

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 2015

**London School of Economics Students' Union
Annual Report and Accounts
for the Year Ended 31 July 2015**

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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

LSE Students' Union
Saw Swee Hock Student Centre
1 Sheffield Street
London
WC2A 2AP

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

From July 2015 (unless stated)

Nona Buckley- Irvine*
Katie Budd*
Aysha Al-Fekaiki*
Jon Foster*
Rahat Siddique
Varot Senapitak
Ingvild Lockert
Stella Michael
Nadia Raslan (from March 2015)
Kaleem Khan (from October 2015)
Samiha Begum (from November 2015)
Mahmoud El Ghannam (from November 2015)
Scott Gammon (to September 2015)
Indo Vickerson (to September 2015)

**Paid Sabbatical Officers.*

From July 2014 (unless stated)

Nona Buckley- Irvine*
Thomas Maksymiw*
Sebastian Bruhn*
Alistair Duncan*
Rahat Siddique
Indo Vickerson
Varot Senapitak
Ingvild Lockert
Mahamid Ahmed* (from October 2014)
Scott Gammon (from October 2014)
Stella Michael (from October 2014)

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
Deputy Director
Director of Membership

Pari Dhillon
Jarlath O'Hara
Dave Lewis

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The Executive Committee present their Annual Report for the year ended 31 July 2015, which includes the administrative information set out on page 1, together with the audited accounts for that year.

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

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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 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); bar, catering, gym and retail services.

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 had a brilliant year, one we are really proud of.

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Alongside a record-breaking election turnout, new funding from Sport England, high impact change campaigns, greater support for course representatives and all of the other incredible things we do to make the lives of students at LSE better, we had our first full year in our new building. The ability to deliver activities in spaces that truly reflect the sort of organisation we want to be is fantastic, but this only possible because we learn from the mistakes of the past, we've got the right plan and staff team in place, and we're genuinely student-led.

It is six years since we went through significant upheaval due to poor financial, operational and strategic management, yet we have an organisation today which was unimaginable to those seeking change in 2009. We have some of the most talented individuals in society studying at LSE, and it is due to our ability to facilitate them that we're now sector leading in so many ways.

2014/15 was the start of a new chapter for our organisation. We're far too modest as we're ruthlessly focused on the question what else can we do? so this annual report presents us with the opportunity to celebrate our extraordinary achievements.

Our New Building

We left the decrepit and deficient East Building in December 2013, moving into the Saw Swee Hock Centre in January 2014. This was our first full academic, and financial, year in our new building.

The building has won a number of awards, was shortlisted for the RIBA Stirling Prize and has completely remodelled campus, but more importantly than that, it has allowed the Union to be a different organisation and have a different relationship with our members.

Until we moved there was no disabled access to our main office. Until we moved the main social space available to us was designed in the 1970s, was a thoroughfare to the gym and regularly had mice spotted running around. Until we moved we had a staff and officer team spread around the building in spaces reclaimed from store rooms, a photocopying room and a retail outlet. It was not obvious where students would physically visit to get answers or their queries resolved, and we looked to our new building to completely change the way in which we did things.

The spaces are better than we've ever had, more opportunities for students to run events and activities in locations that are prioritised for them, cafes that students actually want to sit in and do work, a media centre which brings all of the media groups together, a welcoming space that brings campaigners, sports clubs, elected officers and societies together.

Feedback from students, School staff and other stakeholders has been overwhelmingly positive. They recognise its architectural importance whilst commenting the spaces are a significant improvement, that it is easier to access services and that it's more reflective of the sort of Union building they would expect at LSE.

However, given the turnover of students studying at LSE (c.60% are new every year) we will soon have no members who remember our old spaces – and therefore there will not be a honeymoon period for our members and will not tolerate us reminiscing about what an improvement the new building is. Already in the annual survey it demonstrated areas of improvement – with students telling us that we needed to “make the space less cold and sterile” and “have more study spaces”.

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The provision of study spaces dominates any discussion with our members about what they want to see improved on campus, and over the next year we must demonstrate how we are practically changing the School to reflect this.

Enabling students to Influence the School to improve their education

We continue to challenge the status quo of the School's representative structures, which leads to significant disconnects between students across the School and to the Union. We appreciate the efforts of some departments to work together with us on the representative scheme – providing contact details and facilitating improvements to how students can shape their education, but this approach is not consistent across the School. Students in different parts of the School have significantly different opportunities to influence decision making.

We continued the excellent work of the Teaching Excellence Awards. We received 1,362 nominations for 555 individual members of staff from all departments. All nominees received anonymous comments from their nominator, and the School were delighted with the level of student involvement.

Alongside the five prizes offered in partnership with the School, we had four awards to recognise the brilliant work of course representatives and staff who offer personal support and professional development to students.

Alongside this, we held brilliantly successful Course Rep congresses, which looked at a number of policy themes and decisions within the School. We hosted staff from the School in these sessions to ensure the link between students and senior staff was closed. We will never know every issue that student has, and we won't be able to solve them all, so we use our power and influence to be a facilitator of change within the School.

Our Advice Service continued to offer support to students, from housing contract checks to complaints against the School. We supported a number of students through the School's academic regulations, which we don't consider student-friendly or focused on achieving positive outcomes for students. We'll continue to press for these to change. Thanks to an agreement with the School that we would receive 5% of all sQuid sales on campus, we were able to double the size of the hardship fund to nearly £30,000 – helping students struggling with housing, living and childcare costs.

A Healthy & Strong Democracy

We continue to be at historic highs for voter turnout in elections. 4,606 students voted in Michaelmas or Lent elections, a higher proportion than Londoners who voted in the 2012 London Mayoral election!

3,895 (34%) students voted in the Lent election, with over 3,000 voting in the General Secretary election alone! This is truly extraordinary, and we're delighted that this is a reflection of brilliant candidates, an easy voting process and effective communications to ensure voters are motivated to vote. Sustaining this will be challenging, but something we're determined to do.

Other elements of our democracy continue to be lively and controversial whilst also struggling to engage certain demographics of students. A record number of 800 students voted in the motion concerning the need for LSE to introduce meat-free Mondays, and there were 12 motions that successfully reached quorum over the course of the year. Physical attendance at Union General Meetings continues to be in decline, indicating students prefer to engage with our democracy in other ways.

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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. Although at record levels – we would like to see an increase from 40% of postgraduates involved in societies, and 10% of postgraduates in sports clubs.

The second directly elected Research Officer, elected in Michaelmas Term 2013, was supported to increase social provision for research students and contributed to research about their experience.

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 and the NUS to publish a guide to research students about their representation and their rights.

We ran the, successful, postgraduate festival in late June with support from the Annual Fund.

Developing students' skills through social & political activities

We continue to have a record number of students participating in our clubs and societies. Over 10,000 individual students and associate members joined at least one society with 28,950 memberships sold. Nearly 2,000 students joined a sports club. This is sector leading and something that makes LSE so special.

We successfully delivered our first full year of our Employability and Development Training program, building on the skills development framework pilot in 2013/14. In partnership with LSE Careers we delivered 40 sessions and workshops to 592 students. From student feedback the program received an overall satisfaction rating of 84%. Workshops included public speaking, conflict management and project management.

Through the support of our alumni and the Annual Fund, we were able to support over 70 student-led projects worth £300,000. This included the women's network, a series of free events which aim to build a community of women who will be inspired by speakers to pursue traditionally male-dominated field. We funded a Hockey development tour to the Netherlands, helping the women's team develop key skills to win the South East Regional Cup. The fund also helped the successful 'An Islamic State: Histories and Misconceptions' conference.

It was the first year we ran a Sport England funded program called Active LifeStylE. The program aims to break down barriers to students being active as part of their university experience. We developed a comprehensive program in partnership with societies, clubs, and halls with nearly 1,000 students taking part in the program, a large proportion of those on a regular basis. Due to this, we now have nearly 3,000 students taking part in our sporting offer.

Due to campus reconstruction this was the last year of the squash courts in the East Building, but we were successful in seeking agreement from LSE they would fund the cost of squash court hire externally until new facilities would be built elsewhere on campus. We continued to push for much needed sports facility provision on campus, and hope the School agree with a number of recommendations we have for 44 Lincolns' Fields.

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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We worked on campaigns that fit into the following categories: national activism, social change and LSE lobbying. We campaigned on the need for a post-study work visa, improved well-being, the need for LSE to reduce international fees and scrap the Masters fee for LSE students. We supported activity around Time to Talk, dyslexia awareness, consent, 'why is my curriculum white?' and the need for LSE to divest.

We put the views and interests of our members at the heart of our campaign work within the School, unapologetically fighting for simple solutions that make the lives of students better. The School's handling of exam timetables was unacceptable, students want more microwaves and better learning spaces during exam time. Whilst students will rarely see how hard we fight for issues like this within the School, the School did listen to us and made change.

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, and given it was the first full year in the new building actual comparisons year to year will be difficult.

However, the gym has been fantastically financially successful, catering has performed strongly alongside our retail outlets. Work was undertaken during the year to prepare for the consolidation of our two shops into one new location for 2015/16. We regularly listen to student feedback about our commercial services and had a number of changes through the year, including cheaper lunch options and better use of the bar for social events through the week.

Relationship with the School

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. The publication of a misogynistic and homophobic leaflet by the Men's' Rugby Club, led to the Club being disbanded, a number of their members experiencing significant sanctions and the AU's main sponsor withdrawing their funding. After a period of re-education and new processes around Men's' rugby, they were reinstated for 2015/16.

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

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- Perception of the Union. 67% of students felt that the Union has had a positive impact on their experience at LSE. This was far higher than those who consider themselves involved (30%) and those who have a positive view of the Union (16%)
- Recognition of our elected officers. 87% of respondents recognised Nona Buckley-Irvine as General Secretary, far higher than the 70% who recognised Jay Stoll the previous year.
- Student awareness of who their course representative is has increased from 59% in 2014 to 61% in 2015

British undergraduates are over-represented in this sample, but we still believe there are important conclusions that can be drawn from the results. These include

1. Although a (large) minority of students describe themselves as being involved with the SU, the majority feel it is fully student-led and student-focused and that it has had a positive impact on their student experience.
2. Students in clubs and societies and who vote in our elections are more likely to fill out the survey. However, students do not correlate involvement in a sports club or society with involvement in the Students' Union.
3. Students have had a very positive experience with clubs and societies and want us to promote their events further and give them training on getting sponsorship.
4. Students felt that our communications have largely improved, and that we give them information through the media that they prefer, although were quite critical of the length of our communications, preferring shorter, more focused and better targeted emails.
5. Students largely feel that we should do about the same amount of campaigning, however more students indicated that we should increase the amount of campaigning compared to the number who said we should decrease this. They feel our campaigns are relevant, but they do not have enough information about them.
6. Students want us to focus on LSE specific campaigns/events/activities, particularly academic issues such as study space, exam structure and feedback.
7. Although recognition of the General Secretary has significantly increased, students don't feel more able to influence the agenda of elected officers. Similarly, they also feel they have very little influence over their course, department, or the School in general.
8. Liberation is considered important, but students are divided on where the balance can be found between free speech and freedom from offence.
9. Students find the cost of living too high and feel that LSE doesn't provide them with all the resources they need to study.
10. The main reasons that students vote are because they want to influence the School and Union and feel that students can make change. This suggests that our communications focus on issues elected officers can influence is the correct way to promote elections.
11. A large number of students seem unaware of the events that we run and say that we need to publicise them better.

This was the fourth 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 until spring 2015 indicate no significant changes in the perception of the Union, being just under 60% agreeing with the statement above. This compares with a national

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average across all institutions that 68% of students agree with the statement. The results for the Union further demonstrate disconnect between levels of involvement and levels of satisfaction.

Future Plans

The five year strategic plan of 2011 neared the end of its relevance and usefulness, and we began the construction of a new plan. The previous plan helped us bring the organisation together, provided strategic focus and made us good. The next plan will make everything we do excellent.

The School is changing, and so are our members. Our challenge is to always adapt, to never rest, to fight for a School that delivers the very best experience for students.

Financial Review

LSESU's total income was £6,245,217 during the year. This included a block grant from the University (totalling £864,821), other grants - including a space grant from the University - totalling £1,754,492, income from commercial venues and restricted income from clubs and societies.

Total expenditure of £6,379,708 on the wide-ranging student benefits we provide, as well as on the modest fundraising and other revenue-generating activities we undertake, resulted in an in-year deficit on general funds of £119,731, the planned utilisation of Capital Fund (representing remaining depreciation on gym equipment purchases) of £63,502, and a surplus on restricted funds of £48,742.

The general funds deficit is explained by a planned decision pay three years' pension deficit contributions in order to achieve a discount in the region of £18,000. The total payment amounted to £196,994 and covered a three year period 2014/15 to 2016/17. As this payment relates to past service it has therefore been accounted for fully in year in the accounts. The deficit arising in 2014/15 will be recovered through planned savings arising from the early payment over the next two years.

The Union's commercial activities were profitable, generating a surplus of £288,997 before allocation of central overheads including rent. The Union's incurred rent charges totalling £1,307,215 which are apportioned across activities, including commercial activities. A space grant is received from the School which is presented separately on the Statement of Financial Activities.

The impact of the general fund deficit was to decrease the Union's unrestricted reserves from £198,882 to £79,151, of which £51,131 has been designated to help finance the future costs of replacement of gym equipment from the Union's own funds. The intention is to build up designated fund to approximately £150,000 over five years.

The Union has a strategy to build up its general fund balances over the medium term with a longer term target of £250,000 - a figure which takes into account the recent increase in activity following the move to the Saw Swee Hock Centre - having been set by Trustees. The purpose of this reserve is to ensure that the Union would be able to cope with any unexpected downturn in funding or additional calls on our resources without immediately curtailing activities.

The Union carried forward restricted funds of £334,041 (represented by club and society balances of £275,521, annual fund items of £34,062 and a balance from Sport England of £24,458).

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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 2015/16 has been confirmed at £971,014. 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.

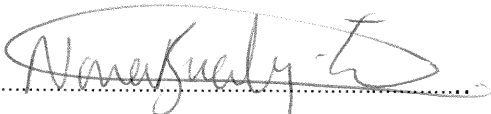
Under company law the trustees must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the charitable company and of its net incoming resources for that Year. In preparing these financial statements, the Trustees are required to:

- 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.



General Secretary

Date: 10 December 2015

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 2015 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet and the related notes set out on pages 14 to 23.

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 2014 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.

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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the trustees' annual report.



Janette Joyce
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Reading

Date: 3.3.16.....

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

Note	<u>General Funds</u> £	<u>Capital Fund</u> £	<u>Restricted Funds</u> £	2015 Total £	2014 Total (Reanalysed) £
<u>INCOMING RESOURCES</u>					
Voluntary income					
University Grant	864,821	-	-	864,821	843,728
Other University Grants	188,548	-	39,202	227,750	192,065
Other Grants	-	-	88,050	88,050	25,000
Space Grant	1,375,190	-	-	1,375,190	873,780
Space Grant in Kind	-	-	-	-	222,676
Capital Grant	63,502	-	-	63,502	254,008
Activities for generating funds					
Media Sales	64,766	-	-	64,766	66,923
Interest Income	4,686	-	-	4,686	2,265
Other Income	69,285	-	-	69,285	72,253
Charitable activities					
Commercial Activities	1,942,322	-	-	1,942,322	1,736,935
Clubs and Societies	-	-	1,544,845	1,544,845	1,431,770
	4,573,120	-	1,672,097	6,245,217	5,721,403
<u>RESOURCES EXPENDED</u>					
Cost of generating funds					
Fundraising and marketing costs	101,374	-	-	101,374	80,353
Charitable Activities					
Commercial Activities	2,504,866	63,502	-	2,568,368	2,165,249
Student Activities	673,228	-	108,054	781,282	522,346
Student Engagement	1,082,265	-	-	1,082,265	888,592
Student Support	317,118	-	-	317,118	257,983
Clubs and Societies	-	-	1,515,301	1,515,301	1,348,410
Governance					
	14,000	-	-	14,000	13,400
TOTAL RESOURCES EXPENDED	4,692,851	63,502	1,623,355	6,379,708	5,276,333
NET INCOMING RESOURCES					
	(119,731)	(63,502)	48,742	(134,491)	445,070
Funds brought forward	198,882	222,257	285,299	706,438	261,368
Funds carried forward	79,151	158,755	334,041	571,947	706,438

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

The notes on pages 16 to 23 form part of these accounts.



**London School of Economics Students' Union
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BALANCE SHEET

Company registration number 7710669

Notes	As at 31-Jul-15 £	As at 31-Jul-14 £
<u>TANGIBLE FIXED ASSETS</u>		
Tangible fixed assets	5	5
	<u>189,510</u>	<u>226,351</u>
	189,510	226,351
<u>CURRENT ASSETS</u>		
Stock	6	6
Debtors and Prepayments	6	6
Cash at Bank and in Hand	6	6
	<u>90,079</u>	<u>120,636</u>
	<u>410,552</u>	<u>491,361</u>
	<u>424,431</u>	<u>393,369</u>
	925,062	1,005,366
<u>CURRENT LIABILITIES</u>		
Amounts falling due within one year	7	7
	<u>(540,759)</u>	<u>(515,246)</u>
	(540,759)	(515,246)
<u>NET CURRENT ASSETS</u>		
	384,303	490,120
Provisions	8	8
	<u>(1,866)</u>	<u>(10,033)</u>
<u>NET ASSETS</u>		
	<u>571,947</u>	<u>706,438</u>
 Financed by:		
<u>Funds</u>		
Restricted Funds	334,041	285,299
<i>Unrestricted Funds:</i>		
General Funds	28,020	147,751
Designated Gym Equipment Fund	<u>51,131</u>	<u>51,131</u>
	79,151	198,882
Capital Fund	158,755	222,257
	<u>571,947</u>	<u>706,438</u>
9,10		

Approved and authorised for issue on behalf of the London School of Economics Students' Union by the Board of Trustees on 10 December 2015 :


 **General Secretary**

 **Trustee**

The notes on pages 16 to 23 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.

London School of Economics Students' Union
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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.
- iv) A Capital Fund, which relates to grant provided by the School for equipment which is released to general funds in line with the associated depreciation of related assets.
- v) A designated reserve for the eventual replacement of gym equipment which the Union anticipates needing to cover from its own funds.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 CHARITABLE ACTIVITIES FOR STUDENTS

	Cost of Sales £	Staff Costs £	Other Costs £	Total £
Cost of generating funds				
Fundraising and marketing costs	-	20,269	81,105	101,374
Charitable Activities				
Commercial Activities	754,064	768,323	982,479	2,504,866
Student Activities	-	250,209	423,019	673,228
Student Engagement	-	509,486	572,779	1,082,265
Student Support	-	96,625	220,493	317,118
Governance				
Governance	-	-	14,000	14,000
Capital Fund	-	-	63,502	63,502
Restricted Funds	-	21,067	1,602,287	1,623,355
	754,064	1,665,979	3,959,665	6,379,708

Included in governance costs above is the annual audit fee of £14,000 (2013/14: £13,400).

3 CENTRAL OVERHEAD COSTS INCLUDED IN NOTE 2

	%	Staff £	Rent £	Other £	Total £
Cost of generating funds					
Fundraising and marketing costs	5	20,269	65,361	15,745	101,375
Charitable Activities					
Commercial Activities	42	170,256	549,030	132,255	851,541
Student Activities	13	52,698	169,938	40,936	263,572
Student Engagement	28	113,504	366,020	88,170	567,694
Student Support	12	48,645	156,866	37,787	243,298
	100	405,372	1,307,215	314,893	2,027,480

Other costs comprised:

Irrecoverable VAT	100,156
Bank Charges	39,763
Venue Hire	38,833
Consultancy and Professional Fees	36,017
Equipment Hire	30,176
Insurance	20,191
Audit Fee	13,500
Recruitment Expenses	12,081
Training and Development	10,790
Telephone	9,202
Sundry Costs	4,184
Total	314,893

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

	2015	2014
	£	£
Wages and salaries (Full Time Staff)	1,134,146	920,784
Wages and salaries (Part Time Staff)	192,056	153,336
Social security	119,585	83,018
Pension Costs	220,192	44,806
Other Staff Costs	-	14,112
	1,665,979	1,216,056

Pension costs includes £196,994 (2013/14: £41,789) relating to deficit contributions made in the period. This year's payment relates to three years' deficit contribution payments.

No employee earned over £60,000 in either period.

The staffing was as follows:

	Number	Prior Year
Full time	44	47
Students - term time only	65	60
	109	107

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 5 (2013/14: 5) sabbatical officers amounted to £130,943 (2013/14: £124,748). Full time sabbatical officers in post were paid a salary of £25,098 (2013/14: £24,367) for 11 months of the year whilst the new Sabbatical officers were paid £2,282 (2013/14: £1,943) for one month of the year, with the Postgraduate Officers, Chris Wood then Mahamid Ahmed, being paid for a part-time role paid on a pro-rata basis.

Trustees were reimbursed a total of £324 (2013/14: £661) in connection with their duties during the period.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 TANGIBLE FIXED ASSETS

	Gym Equipment £	Other fixtures, fittings and equipment £	Total £
COST			
At 1 August 2014	241,452	22,739	264,191
Additions	7,630	24,496	32,126
At 31 July 2015	249,082	47,235	296,317
DEPRECIATION			
At 1 August 2014	30,181	7,659	37,840
Charge for the Period	61,953	7,014	68,967
At 31 July 2015	92,134	14,673	106,807
NET BOOK VALUE			
At 31 July 2015	156,948	32,562	189,510
At 31 July 2014	211,271	15,080	226,351

6 DEBTORS

	£	£
Trade Debtors	124,653	130,304
Tax and Social Security	6,006	125,592
Other Debtors	52,139	14,709
Prepayments	227,754	220,756
	410,552	491,361

7 CREDITORS: Amounts falling due within one year

	£	£
Trade Creditors	105,216	115,939
Social Security and other taxes	28,444	19,286
Accruals and deferred income	316,697	339,679
Other creditors	90,402	40,342
	540,759	515,246

8 PROVISIONS

	£	£
Photocopier leases	1,866	10,033
	1,866	10,033

At 31 July 2015 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 year and the anticipated net cost to the Union is estimated as £1,866 (2013/14: £10,033).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 FUNDS

	01-Aug 2014 £	Incoming Resources £	Outgoing Resources £	31-Jul 2015 £
Restricted Funds:				
Clubs and Societies	245,977	1,544,845	1,515,301	275,521
Annual Fund	39,322	39,202	44,462	34,062
Sport England	-	88,050	63,592	24,458
	285,299	1,672,097	1,623,355	334,041
Capital Fund	222,257	-	63,502	158,755
Unrestricted Funds:				
General Funds	147,751	4,573,120	4,692,851	28,019
Designated Funds	51,131	-	-	51,131
	198,882	4,573,120	4,692,851	79,151
Total Funds	706,438	6,245,217	6,379,708	571,947

Designated funds relate to amounts set aside to help finance the future costs of replacing gym equipment.

**10 ANALYSIS OF NET
ASSETS BETWEEN FUNDS**

	Unrestricted Funds £	Capital Fund £	Restricted Funds £	Total Funds £
Fixed assets	30,755	158,755	-	189,510
Net current assets	50,263	-	334,041	384,303
Provisions	(1,866)	-	-	(1,866)
	79,151	158,755	334,041	571,948

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

	Prior Year £	Net Income £	Closing Balance £
Business Society	25,615	(4,975)	20,640
Finance Society	10,266	9,481	19,747
Women in Business	26,746	(3,668)	23,078
	62,627	838	63,465

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

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

12 COMMITMENTS UNDER OPERATING LEASES

At 31 July 2015 the Union had annual commitments under non-cancellable operating leases as detailed below:	2015	2014
	£	£
<u>Plant and Machinery:</u>		
Due within 1 year	10,740	15,853
Due 2-5 years	-	31,160
	<hr/>	<hr/>

13 CONTROL RELATIONSHIP

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

14 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.

Net amounts due from the London School of Economics as at the year end amounted to £54,387 (2013/14: £78,078).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 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 30 June 2013 and showed that the market value of the scheme's assets was £80,910,623 with these assets representing 52% 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 £73,849,000.

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 31 June 2013:-

- i) The investment return would be 6.1% per annum before retirement and 4.1% per annum after retirement.
- ii) Pensions accruing on the CARE basis would revalue at 3.6% 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 2013 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 17 years and will increase by at least 5% 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 2014 and will be formally reviewed following completion of the next valuation due with an effective date of 30 June 2016. 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 2015 amounted to £196,994 (2013/14: £39,360).

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 £23,198 (2013/14: £5,446).

