

Charity Number: 1143103  
Company Registration Number: 7710669

**London School of Economics Students' Union**  
(Limited by guarantee)

**Annual Report and Accounts**

**For the Year Ended 31 July 2013**

**London School of Economics Students' Union  
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for the Year Ended 31 July 2013**

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**Administrative Information**

**Charitable Status**

The London School of Economics Students' Union (LSESU) is an incorporated charity (limited by guarantee). The charity registration number is 1143103. The company registration number is 7710669.

It was originally established under the Education Act 1994 and was registered with the Charity Commission on 26 July 2011, when Students' Unions connected with exempt higher/further education institutions were removed by section 11(9), Charities Act 2006, from the list of exempt charities in Schedule 2 to the Charities Act 1993.

**Principal address**

London School of Economics and Political Science (LSE),  
Houghton Street,  
London  
WC2A 2AE

**Charity Trustees (who are also Company Directors for the purposes of the Companies Act)**

**From June 2013**

John Ward  
Musty Kamal  
Mehak Adil  
Diva Vaish  
Jay Stoll  
Rosie Coleman  
Hannah Richmond  
Anneessa Mahmood

**From June 2012**

Alex Peters-Day  
Lukas Slothuus  
Amena Amer  
Stanley Ellerby-English  
Robin Burrett  
Mohammed Morley  
James Maltz  
Anneessa Mahmood  
Gabi Kobrin  
Gaurav Srivastava  
Khaled Sachin

**External Trustee:**

Ade Adetukasi

**Auditors**

Crowe Clark Whitehill  
Aquis House  
49-51 Blagrove Street  
Reading  
Berks  
RG1 1PL

**Bankers**

Natwest  
Connaught House  
65 Aldwych  
London WC2B 4DS

**Solicitors**

Bates Wells and Braithwaite  
2-6 Cannon Street  
London  
EC4M 6YH

LSESU employs a Director to work closely with the Executive Officers and ensure effective management of the charity as head of a senior management team as follows:

Director	Pari Dhillon
Deputy Director	Jarlath O'Hara
Head of Advocacy and Engagement	Dave Lewis
Head of Activities and Opportunities	Sian Thurgood

The Executive Committee present their Annual Report for the year ended 31 July 2013, which includes the administrative information set out on page 1, together with the audited accounts for that year.

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## **Structure, governance and management**

LSESU is constituted under the Education Act 1994 as a charitable company limited by guarantee (see page 1) with internal regulations or Rules approved by the governing body of the London School of Economics (the School). LSESU's charitable Objects under the Act, to advance the School's educational purposes by providing representation and support for LSE students, are supplemented by the further Object of helping members to develop their own charitable activities as active participants in civil society.

LSESU was administered by its Trustee Board of 11 members comprising of five Sabbatical Trustees; and six Student Trustees.

The sabbatical officers, together with the part-time, non-sabbatical officers, are elected annually by a cross-campus secret ballot of the LSESU membership.

The four posts of General Secretary, Activities and Development Officer, Community Welfare Officer, and Education Officer, are full time posts and the Post Graduate Officer is part time, remunerated as authorised by the Education Act and cannot exceed two years duration for each holder.

LSESU operates on democratic principles, working for and with our members, the students of the London School of Economics and Political Science (LSE). The voice of students is represented by the Union Executive, run and elected by members of LSE. The Union also holds weekly Union General Meetings through which students are able to propose and vote on motions. The Union also supports a range of assemblies to ensure that the diversity of the student body is heard.

The Trustee Board, assisted by sub-committees, where appropriate has delegated the day-to-day running of the Union to the Director. As charity Trustees, all Trustees receive a comprehensive training programme into their legal and administrative responsibilities at the start of their term of office, with ongoing guidance as and when required for issues arising during their term.

The Trustee Board meets six times per year to receive reports from sub-committees, Officers, Senior Management and the Director, to review the Union's performance and administration generally and to agree policy issues arising. The Union also employs a number of non-student core staff to provide continuity, consistency and knowledge in the management of its many activities. The staff team are accountable to the Director for the performance of their duties.

The Union has a Memorandum and Articles of Association which sets out its governance structure.

## **Relationship with London School of Economics**

The Union receives a block grant from the School, and occupies spaces in School owned buildings. The occupation and use of these spaces is set out in the Memorandum of Understanding between LSESU and the university. This MOU and the lease within it will be reviewed in the coming year in preparation for the New Student Centre.

In addition to the provision of space, the School also pays for utilities, caretaking and cleaning staff. This support is intrinsic to the relationship between the School and LSESU. As recommended by the Charities SORP, which has been adopted for this and future financial years for due compliance with the requirements of Students' Unions provided for in the Charities Act 2011, an estimated value to LSESU for this free serviced accommodation has been included in the accounts for the first time based on an calculation based on market rates which was provided by the School. Although LSESU continues to

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generate supplementary funding from various mutual trading activities, it will always be dependent on the School's support.

There is no reason to believe that this or equivalent support from the School will not continue for the foreseeable future, as the Education Act 1994 imposes a duty on the University to ensure the financial viability of its student representative body.

### **Risk Management**

The Trustee Board has examined the major strategic, business and operational risks faced by LSESU. A risk register has been established and is updated at least annually. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. Budgetary and internal control risks are minimised by the implementation of procedures for the authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers and participants on all activities organised by the Union. These procedures are periodically reviewed to ensure that they continue to meet the needs of the charity.

### **Aims, Objectives and Activities**

The objects of the Union are the advancement of education of Students at LSE for the public benefit by:

- Promoting the interests and welfare of students at London School of Economics during their course of study and representing, supporting and advising students;
- Being the recognised representative channel between students and London School of Economics and any other external bodies; and
- Providing social, cultural, sporting and recreational activities and forums for discussions and debate for the personal development of its students.

In pursuit of these aims for the public benefit, LSESU will ensure the diversity of its membership is recognised, valued and supported and as such has established student support and development departments and quality services for use by its members, to support its work with the School and other organisations on behalf of students. These include Advice and Welfare; Communications and Operations; Engagement; Orientation; Student Activities (including clubs and societies); the Quad; the Underground; the Three Tuns, catering and retail services on Houghton Street and the NAB.

LSESU continues to represent the students on relevant local, national and international issues. On a local level, SU Officers continue to attend many School committees and working groups to enhance the student experience at LSE and ensure that the student voice is heard and responded to at all levels of the School.

To further enhance the student experience, LSESU attracts a diverse membership to get involved in the Union, the university and the local community by actively promoting the benefits of volunteering in student-led activities.

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

### **Achievements and Performance**

We are delighted with the achievements of the last twelve months, particularly given our ability to respond to member demands and to deliver high impact strategic activity.

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It is because of the enthusiasm, determination and passion of our members that we are sector leading in so many ways. We have a record number of people voting, participating in clubs and societies, being involved in student-led activities on campus and attending our events.

We have more evidence and information than ever before about what students want from their time at LSE, and the ability to deliver that like we haven't been able to previously.

Given the financial and strategic crisis our union went through in 2009, the progress that has been made since then is extraordinary. As we move into the new building in January 2014, our union will be transformed.

The last year provides us with the opportunity to reflect on the journey the organisation has gone through, absolutely rooted in changing society to meet the aspirations of our members but lacking the facilities and infrastructure to institutionalise that. We are proud of where the union has come from, but even more excited about where it can go now. We are on the cusp of excellence, and we know what needs to change to get us there.

### **Enabling students to Influence the School to improve their education**

The institutional approach to Student Staff Liaison Committees would not be considered sector leading, and we have worked with the School to identify ways in which this can change. For the first time we had a member of staff focused on supporting course representatives, which led to over 200 representatives trained, and nearly 500 registered.

In partnership with the School we improved the Teaching Excellence Awards. These are major prizes within the School to recognise and reward incredible teachers. These are teachers who have proven excellence as educators, and their commitment to their students both personally and educationally. They have made a big difference to the lives of their students, and should be truly proud of this accolade, which comes direct from those they have inspired. A record number of students participated in the process with a record number of staff nominated.

Students can often feel disconnected from decision making within the School, and marginal progress was made on changing this culture. In our annual survey, students feel they are best able to influence decision making on their course, the students' union, their department and then the school more generally. We struggled to get access to SSLC meetings, but we are being actively invited to some of these meetings in 2013/14.

We held our first Education Assembly which identified students who wanted to take a more active role in education issues within the Union and discussed a number of issues that the Education Officer was able to take action on.

### **A Healthy & Strong Democracy**

We are at record turnout levels for voting in our elections. Over 3,700 students voted at least once during the year, with turnout in Lent Elections of 2,999. Over 50% of undergraduates voted in the Lent Term elections. There are, however, significant variances across the student body on who becomes a candidate and who votes and so research was undertaken to deliver action points for us to increase the number of women candidates in our elections. This was successful.

Following the decision in January 2012 to change the voting mechanism at Union General Meetings from online to physical voting at the meeting, sustained activity was delivered to increase attendance

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at the meeting itself but none were quorate and therefore no policy was passed. The incoming Executive will bring forward plans to challenge this democratic deficit.

**Expanding our Ability to Improve the Postgraduate Student Experience**

There are c.5750 postgraduates on campus, including c.1000 research students and c.4750 taught students. Despite being 55% of the student population, postgraduates are underrepresented in the activities of the Union. We undertook a significant piece of research to understand what activities would have the greatest impact on improving the student experience, leading to a new Postgraduate Research Officer who was elected in Michaelmas 2013, a new research students common room, segmented email communication for different types of student and a programme of activity during the summer term aimed at postgraduate students.

Due to the nature of Graduate Teaching Assistants (GTAs) who are both members of our Union and are staff within the School so can join the trade union (UCU) we worked closely with UCU representatives to ensure that progress was made within the School on improving GTA pay and conditions.

At the end of the year, over 40% of postgraduates had joined a society, 30% had voted at least once and there was a 50% increase in the number of postgraduates who considered us 'supportive' in the annual survey. These increases are incredibly positive, and as we move away from delivering activity tied to the traditional undergraduate academic year we will consider different mechanisms to measure progress in this area.

**Developing students' skills through social & political activities**

We have a record number of students participating in our clubs and societies. Over 6000 students joined at least one society whilst over 2000 students joined a sports club. This is sector leading.

We actively supported the roll out of the Personal Development Aide Memoire (PDAM), which captures many of the extra-curricular activities that students are involved in. This was the first year of the PDAM, and in contributing data to the School about student involvement in clubs and societies, we identified that committee members felt that 'communication' was their strongest skill whilst 'leadership' was perceived to be the skill requiring most support. In our 2013/14 funding bid to the School they agreed to fund an additional staff post who would design and deliver a skills development framework.

Through the support of alum and the Annual Fund, we were able to support an extraordinary range of student led activities on campus. This included the German Society's symposium and India Society's Indian Week through to the Sports Ambassador Scheme to help elite athletes on campus and upgrading facilities for the Rowing Club.

We increased the capacity of the Give It A Go programme to provide taster sessions to over 700 students who had not previously participated in a particular sports club or society. Feedback was positive with a larger programme identified for 2013/14 and the need to increase our ability to provide recreational sporting opportunities throughout the year.

We changed the way in which we support student-led campaigns, recognising we needed to provide more resources and space to ensure we are a catalyst of campaign activity.

**Campaigning for change**

The Union has to have a developed and mature approach to campaigning. Our elected representatives use their roles within committees and the School more generally to lobby for change whilst there are moments we will disagree with the School more publically through more vocal, vibrant campaigns.

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STAR society delivered a variety of campaign actions to highlight the lack of access that asylum seekers and refugees have in the UK, a number of events took place during Black History Month to challenge Islamophobia in wider society and 84% of students agreed that campaigning to 'defend education' across the union was an important thing to do.

Our part-time officers were the most active and visible yet, partly due to changes in how we support them and resource their activities. This led to a flourishing roof top garden, a widely lauded black history month, well attended events during Pride Week and a number of campaign actions concerning the government's approach to international students.

### **Commercial services for students**

We run a number of services within the School to provide services to members and an additional income stream, thereby reducing our reliance on the income we receive directly from the School. The figures elsewhere in the accounts demonstrate the products, offers and cost control initiated, leading to a positive outcome ahead of significant changes to how we operate as we move into the new building.

Due to customer research, a number of new products and approaches were initiated during the year, including a wider range of international food in the retail outlets and an increased number of opportunities for students to use the commercial venues for events. Our catering services were not fit for purpose and we stopped activity in this area to ensure financial losses were minimised.

Given the poor facilities available to us, we have commercial services that not only deliver excellent value but are run to maximise the number of students able to access them whilst costs are controlled.

Over the course of the year a number of discussions took place with the School about the impact on our services as we move into the new building, including the significant improvement in gym provision, the changing centre of campus impacting on our retail spaces and new catering solutions.

### **Relationship with the School**

The School undertook its quinquennial review of the students' union, providing useful and helpful recommendations to sustaining our improvement. The review recognised the progress that had been made, particularly in the discipline applied to strengthening the finance function of the organisation, and identified a number of areas where further work would be required.

We have a productive relationship with the School, which is stronger than many other students' unions but not as good as others. We are increasing the levels of trust in us from the School because of our ability to represent the diversity of students, managing our finances effectively and to deliver excellent services that students want. As our relationship grows and matures, it will be students that gain through a well-resourced, relevant, union, joined up services on campus and more effective ways to influence and change their learning environment.

### **Things we cannot plan for**

Our strategic plan provides us with the planning basis of the year ahead, but there will be particular events or activities that we must respond to. That is why within both the staffing and officer team we must adapt and be flexible to the changing context in which we operate. Through the actions of the BBC our members were put at considerable risk during a trip to North Korea, and so we worked with the School to manage the situation and mitigate against it happening again.



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The University of London continued their review into the University of London Union, an organisation which receives nearly £70,000 of LSE students' money but comparatively little value for it. We supported attempts by the School, University of London and the National Union of Students to begin planning for life without ULU in its current form.

During the year the Trustee Board initiated a review of the management team's structure following the departure of our Deputy Chief Executive to another students' union. The restructured management team cost no more than the previous structure, it allowed us to strengthen our support for clubs and societies, the evidence available for decision making and the resources available to communicate with our members.

### **How Students Think We Are Doing**

There are a number of ways in which we seek to understand what our members think about the organisation, identifying opportunities to expand activity considered excellent and stop activity considered irrelevant or poor. One of the main mechanisms used is the annual survey, which takes place in summer term, and had over 1,100 students complete.

The results told us that

- 67% of students say that the Students' Union have had a positive impact on their student experience.
- Although nearly 40% of all students voted at least once last year, and nearly 70% were in a sports club or society, only 25% of students say they are 'involved' in the Union. Similarly, whilst 48% of students have a favourable view of the Union, 39% have no opinion
- There were higher levels of awareness that Alex was General Secretary (56%) compared to the other elected officers, although 38% did not know who the General Secretary was
- Over 80% of students said that the Defend Education campaign was both relevant and important
- 92% of students want us to be involved in campaigning of some sort (whether this is delivering campaigns ourselves or providing resources for students to deliver them)
- Students want to continue receiving communications through emails, Facebook and newsletters
- Students feel they have little opportunity to influence the School. 45% said they do not feel like they are able to influence decision making at LSE at all, whilst they had greater levels of agency over their course, the Union and their department. Compared to 2012, students felt like they were better able to influence the Students' Union.
- 3% of students said that it was not possible for the Union to be 'student-led' and whilst we are already a registered charity, 28% of students said it wasn't possible for us to be a charity
- Students said they currently mostly associated societies, campaigns and sports with the Union, whilst they would like to associate societies, help, support and opportunities with us in the future

There are many conclusions that can be drawn from the results, primarily that the organisation...

- Needs to do more for Postgraduate students
- Needs to focus on promoting and practicing inclusion and equality
- Needs to work more actively to increase the community feel at LSE
- Should do more to provide more social events and networks
- Needs to find new ways to communicate what the Union does and how students influence decision making
- Should increase communications and focus through our digital platforms

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This was also the year in which the National Student Survey included the results of a question about student perceptions of the Union. The survey is only of undergraduate students, and has a smaller sample size than our annual survey. Students are asked: *Thinking of all the services, including support, activities and academic representation provided by the Students' Union (Association or Guild) at your institution, to what extent do you agree with the following statement: 'I am satisfied with the Students' Union (Association or Guild) at my institution'.*

The results from spring 2012 identified that 59% of students agreed with the statement, with the figure being 56% from spring 2013. This compares with a national average across all institutions that 68% of students agree with the statement. The results for the organisation further demonstrating the disconnect between levels of involvement and levels of satisfaction.

Similar to the conclusion of the School when it was criticised for poor teaching scores in the National Student Survey, we know we must actively respond to the survey despite its flaws. We must improve how we communicate as a Union whilst ensuring we deliver excellent services. As we move into the new building we can take advantage of presenting ourselves differently whilst we have recently agreed to increase the staffing capacity of our communications team.

### **Future Plans**

The move into the New Student Centre by January 2014 will dominate strategic and operational decision making within the organisation. The School's strategic review, initiated by the new Director of the School, is likely to lead to a significant change in the sort of institution our members come to, and we will need to adapt and respond as a result.

We will continue to work on delivering our four key strategic aims

1. Developing students' skills through social & political activities
2. Enabling students to influence the School to improve their education
3. Expanding our ability to improve the postgraduate student experience
4. Implementing commercial services that are reflective of student needs, profitable and provide excellence in customer service.

These aims are underpinned with strategic enablers (healthy democracy, productive relationships with partners, an empowered staff team, a well resourced union, sector leading relevant communications, helping students get advice and support) allowing us to provide structure and a planning framework to improve services and identify new activity.

The new building will transform the way in which our members influence and interact with the Union. We will have modern facilities, accessible spaces and the opportunity to start new activities. This has begun with a new brand and visual identity, prouder about our community and history, celebrating the extraordinary things our members do because of us. The annual report a year from now will consider how we are responding to a new building, how our communication with students has significantly improved and progress on a different type of relationship with the School.

### **Financial Review**

LSESU's gross general fund income was £3,380,675 during the year. This included annual grant from the University (totalling £833,385), other grants including Annual Fund income of £184,810, an estimated value of the space which is granted by the University (valued at £668,027) and income from commercial venues.

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Total expenditure of £3,239,119 on the wide-ranging student benefits we provide, as well as on the modest fundraising and other revenue-generating activities we undertake, resulted in a general fund surplus of £141,556. This included the impact of a transfer from some unutilised club and society grant balances back to the Union, better-than-expected performance in relation to retail and is reflective a continued focus of efficient cost management, including some one-off savings. The impact of this surplus was to increase the Union's general fund balance (representing the free reserves available for spend by the Union) from a £42,805 deficit balance to a £98,751 surplus balance.

Total reserves, which also include Club and Society balances of £162,617, were therefore £261,368. As in the previous year, the Union is reliant on these restricted funds to support its cashflow position. The Union has a strategy to build up its general fund balances over the medium term, through generation of annual surpluses over a five year period, to ensure that general funds are set aside to enable the Union to cope with any unexpected downturn in funding or additional calls on our resources without immediately curtailing activities.

### **Funds**

Income and expenditure relating to clubs and societies are classified as restricted funds. All other funds have been classified as general funds, which are unrestricted in nature.

### **Funds Held as Custodian Trustee**

In addition to the grant-support funds it disburses to Clubs and Societies, LSESU acts as custodian for funds raised by the students' many Clubs and Societies themselves. Club and Society funds are treated as restricted funds, which are included in restricted funds in the accounts. Material individual fund balances are disclosed in Note 11 to the accounts. The holding of club and society balances is subject to the same safeguards as balances belonging to the Union, but their funds are accounted for separately to ensure that balances are appropriately protected.

### **Future Funding**

The Board confirms that LSESU has sufficient funds to meet all its obligations. The Block Grant for 2013/14 has been confirmed at £843,728. Commercial activities are also expected to generate a significant contribution to Union funds.

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also directors of the charitable company for the purpose of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

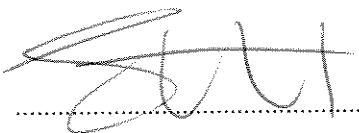
Under company law the trustees must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the charitable company and of its net incoming resources for that Year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

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

**Disclosure of Information to Auditors**

Insofar as each of the Trustees of the charitable company at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charitable company's auditor is unaware. Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

  
.....

President JAY STOLL

Dated: 13/12/13 .....

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**Independent Auditor's Report to the Members of the London School of Economics Students' Union**

We have audited the financial statements of the London School of Economics Students' Union for the year ended 31 July 2013 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet and the related notes set out on pages 13 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2013 and of its incoming resources and application of resources, including its income and expenditure, 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.

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**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

- the charitable company has not kept adequate accounting records; 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.

*Crowe Clark Whitehill*

Alastair Lyon  
Senior Statutory Auditor  
For and on behalf of  
**Crowe Clark Whitehill LLP**  
Statutory Auditor  
Reading

Date: 13 December 2013

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**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating an income and expenditure account)

	Note	<u>General</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>2013</u> <u>Total</u> £	2012 <u>Total</u> £
<b><u>INCOMING RESOURCES</u></b>					
<b>Voluntary income</b>					
University Grant		833,385	-	<b>833,385</b>	850,660
Other Grants		184,810	-	<b>184,810</b>	193,006
Space Grant		668,027	-	<b>668,027</b>	668,027
<b>Activities for generating funds</b>					
Media Sales		59,286	-	<b>59,286</b>	62,892
Interest Income		1,348	-	<b>1,348</b>	-
Other Income		79,177	-	<b>79,177</b>	55,401
<b>Charitable activities</b>					
Commercial Activities		1,554,642	-	<b>1,554,642</b>	1,713,074
Clubs and Societies		-	1,193,770	<b>1,193,770</b>	1,441,109
		<b>3,380,675</b>	<b>1,193,770</b>	<b>4,574,445</b>	<b>4,984,169</b>
<b><u>RESOURCES EXPENDED</u></b>					
<b>Cost of generating funds</b>					
Fundraising and marketing costs		61,354	-	<b>61,354</b>	107,620
<b>Charitable Activities</b>					
Commercial Activities		1,827,046	-	<b>1,827,046</b>	2,114,833
Student Activities		445,373	-	<b>445,373</b>	555,681
Student Engagement		670,644	-	<b>670,644</b>	518,186
Student Support		221,602	-	<b>221,602</b>	212,175
Clubs and Societies		-	1,274,943	<b>1,274,943</b>	1,408,994
<b>Governance</b>		13,100	-	<b>13,100</b>	13,084
<b>TOTAL RESOURCES EXPENDED</b>	2	<b>3,239,119</b>	<b>1,274,943</b>	<b>4,514,062</b>	4,930,573
<b>NET INCOMING/ (OUTGOING) RESOURCES</b>		141,556	(81,173)	<b>60,383</b>	53,596
Funds brought forward	9	(42,805)	243,790	<b>200,985</b>	147,389
<b>Funds carried forward</b>		98,751	162,617	<b>261,368</b>	200,985

The statement of financial activities includes all gains and losses recognised in the period. All incoming resources and resources expended derive from continuing activities.

Prior period comparatives have been reanalysed to provide consistency with Charity SORP accounting.

The notes on pages 15 to 22 form part of these accounts.

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**BALANCE SHEET**

Company registration number 7710669

	<b>Notes</b>	<b>As at 31-Jul-13 £</b>	<b>As at 31-Jul-12 £</b>
<b><u>TANGIBLE FIXED ASSETS</u></b>			
Tangible fixed assets	5	17,498	46,366
Investments	6	1,260	1,260
		<b>18,758</b>	<b>47,626</b>
<b><u>CURRENT ASSETS</u></b>			
Stock		85,404	107,707
Debtor and Prepayments	7	93,736	277,821
Cash at Bank and in Hand		335,667	70,839
		<b>514,807</b>	<b>456,367</b>
<b><u>CURRENT LIABILITIES</u></b>			
Amounts falling due within one year	8	(245,286)	(216,682)
		<b>(245,286)</b>	<b>(216,682)</b>
<b>NET CURRENT ASSETS</b>		<b>269,521</b>	<b>239,685</b>
Provisions		(26,911)	(86,326)
<b>NET ASSETS</b>		<b>261,368</b>	<b>200,985</b>
 <b>Financed by:</b>			
<b><u>Funds</u></b>			
Restricted Funds	10	162,617	243,790
Unrestricted Funds:		98,751	(42,805)
		<b>261,368</b>	<b>200,985</b>

Approved and authorised for issue on behalf of the London School of Economics Students' Union by the Board of Trustees on 23 December 2013 :

..... **President**

..... **Trustee**

The notes on pages 15 to 22 form part of these accounts.



**London School of Economics Students' Union  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1 ACCOUNTING POLICIES**

**Accounting Convention**

These accounts are prepared under the Charities Act 2011 on the historical cost convention in accordance with the Statement of Recommended Practice: 'Accounting and Reporting by Charities' published in March 2005 (SORP 2005) and with applicable UK Accounting & Financial Reporting Standards.

Under FRS 1 the Company is exempt from the requirement to prepare a Cashflow Statement on the grounds of its size

**Going Concern**

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Executive Committee's Responsibilities as disclosed in the Annual Report.

**Incoming resources**

All income and capital resources are recognised in the accounts when the Union is legally entitled to the income and the amount can be quantified with reasonable certainty.

The University grant of free serviced accommodation is accounted for as income and expenditure of the period at an estimated value to the Union by reference to alternatives available on the commercial market.

**Resources expended**

Expenditure includes irrecoverable VAT.

- i) Charitable expenditure and costs of generating funds - comprises the direct and indirect costs of delivering public benefit.
- ii) Governance costs - those incurred for compliance and statutory requirements, such as the annual audit, annual elections and training for sabbatical officers.
- iii) Space grant - the value of free serviced campus accommodation is apportioned on estimated floor space occupied.
- iv) Other central overhead costs - are apportioned to charitable and other projects / activities on a usage basis, pro rata to the total costs of each project or activity undertaken.

**Tangible fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Assets are not capitalised below £3,000 cost per item/set. Equipment, fixtures and fittings are included at cost. Depreciation is provided at the following annual rates in order to write the cost of assets off over their estimated useful lives:-

Fixtures and fittings	25% per annum on cost
Computer and Office Equipment	25% per annum on cost
Improvements to Buildings	10% per annum on cost

**Investments**

the Union's fixed asset investments are valued at cost, as these assets are not readily saleable and a reliable market value is not readily ascertainable.

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**NOTES TO THE FINANCIAL STATEMENTS**

**ACCOUNTING POLICIES (CONTINUED)**

**Pension Costs**

The 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 periods by a professionally qualified independent actuary with the rates of contribution payable being determined by the 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 the Union. Under the terms of FRS17, in these circumstances contributions are accounted for as if the scheme were a defined contribution scheme based on actual contributions paid through the year.

The Union now operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Leased assets**

Rentals payable under operating leases are charged as expenditure on a straight line basis over the period of the lease.

**Stock**

Stock is valued at the lower of cost and net realisable value.

**Liabilities**

Liabilities are recognised when the entity has an obligation to transfer economic benefits as a result of past transactions or events.

**Fund accounting**

The Union administers and accounts for a number of funds, as follows:

- i) Unrestricted funds representing unspent income which may be used for any activity/ purpose at the Executive Committee's own discretion.
- ii) Restricted funds raised and administered by the Union for specific purposes as determined by students such as Club and Societies' accounts, as well as revenue received for purposes specified by the donor and also (if not material enough to require a separate column in the SoFA) any small capital grants received from the University.
- iii) Custodian Funds entrusted to the Union for safekeeping, but not under its management control, e.g. Clubs & Societies' funds. Such custodian activities are disclosed in the Annual Report, but as the funds are not managed by the Union they cannot be included in the accounts.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2 CHARITABLE ACTIVITIES FOR STUDENTS**

	<b>Cost of Sales £</b>	<b>Staff Costs £</b>	<b>Other Costs £</b>	<b>Total £</b>
<b>Cost of generating funds</b>				
Fundraising and marketing costs	-	13,177	48,177	<b>61,354</b>
<b>Charitable Activities</b>				
Commercial Activities	754,478	511,617	560,951	<b>1,827,046</b>
Student Activities	-	145,293	300,080	<b>445,373</b>
Student Engagement	-	306,813	363,831	<b>670,644</b>
Student Support	-	105,313	116,289	<b>221,602</b>
<b>Governance</b>				
Governance	-	-	13,100	<b>13,100</b>
	<b>754,478</b>	<b>1,082,213</b>	<b>1,402,428</b>	<b>3,239,119</b>

Included in governance costs above is the annual audit fee of £13,100 (2012: £12,750).

**3 CENTRAL OVERHEAD COSTS INCLUDED IN NOTE 2**

	<b>%</b>	<b>Staff £</b>	<b>Rent £</b>	<b>Other £</b>	<b>Total £</b>
<b>Cost of generating funds</b>					
Fundraising and marketing costs	5	13,177	33,401	15,018	<b>61,596</b>
<b>Charitable Activities</b>					
Commercial Activities	42	110,685	280,571	126,153	<b>517,409</b>
Student Activities	13	34,260	86,844	39,047	<b>160,151</b>
Student Engagement	28	73,790	187,048	84,101	<b>344,939</b>
Student Support	12	31,624	80,163	36,044	<b>147,831</b>
<b>Governance</b>					
Governance		-	-	13,100	<b>13,100</b>
	<b>100</b>	<b>263,536</b>	<b>668,027</b>	<b>313,463</b>	<b>1,245,026</b>

**Other costs comprised:**

Equipment Hire	60,946
Bad Debt Write Offs	48,786
Depreciation	39,556
Bank Charges	34,624
Accountancy Support	26,838
Insurance	21,088
Training and Development	19,914
Audit Fee	13,100
Irrecoverable VAT	12,374
Sundry Costs	36,237
	<b>313,463</b>

Other costs have been allocated across activities based on each cost centre's usage of resources.

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**NOTES TO THE FINANCIAL STATEMENTS**

**4 STAFF COSTS**

	<b>2013</b>	2012
	<b>£</b>	<b>£</b>
Wages and salaries (Full Time Staff)	<b>780,540</b>	780,271
Social security	<b>69,573</b>	82,689
Pension Costs	<b>48,284</b>	54,198
	<b><u>898,397</u></b>	<u>917,158</u>

Pension costs includes £40,722 (2012: £43,988) relating to deficit contributions made in the period.  
No employee earned over £60,000 in either period.

The staffing was as follows:

	<b>Number</b>	Prior Year
Full time	<b>39</b>	26
Students - term time only	<b>41</b>	45
	<b><u>80</u></b>	<u>71</u>

Sabbatical officers are paid as authorised in the Union's governing document, for the representation, campaigning and support work they undertake as distinct from their trustee responsibilities. This work included voicing student opinion with the University and local community, defending and extending the rights of students through petitions etc. and also organising and supporting student volunteers and service provision for them. The total salary and social security costs for the sabbatical officers amounted to £131,523 (2012: £131,571).

Trustees were not reimbursed any expenses in connection with their duties during either period.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>5 TANGIBLE FIXED ASSETS</b>	<b>Union Shop</b>	<b>Bar Fixtures and Fittings</b>	<b>Other fixtures, fittings and equipment</b>	<b>Total</b>
	£	£	£	£
<b>COST</b>				
At 1 August 2012	229,541	472,754	891,963	<b>1,594,258</b>
Additions	-	-	16,352	<b>16,352</b>
Disposals	-	-	-	-
<b>At 31 July 2013</b>	<b>229,541</b>	<b>472,754</b>	<b>908,315</b>	<b>1,610,610</b>
<b>DEPRECIATION</b>				
At 1 August 2012	229,541	468,851	849,500	<b>1,547,892</b>
Charge for the Period	-	3,903	41,317	<b>45,220</b>
Disposals	-	-	-	-
<b>At 31 July 2013</b>	<b>229,541</b>	<b>472,754</b>	<b>890,817</b>	<b>1,593,112</b>
<b>NET BOOK VALUE</b>				
<b>At 31 July 2013</b>	<b>-</b>	<b>-</b>	<b>17,498</b>	<b>17,498</b>
At 31 July 2012	-	3,903	42,463	46,366

**6 INVESTMENTS**

	<b>2013</b>	2012
	£	£
At cost - 1 August 2012 and 31 July 2013	<b>1,260</b>	1,260

In order to continue receiving retrospective discounts through the Central Billing System London School of Economics Students' Union has minority holdings of 60 'A' and 60 'B' shares in NUS Services Limited.

**7 DEBTORS**

	<b>2013</b>	2012
	£	£
Trade Debtors	<b>90,491</b>	232,489
Other Debtors	<b>1,382</b>	43,828
Prepayments and Accrued Income	<b>1,863</b>	1,504
	<b>93,736</b>	277,821

**8 CREDITORS: Amounts falling due within one year**

	<b>2013</b>	2012
	£	£
Trade Creditors	<b>119,586</b>	133,843
Social Security and other taxes	<b>45,956</b>	32,671
Accruals and deferred income	<b>71,299</b>	47,066
Other creditors	<b>8,445</b>	3,102
	<b>245,286</b>	216,682

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9 FUNDS**

	<b>01-Aug 2012 £</b>	<b>Incoming Resources £</b>	<b>Outgoing Resources £</b>	<b>31-Jul 2013 £</b>
Restricted funds	243,790	1,193,770	1,274,943	<b>162,617</b>
Unrestricted funds	(42,805)	3,380,675	3,239,119	<b>98,751</b>
<b>Total Funds</b>	<b>200,985</b>	<b>4,574,445</b>	<b>4,514,062</b>	<b>261,368</b>

Restricted funds relate to Club and Society Funds.

**10 ANALYSIS OF NET ASSETS  
BETWEEN FUNDS**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds £</b>
Fixed assets	18,758	-	<b>18,758</b>
Net current assets	106,904	162,617	<b>269,521</b>
Provisions	(26,911)	-	<b>(26,911)</b>
	<b>98,751</b>	<b>162,617</b>	<b>261,368</b>

**11 STUDENT SOCIETY/CLUB  
MATERIAL FUNDS HELD WERE:**

	<b>Prior Year £</b>	<b>Net Income £</b>	<b>Closing Balance £</b>
Alternative Investments Society	56,435	(31,104)	<b>25,331</b>
Asian Careers Society	12,835	2,546	<b>15,381</b>
Business Society	23,673	4,680	<b>28,353</b>
Economics	(1,225)	11,933	<b>10,708</b>
Emerging Markets	4,273	6,943	<b>11,216</b>
Finance Society	14,793	3,201	<b>17,994</b>
Women in Business	13,582	10,457	<b>24,039</b>
	<b>124,366</b>	<b>8,656</b>	<b>133,022</b>

Societies' funds represent amounts raised by the clubs and societies of the Union for their own use.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12 COMMITMENTS UNDER OPERATING LEASES**

At 31 July 2013 the Union had annual commitments under non-cancellable operating leases as detailed below:	<b>2013</b>	2012
	<b>£</b>	<b>£</b>
<u>Plant and Machinery:</u>		
Due within 1 year	<b>46,212</b>	-
Due 2-5 years	<b>50,948</b>	123,416
	<b>97,160</b>	123,416

**13 PROVISION FOR ONEROUS LEASES**

At 31 July 2013 the Union had commitments under non-cancellable operating leases which the Trustees consider to be onerous leases as they no longer have a need for the printing equipment involved. These lease expire over the coming 3 years and the anticipated net cost to the Union is estimated as £26,911 (2012: £86,326). Full provision of this amount has been made in the accounts.

**14 CONTROL RELATIONSHIP**

Ultimate control of the Union rests with its membership, represented by the Board of Trustees.

**15 RELATED PARTY TRANSACTIONS**

The London School of Economics provides the Union with an annual grant as shown in the Statement of Financial Activities. The London School of Economics provides the Union with accommodation and a range of support services for which no actual charge is made, however the value of this support has been recognised in the accounts as a benefit in kind.

Amounts due from the London School of Economics as at the year end amounted to £59,560 (2012: £75,666).

The Union holds shares in NUSSL which is involved in the negotiations of contracts between suppliers and a number of unions for the purchasing of some goods and services for them.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**16 PENSIONS**

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

The most recent valuation of the scheme was carried out as at 1 October 2010 and showed that the market value of the scheme's assets was £67,141,000 with these assets representing 58% of the benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £47,869,000.

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

The following assumptions applied at 1 October 2010:-

- i) The investment return would be 6.6% per annum before retirement and 4.6% per annum after retirement.
- ii) Pensions accruing on the CARE basis would revalue at 3.2% per annum.
- iii) Present and future pensions would increase at rates specified by scheme rules with appropriate assumptions where these are dependent on inflation.

The 2010 valuation recommended a monthly contribution requirement by each participating employer expressed in monetary terms intended to clear the ongoing funding deficit over a period of 20 years and will increase by at least 3.2% each year. These contributions also include an allowance for cost of the ongoing administrative and operational expenses of running the Scheme. These rates applied with effect from 1 October 2011 and will be formally reviewed following completion of the next valuation due with an effective date of 1 July 2013. Surpluses or deficits which arise at future valuations will also impact on the Union's future contribution commitment. In addition to the above contributions, the Union also pays its share of the Scheme's levy to the Pension Protection Fund.

The total contributions paid into the scheme by the Union in respect of eligible employees for the period ended 31 July 2013 amounted to £40,722 (2012: £48,479 but this includes an additional proportion of contributions in respect of future accrual as well as deficit contributions).

Defined Contribution Pension Scheme

Since 1 October 2011, all participating employees have been included in a new defined contribution pension scheme with Scottish Widows. Contributions are at the rate of 3% for the employer and 3% for the employee. The Union's cost of contribution in the year amounted to £7,526 (2012: £5,718).