)</u>
<i>Profit for the year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Reserves</i>				
Brought forward	-	-	-	-
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carried forward	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Management charges together with the loan interest and gift aid are eliminated on consolidation in these group financial statements.

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS

4. Portsmouth Students' Union Trading Company Limited - Unrestricted (continued)

UPSU owns 100% of the issued share capital

	<i>Charitable Activities</i>		<i>Fundraising</i>	2016
	Trips & Tours	Events & Dinners	Other Activities	Total Funds
	£	£	£	£
Turnover	-	202,196	203,544	405,740
Cost of sales	-	(64,933)	(73,313)	(138,246)
Other administrative expenses	-	-	(3,709)	(3,709)
<i>Non-group related expenditure</i>	-	(64,933)	(77,022)	(141,955)
Management charges	-	(70,911)	(67,279)	(138,190)
Loan interest payable to UPSU	-	-	(140)	(140)
Gift aid payment to UPSU	-	(66,352)	(59,103)	(125,455)
<i>Total expenditure</i>	-	(202,196)	(203,544)	(405,740)
<i>Profit for the year</i>	-	-	-	-
<i>Reserves</i>				
Brought forward	-	-	-	-
Profit for the year	-	-	-	-
Carried forward	-	-	-	-

Management charges together with the loan interest and gift aid are eliminated on consolidation in these group financial statements.

5. Income from investments

	Unrestricted Funds	Restricted Funds	2017 Total Funds
	£	£	£
Bank interest receivable	-	-	-
	-	-	-
	Unrestricted Funds	Restricted Funds	2016 Total Funds
	£	£	£
Bank interest receivable	536	-	536
	536	-	536

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

NOTES TO THE FINANCIAL STATEMENTS

6. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Balls, dinners and events (including those in note 4)	206,447	-	206,447
Membership, Match fees and training income	329,317	-	329,317
Sports and society income			
Social kit	-	26,687	26,687
Tours (including those in note 4)	-	15,159	15,159
Other sports and society income	73,534	101,618	175,152
Other income from charitable activities	-	-	-
	<u>609,298</u>	<u>143,464</u>	<u>752,762</u>

	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
Balls, dinners and events (including those in note 4)	221,661	-	221,661
Membership, Match fees and training income	353,700	-	353,700
Sports and society income			
Social kit	1,104	27,371	28,475
Tours (including those in note 4)	-	1,928	1,928
Other sports and society income	59,147	132,276	191,423
Other income from charitable activities	1,998	-	1,998
	<u>637,610</u>	<u>161,575</u>	<u>799,185</u>

7. Other income

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Provisions no longer required	29,954	-	29,954
Insurance claims	583	-	583
	<u>30,537</u>	<u>-</u>	<u>30,537</u>

	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
Provisions no longer required	-	-	-
Insurance claims	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

8. Raising funds

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Costs of subsidiary company (see note 4)	164,294	-	164,294
	<u>164,294</u>	<u>-</u>	<u>164,294</u>

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
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NOTES TO THE FINANCIAL STATEMENTS

8. Raising funds (continued)

	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
Costs of subsidiary company (see note 4)	77,022	-	77,022
	<u>77,022</u>	<u>-</u>	<u>77,022</u>

9. Expenditure on charitable activities

	Activities directly undertaken £	Support costs £	Governance costs £	2017 Total Funds £
Student support activities	476,921	347,526	43,533	867,980
	<u>476,921</u>	<u>347,526</u>	<u>43,533</u>	<u>867,980</u>
Recreational activities				
Sports and societies expenditure	599,926	57,500	34,714	692,140
Balls and dinners expenditure (including those in note 4)	68,216	-	3,602	71,818
Other recreational costs	5,707	332,527	17,860	356,094
	<u>673,849</u>	<u>390,027</u>	<u>56,176</u>	<u>1,120,052</u>
Other charitable activities	8,285	26,146	1,818	36,249
	<u>1,159,055</u>	<u>763,699</u>	<u>101,527</u>	<u>2,024,281</u>
Unrestricted funds	1,018,508	763,700	101,527	1,883,735
Restricted funds	140,547	-	-	140,547
	<u>1,159,055</u>	<u>763,700</u>	<u>101,527</u>	<u>2,024,282</u>
	Activities directly undertaken £	Support costs £	Governance costs £	2016 Total Funds £
Student support activities	382,868	358,879	37,164	778,911
	<u>382,868</u>	<u>358,879</u>	<u>37,164</u>	<u>778,911</u>
Recreational activities				
Sports and societies expenditure	646,070	57,500	35,251	738,821
Balls and dinners expenditure (including those in note 4)	64,933	-	3,253	68,186
Other recreational costs	17,690	343,880	18,116	379,686
	<u>728,693</u>	<u>401,380</u>	<u>56,620</u>	<u>1,186,693</u>
Other charitable activities	13,714	183,576	9,885	207,175
	<u>1,125,275</u>	<u>943,835</u>	<u>103,669</u>	<u>2,172,779</u>
Unrestricted funds	982,231	943,835	103,669	2,029,735
Restricted funds	143,044	-	-	143,044
	<u>1,125,275</u>	<u>943,835</u>	<u>103,669</u>	<u>2,172,779</u>

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
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NOTES TO THE FINANCIAL STATEMENTS

10. Governance costs

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Sabbaticals remuneration	21,342	-	21,342
NUS affiliation	48,473	-	48,473
Trustee expenses	3,342	-	3,342
Legal & professional Administration	-	-	-
	<u>28,370</u>	<u>-</u>	<u>28,370</u>
	<u><u>101,527</u></u>	<u><u>-</u></u>	<u><u>101,527</u></u>
			2016
	Unrestricted Funds £	Restricted Funds £	Total Funds £
Sabbaticals remuneration	22,032	-	22,032
NUS affiliation	48,795	-	48,795
Trustee expenses	2,913	-	2,913
Legal & professional Administration	-	-	-
	<u>29,929</u>	<u>-</u>	<u>29,929</u>
	<u><u>103,669</u></u>	<u><u>-</u></u>	<u><u>103,669</u></u>

11. Movement on pension deficit liability

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Movement on pension deficit liability	413,434	-	413,434
	<u>413,434</u>	<u>-</u>	<u>413,434</u>
			2016
	Unrestricted Funds £	Restricted Funds £	Total Funds £
Movement on pension deficit liability	127,633	-	127,633
	<u>127,633</u>	<u>-</u>	<u>127,633</u>

12. Auditors' remuneration - Group

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £
Auditors' remuneration - audit fees	7,450	-	7,450
Auditors' remuneration - other services	20,775	-	20,775
	<u>28,225</u>	<u>-</u>	<u>28,225</u>

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NOTES TO THE FINANCIAL STATEMENTS

12. Auditors' remuneration - Group (continued)

	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
Auditors' remuneration - audit fees	7,450	-	7,450
Auditors' remuneration - other services	18,352	-	18,352
	<u>18,352</u>	<u>-</u>	<u>18,352</u>

13. Wages and salary cost - Group

	2017 Total Funds £	2016 Total Funds £
Gross wages	795,140	831,115
Employer's national insurance costs (inclusive of employment allowance)	62,731	65,320
Employer's pension contributions	20,383	21,713
	<u>878,254</u>	<u>918,148</u>
	2017	2016
The average number of employees, calculated on an average headcount basis, was:	<u>59</u>	<u>57</u>
	<u>59</u>	<u>57</u>

There were no employees with emoluments (excluding employer pension costs) above £60,000 in this or the preceding year. The charity and group's key management personnel, including the senior management team detailed on page 3 of these financial statements, received employee benefits inclusive of salary and employer pension contributions amounting to £285,000 (2016: £304,408).

14. Related party transactions

The charity's trustees, as detailed on page 1, were reimbursed or had expenses paid on their behalf totalling £9,339 (2016: £8,324) in respect of travel, subsistence and training.

Additionally the sabbatical officers were provided with free tickets to the graduation ball. In total 5 tickets priced at £40 (inclusive of VAT) were distributed to the sabbatical officers.

As authorised under section 6 of the Articles of Association, a total of £100,023 (2016: £98,264) was paid in remuneration to 10 (2016: 10) sabbatical officer trustees as follows:

	£
J Belmonte	17,512
O Bolaji	18,288
A Butler	2,316
B Conway	17,512
M Campopiano	2,316
A Layer	2,316
A Mathurin	2,316
B Moody	17,438
A Paschali	17,693
J Thompson	2,316
	<u>100,023</u>

Pension contributions paid by the Union on behalf of four (2016: three) of the trustees listed above totalled £1,576 (2016: £1,729).

The University of Portsmouth Students' Union operates a trading subsidiary, Portsmouth Students' Union Trading Company Limited (PSUT). PSUT is wholly owned by The University of Portsmouth Students Union, and was established to handle the sales of clothing, memorabilia, advertising and exhibition space on behalf of the students' union. A monthly management charge is made by the charity in respect of the operation and administration of this company. Further information on the income and expenditure of PSUT is available in note 4 of these accounts.

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
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NOTES TO THE FINANCIAL STATEMENTS

14. Related party transactions (continued)

Shortly after its incorporation, The University of Portsmouth Student's Union made a loan to PSUT in order to provide it with essential working capital. The loan arrangement is documented in writing and is secured against the subsidiary company's assets. The balance outstanding as at 31 July 2017 was £7,000. Interest is charged on the balance outstanding at 1.5% over base. The charge for the year was £140 (2015: £140).

The University of Portsmouth is, by virtue of the provisions of section 22 of the Education Act 1994, required to take all practical steps to ensure that the charity operates fairly and democratically and accounts for its finances. During the year under review, the charity received grants totalling £1,150,600 (2016: £1,050,600) from the University of Portsmouth.

Costs of £3,461 (2016: £1,075) were accrued at the year end in respect of amounts charged or estimated to be charged by the University of Portsmouth in respect of utilities, vehicles and other supplies of goods and services. A further £1,792 (2016: £1,075) is included within trade creditors.

15. Fixed assets - Charity and group

	AU Equipment £	Fixtures & Fittings £	Motor Vehicles £	TOTAL £
<i>Cost</i>				
Brought forward	18,066	215,248	11,500	244,814
Additions	-	-	-	-
Disposals	-	-	(8,000)	(8,000)
Carried forward	<u>18,066</u>	<u>215,248</u>	<u>3,500</u>	<u>236,814</u>
<i>Depreciation</i>				
Brought forward	18,066	102,316	11,500	131,882
Charge for the year	-	19,553	-	19,553
On disposals	-	-	(8,000)	(8,000)
Carried forward	<u>18,066</u>	<u>121,869</u>	<u>3,500</u>	<u>143,435</u>
Net book value carried forward	<u>-</u>	<u>93,379</u>	<u>-</u>	<u>93,379</u>
Net book value brought forward	<u>-</u>	<u>112,932</u>	<u>-</u>	<u>112,932</u>

16. Investments

The University of Portsmouth Students' Union owns 1 ordinary share of £1, which represents 100% of the issued share capital of Portsmouth Students' Union Trading Company Limited (company number 6320382). The results of the trading company and its aggregate net assets at the balance sheet date are given in note 4 to these financial statements.

17. Stock

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Stock of goods for resale	23,609	24,927	-	-
	<u>23,609</u>	<u>24,927</u>	<u>-</u>	<u>-</u>

THE UNIVERSITY OF PORTSMOUTH STUDENTS' UNION
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NOTES TO THE FINANCIAL STATEMENTS

18. Debtors

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	66,764	76,406	37,632	35,594
VAT recoverable	5,726	9,293	5,726	2,292
Prepayments and accrued income	6,267	682	6,267	682
Other debtors	20,457	21,568	20,457	21,568
Intercompany	-	-	10,305	150,630
	<u>99,214</u>	<u>107,949</u>	<u>80,387</u>	<u>210,766</u>

19. Creditors

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Trade creditors	17,484	37,382	6,625	22,008
Wages and social security	19,434	18,297	19,434	18,297
Accruals and deferred income (see analysis of deferred income below)	137,667	224,440	68,755	164,799
Other creditors	4,780	26,442	805	26,442
VAT Payable	6,744	-	-	-
	<u>186,109</u>	<u>306,561</u>	<u>95,619</u>	<u>231,546</u>

Analysis of movement in deferred income - Charity and Group

	Brought forward £	Deferred in year £	Released in year £	Carried forward £
Block grant in advance - Pension advance payment from UoP	62,331	-	(62,331)	-
	<u>62,331</u>	<u>-</u>	<u>(62,331)</u>	<u>-</u>

20. Defined benefit pension scheme liability

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Balance brought forward	1,190,953	1,063,320	1,190,953	1,063,320
Scheduled payments made	-	-	-	-
Addition for extended period, change in rate and unwinding of discount	413,434	127,633	413,434	127,633
Balance carried forward	<u>1,604,387</u>	<u>1,190,953</u>	<u>1,604,387</u>	<u>1,190,953</u>

The deficit at 31 July 2017 is calculated on the basis the Union will take advantage of a three year early payment option for a reduced amount in November 2017. Additional information on the pension deficit is provided in note 24.

21. Analysis of net assets between funds - Group

	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
Fixed assets	93,379	-	93,379	112,932
Net current assets	389,794	104,177	493,971	311,321
Pension deficit	(1,604,387)	-	(1,604,387)	(1,190,953)
	<u>(1,121,214)</u>	<u>104,177</u>	<u>(1,017,037)</u>	<u>(766,700)</u>

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NOTES TO THE FINANCIAL STATEMENTS

22. Analysis of net movement in funds

	Total funds brought forward £	Total incoming resources £	Total resources expended £	Transfers between funds £	Total funds carried forward £
<i>Restricted funds</i>					
Sports and societies	98,968	143,464	(140,547)	-	101,885
Ring fenced funds	2,292	-	-	-	2,292
	<u>101,260</u>	<u>143,464</u>	<u>(140,547)</u>	<u>-</u>	<u>104,177</u>
<i>General funds</i>					
Pension deficit	(1,190,953)	-	(413,434)	-	(1,604,387)
Charity	322,993	1,975,699	(1,833,827)	-	464,865
Portsmouth Students' Union Trading Company	-	515,964	(497,656)	-	18,308
Total unrestricted funds	<u>(867,960)</u>	<u>2,491,663</u>	<u>(2,744,917)</u>	<u>-</u>	<u>(1,121,214)</u>
Total funds	<u>(766,700)</u>	<u>2,635,127</u>	<u>(2,885,464)</u>	<u>-</u>	<u>(1,017,037)</u>

Included within the unrestricted income of the charity is income received from Portsmouth Students' Union Trading Company Limited (PSUT) totalling £283,454. This is eliminated on consolidation and comprises £134,848 of management charges, £140 for interest on a loan to PSUT and £148,466 in respect of a gift aid payment to the charity.

Description of funds

Sports and societies This fund represents amounts raised and expended by the Union's sport and society groups. The balance remaining is available for use in future years to support the relevant sports and societies.

23. Control

The charity was controlled throughout the year by its trustees.

24. Pensions

The Union is a Participating Employer in the Students' Union Superannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the United Kingdom. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the Scheme closed to future accrual.

The most recent Triannual Valuation of the Scheme was carried out as at 30 June 2016 and showed that the market value of the Scheme's assets was £101,131,000 (2013: £80,910,023) excluding AVC's and insured pensioners with these assets representing 46% (2013: 52%) of the value of benefits that have accrued to members. The deficit on an ongoing funding basis amounted to £119,700,000, (2013: £73,849,000).

The assumptions used in the valuation are as follows:

Pre- retirement discount rate	4.3% pa
Post retirement discount rate	2.3%pa
RPI	3.2% pa
CPI	2.2% pa
Pension increases in payment	
Post 1997 (RPI min 3% mac 5%)	3.6% pa
Post 2000 (RPI max 5%)	3.1% pa
Mortality projections	CMI 2015 projections with a long term rate of improvement of 1.5% pa

The 2016 Valuation funding shortfall recovery plan requires a monthly contribution requirement by each Participating Employer to up to 30 June 2033 increasing by 5% each year. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the Scheme. These rates apply with effect from 1 October 2017 and will be formally reviewed following completion of the next Valuation due with an effective date of 30 June 2019. Surpluses or deficits which arise at future valuations will also impact on Union's future contribution commitment. In addition to the above contributions, the Union also pays its share of the Scheme's levy to the Pension Protection Fund.

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24. Pensions (continued)

The total deficit contributions paid into the Scheme by University of Portsmouth Students' Union in respect of past service employees for the year ended 31 July 2017 amounted to £nil (2016: £nil). In the financial year to 31 July 2015 a payment of three years' contributions, for the period October 2014 to September 2017, totalling £186,993, which represented an 8.75% saving on contributions payable for the same period was made resulting in no further payments being payable until October 2017.

At the balance sheet date the charity had commitments to pay deficit funding contributions starting in October 2017 of £7,166 per month. This monthly payment is scheduled to increase by 5% per annum at October each year until 30 June 2033.

Defined Contribution Pension Scheme

The charity operates a defined contribution pension scheme. The total contributions paid into the scheme by the Union in respect of eligible employees for the year under review was £20,383 (2016: £21,713).

25. Commitments

	2017	2016
	Total	Total
	Funds	Funds
	£	£
UPSU has total future operating lease commitments for computer equipment payable as follows:		
Not later than one year	5,472	3,792
Later than one year and not later than five years	5,713	6,873
	<u>11,185</u>	<u>10,665</u>

During the year under review lease payments amounted to £5,483 (2016: £4,185).

26. First time adoption of SORP 2015 (FRS 102)

The charity has adopted the Charities SORP 2015 (FRS 102) for the first time in the year ended 31 July 2017 and therefore the date of transition was 1 August 2015.

There effect on the financial statements of transition from SORP 2015 (FRSSE) to SORP 2015 (FRS 102) is shown below:

	2017	2016
	Total	Total
	Funds	Funds
	£	£
Opening reserves as previously stated	424,253	547,000
Transition adjustment - Introduction of pension deficit at 31 July 2015	(1,063,320)	(1,063,320)
Transition adjustment - Movement on pension deficit liability	(127,633)	-
Opening reserves following transition adjustments	<u>(766,700)</u>	<u>(516,320)</u>
		2016
		Total
		Funds
		£
Net income/(expenditure) as previously stated		(122,747)
Transition adjustment - Movement on pension deficit liability		(127,633)
Net income/(expenditure) following transition adjustments		<u>(250,380)</u>

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27. Financial instruments

The carrying amounts of the Charity's financial instruments are as follows:

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
<i>Financial assets</i>				
Debt instruments measured at amortised cost:				
Trade debtors	66,764	76,406	37,632	35,594
Other debtors	20,457	21,568	20,457	21,568
Intercompany	-	-	10,305	150,630
	<u>87,221</u>	<u>97,974</u>	<u>68,394</u>	<u>207,792</u>
<i>Financial liabilities</i>				
Measured at amortised cost:				
Trade creditors	17,484	37,382	6,625	22,008
Other creditors	4,780	26,442	805	26,442
	<u>22,264</u>	<u>63,824</u>	<u>7,430</u>	<u>48,450</u>