

IMPERIAL COLLEGE UNION
REPORT OF THE EXECUTIVE COMMITTEE
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST JULY, 2006

IMPERIAL COLLEGE UNION
REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31ST JULY 2006

The Executive Committee of Imperial College Union presents its Annual Report together with the audited financial statements of the Union for the year ended 31 July 2006.

CONSTITUTION AND OBJECTIVES

Imperial College Union (the 'Union') is an unincorporated association constituted by virtue of the Royal Charter establishing the Imperial College of Science, Technology and Medicine (the 'College') and under the terms of the College's statutes derived from that Charter and a Constitution approved by the College Council.

Under the terms of its Constitution the Union's aims and objects are:

- 1. To advance the education of its members and promote, without prejudice, their welfare at all times.**
- 2. To promote and encourage the interest by students in matters outside the College curriculum, especially cultural, social and sporting interests.**
- 3. To represent the needs and interests of its members to Imperial College, the University of London and other external bodies.**
- 4. To provide or ensure a range of facilities which advance the interests of the students of Imperial College.**

The Union is a charity exempt from registration under the Charities Act 1993, by virtue of being a statutory body and quasi-subsiary of the College which itself has charitable status.

EXECUTIVE COMMITTEE

The Executive Committee, whose members act as the Charity Trustees of the Union on behalf of the College Council, in the year under review had the following membership:

	Post	Elected (if not 1 Aug 05)	Resigned (if not 31 Jul 06)
Sameena Misbahuddin	President		
Simon Matthews	Deputy President (Clubs & Societies)		
Sarah Khatib	Deputy President (Education & Welfare)		
Tim Aplin	Deputy President (Finance & Services)		
Luis Hui	Deputy President (Graduate Students)		
Danny McGuinness	ICSM SU President		
Siddharth Singh	C&GCU President		
Killian Frensch	FPSSU President		
Mariko Tavernier	FLSSU President		
Jasmine Sze	Overseas students committee representative		
Kian Sing Low	Welfare committee representative		
Mark Flower	Student activities committee representative		
Dominic Teichmann	Student activities committee representative		
Henri Ozarovsky	Academic Affairs Committee representative		

The Chair was the President Sameena Misbahuddin. The Permanent Secretary (Peter Haldane), Union Head of Finance (Dave Parry), Head of Commercial Services (Sue Bedford), Head of Student Services (Robin Pitt) and Honorary Senior Treasurer (Simon Archer) were permanent observers. Rebecca Coxhead (Administration Coordinator) was the clerk to the committee.

IMPERIAL COLLEGE UNION

**REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31ST JULY 2006 continued**

As at the date of this report, the Executive Committee comprises:

	Post	Elected (if not 1 Aug 05)	Resigned (If not current)
John Collins	President		
Eric Lai	Deputy President (Clubs & Societies)		
Ben Harris	Deputy President (Education & Welfare)		
Jon Matthews	Deputy President (Finance & Services)		
Shama Rahman	Deputy President (Graduate Students)		
Shiv Chopra	ICSM SU President		
James Fok	C&GCU President		
Jad Marrouche	RCSU President		
James Yearsley	Student Activities Committee representatives		
James Millen	Student Activities Committee representatives		
To be appointed:	Welfare committee representative		
	Academic Affairs Committee representative		

RESULTS FOR THE YEAR

The Union's consolidated income and expenditure, before transfers to reserves for the year to 31 July 2006 are as follows:

	2005-06 £'000	2004-05 £'000	Change £'000
Income	3,156	2,974	182
Expenditure	(3,132)	(3,101)	(31)
Surplus/(Deficit) for the year	<u>24</u>	<u>(127)</u>	<u>151</u>
Surplus/(Deficit) as % of income	1.0 %	(4.3)%	

The net increase in income arises in the main from:

- £170k increase in Trading Income - offset by a decrease of £88k in other income.
- £103k increase in Subvention from Imperial College.

The net increase in expenditure arises mainly from:

- Costs associated with increased commercial operations which rose by £280k on previous year.
- Student activities up £63k due to Clubs and Societies spending more than in previous year from their allocated budgets.
- Staffing cost of a new Sabbatical post – Deputy President (Graduate Students).
- Administrative overheads decreased by £229k. This was principally due decreases (£56k) in staffing costs, other staff costs (£42k), printing and advertising costs (£20k) and one-off bad debt and operating loss provisions on 04-05 not being repeated (£39k) and other costs (£62k).

MAIN PROJECTS AND EVENTS

Student activities and services

The support of College Clubs and Societies for student activity remains the core of the Union's work. Support for them is a major undertaking with over 280 active clubs and societies in 2005-06 involving in excess of 6,300 students (10,000 paid memberships) and an expenditure on and by Clubs and Societies of more than £ 1.5m, of which only £340k came from Union subsidy. Union Clubs and Societies are student led, providing an opportunity for Imperial students to develop not only their range of experiences and skills but also their ability to lead and

IMPERIAL COLLEGE UNION

REPORT OF THE EXECUTIVE COMMITTEE FOR THE YEAR ENDED 31ST JULY 2006 continued

organise groups of their peers and to work with them in teams on practical endeavours and activities, an opportunity that may not be available elsewhere in their University life.

Union Website

During the year the Union established a new website (www.imperialcollegeunion.org) which will both enhance the communication between the Union and its members as well as reducing staff costs and generating income. The website was procured from *The Other Media* employing funds from Union reserves. The benefits have already been seen with a massive increase in hits on the site over the old website, advance sales of club memberships for the academic year 2006-07 and the sale of 'banner' advertising on the site.

Commercial Operations

The union continued to provide professionally managed bar, catering and retail services on the South Kensington, Wye and Charing Cross campuses. The aim being to provide good quality, value for money products as a service to students tempered by the goal of avoiding losses. Increased trading in the bar and catering areas largely resulted from

- The closure of a popular College bar in the 'Southside' building in South Kensington.
- Increased support for Union Entertainment activities at South Kensington.
- Large audiences for live showing of football World Cup matches in the Union bars.

In response to changing conditions of the restrictions for the late opening for sales of alcohol deriving from the implementation of the Licensing Act 2003, the Union applied for and was granted a new premises licence for the South Kensington campus extending permitted hours for licensable activity. However, for normal term-time week day operations it is not intended to alter the current opening hours.

Union Building Redevelopment Project

The Union is undertaking a long term project to redevelop the Imperial College Union building in Beit Quadrangle in conjunction with Imperial College. Following a feasibility study last year funded by Imperial College, the Union undertook a Concept Design (RIBA Stage C) and (Scheme Design (RIBA Stage D) exercise with the selected architect, Swanke Hayden Connell Associates. Costs, in the region of £185k were funded from Union Reserves. The overall construction costs for the project have been estimated at £6.5m.

Following the completion of Concept Design and Scheme Design and the publication of a report, Imperial College agreed to fund two thirds of the costs of a first construction stage of the project up to a maximum value of £1.8m. In the event, a coherent construction scope of work was defined with a cost of £1.4m and this work began at the start of August 2006. The work will reorganise and refurbish the central core area of the Union building, including providing a new DDA compliant lift as well as modernising some of the social areas on the ground floor of the building. Costs of this stage of construction which is due to end in November 2006 will be born by the Capital Plan (Imperial College) and Union Reserves (Imperial College Union).

Staffing

On 1st August 2005 the new Union Permanent Secretary Peter Haldane took up his post which had been vacant since the resignation of Mr Edward Lord in May 2005. Additional staff recruited during the year included a new Student Activities Coordinator, Philip Power, into a post that had been filled by temporary staff, a Sponsorship and Communications Coordinator, Alex McKee to fill a post that had been vacant since early in the last financial year, and a Reception Coordinator.

RESERVES POLICY

The Union maintains reserves in accordance with the Charity Commission's guidance – they represent the 'free' reserves available to the Union's trustees to unrestrictedly spend on the purposes of the Union. They do not include

any endowments, restricted or designated funds, nor do they include funds that could only be realised by disposing of fixed assets or stock in trade (or working capital).

IMPERIAL COLLEGE UNION

REPORT OF THE EXECUTIVE COMMITTEE FOR THE YEAR ENDED 31ST JULY 2006 continued

In the Executive Committee's view the Union should maintain 'free' reserves that are capable of:

- ensuring that free funds are available to repair, upgrade or replace facilities and equipment as needed; major developments will have their own designated funds and are thus excluded from 'free' reserves;
- ensuring that staff are able to be paid full entitlements in the event of catastrophic trading failure or reduced support from the College leading to their redundancies;
- ensuring that clubs and representation activities are able to be maintained for a full academic year in the case of reduced support from the College.

EXECUTIVE OFFICERS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Education Act 1994 and charity law require the Executive Committee, acting in the role of trustees on behalf of the College Council, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Union and of the surplus or deficit of the Union for that period. In preparing those financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepared the financial statements on the going concern basis;
- assured themselves that the Union is a going concern.

The Union will shortly review its accounting policies and the format in which the financial statements are presented in order to better reflect the full extent of the organisation's activities. In particular, the Executive Committee is keen to see the financial statements reflect the full value of clubs' and societies' activities, rather than just that which is derived from the College subvention. It also wishes to reflect the value of the Union's fixed assets more fully in the balance sheet, including the fleet of valuable vintage vehicles held as mascots.

Internal controls

The Trustees have overall responsibility for ensuring that the Union has appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Union and enable them to ensure that the financial statements comply with the Education Act 1994 and other statutory requirements. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the Union is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used within the Union, or for publication, is reliable;
- the Union complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- An annual budget approved by the Executive Committee and Honorary Senior Treasurer;
- Delegation of authority and segregation of duties.
- Identification and management of risks.

The Union is reviewing its systems in particular to allow for more regular consideration by the trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews. A new financial support IT system was introduced during the year and this set of accounts is the first produced using it.

IMPERIAL COLLEGE UNION

**REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31ST JULY 2006 continued**

INVESTMENT POLICY

The majority of the Union's investments are managed by the College Finance Division and the Executive Committee is content that they have been well managed on the Union's behalf. However, the dissolution of the College Investments Committee (on which the once President served) means the Union now has no direct oversight of such investment management.

RISK MANAGEMENT

Last year the Union stated its aspirations to introduce a formal risk management process to assess business risks and implement risk management strategies.

The Union has now identified the types of risks the Union faces:

Short Term Risks

- Loss of Key Personnel
 - Head of Finance
 - Head of Commercial Services
 - Head of Student Services
- Failure of Financial System
 - Loss of Control
 - Fraud
- Failure of Health & Safety measures
 - Death or serious injury to members / customers
 - Death or serious injury to staff

Medium Term

- Failure to progress building project and produce more social space
- Loss of major contract
 - International Enrichment
 - Careers Fair
- Loss of electronic support / data
- Loss of Premises Licence

Long Term

- Decline of Imperial College – failure to recruit students
- Reduction in student leisure time (2 year degrees)
- Repudiation of MOU by College

The Union will now go on to:

- prioritise these risks in terms of potential impact and likelihood of occurrence
- identify means of mitigating the risks.

In addition, the Executive Committee will be considering the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although this is not mandatory for the Union it should, as a public interest body, adopt these guidelines as best practice. Accordingly the Committee will shortly:

- Set policies on internal controls which cover the following:
 - consideration of the type of risks the Union faces;
 - the level of risks which trustees regard as acceptable;
 - the likelihood of the risks concerned materialising;
 - the Union's ability to reduce the incidence and impact on the business of risks that do materialise; and
 - the costs of operating particular controls relative to the benefit obtained.

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**REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31ST JULY 2006 continued**

- Clarify the responsibility of management to implement the trustees' policies and identify and to evaluate risks for their consideration.
- Communicate that Officers and employees have responsibility for internal control as part of their fiduciary duties and accountability for achieving objectives.
- Embed the control system in the Union's operations so that it becomes part of the culture of the organisation.
- Develop systems to respond appropriately and quickly to evolving risks arising from factors within the Union and to changes in the external environment.
- Include procedures for reporting failings immediately to appropriate levels of management and the trustees together with details of corrective action being undertaken.

The Executive Committee has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Union does have access to the College internal auditors and aspects of Union activity are subject to regular reviews.

AUDITORS

The Union invited competitive tenders for the post of Union Auditor this year. 4 tenders were submitted and, after consideration by a tender board with representatives of the College Finance Division, the College Audit Committee and the Union Executive, the contract for this year's audit was awarded to Knox Cropper of 16 New Bridge Street London EC4.

For and on behalf of the Executive Committee,

John Collins
President Imperial College Union
Chairman Executive Committee

Union Building
Beit Quadrangle
Prince Consort Road
London SW7 2BB

10th October 2006

IMPERIAL COLLEGE UNION

REPORT OF THE AUDITORS TO THE MEMBERS
FOR THE YEAR ENDED 31ST JULY 2006

We have audited the financial statements of Imperial College Union for the year ended 31st July 2006 which comprise the Income and Expenditure account, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Union's members as a body. Our audit work has been undertaken so that we might state to the Union's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Union, and the Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE AND AUDITORS

As described in the Statement of Responsibilities, the Executive Committee is responsible for the preparation of the financial statements in accordance United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the Executive Committee's Report is not consistent with financial statements, the Union has not kept proper accounting records, and if we have not received all the information we require for our audit.

We read the Executive Committee's Report and consider the implications for our report if we become aware of any apparent mis-statements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the officers in the preparation of the financial statements and of whether the accounting policies are appropriate to the Union's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the Union's affairs as at 31st July 2006 and of its surplus for the year then ended.

Knox Cropper
16 New Bridge Street
London, EC4V 6AX

Chartered Accountants
Registered Auditors

10th October 2006

IMPERIAL COLLEGE UNION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2006

	Note	2006 £	2005 £
INCOME			
Subvention		1,095,000	992,400
Trading income	2	1,951,953	1,783,495
Other income	3	109,041	197,884
		<u>3,155,994</u>	<u>2,973,779</u>
EXPENDITURE			
Trading direct costs	2	1,784,990	1,505,804
Union committees	4	49,887	45,494
Student activities	5	462,781	399,341
General administration	6	486,226	715,050
Premises costs	7	120,795	108,944
Depreciation	8	227,797	326,142
		<u>3,132,476</u>	<u>3,100,775</u>
OPERATING SURPLUS/(DEFICIT)		23,518	(126,996)
Transfers from equipment and commercial development funds	21	184,022	174,983
	20	<u>£207,540</u>	<u>£47,987</u>

All of the activities of the Union relate to continuing operations.

All gains and losses for the above two financial years have been recognised in the income and expenditure account.

IMPERIAL COLLEGE UNION

BALANCE SHEET
AS AT 31ST JULY 2006

	Not e	2006		2005	
		£	£	£	£
TANGIBLE FIXED ASSETS	14		394,675		498,232
INVESTMENTS	15		117,655		107,509
CURRENT ASSETS					
Stock		120,872		183,658	
Debtors	16	38,279		132,033	
Short term deposits	17	1,383,253		1,762,525	
Cash and bank balances		495,705		317,788	
		<u>2,038,109</u>		<u>2,396,004</u>	
CREDITORS: falling due within one year	18	<u>(783,233)</u>		<u>(1,172,052)</u>	
NET CURRENT ASSETS			<u>1,254,876</u>		<u>1,223,952</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,767,206		1,829,693
CREDITORS: falling due after more than one year	18		<u>-</u>		<u>(86,005)</u>
			<u>£1,767,206</u>		<u>£1,743,688</u>
FUNDS					
Capital funds	19		394,675		498,232
General funds	20		1,194,175		883,078
Equipment and commercial development funds	21		178,356		362,378
			<u>£1,767,206</u>		<u>£1,743,688</u>

The financial statements on pages 9 to 20 were approved by the Imperial College Union Executive Committee on 10th October 2006 and signed on its behalf by:

..... (President)

..... (Honorary Senior Treasurer)

IMPERIAL COLLEGE UNION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2006

	Note	2006		2005	
		£	£	£	£
Operating surplus/(deficit)		23,518		(126,996)	
Depreciation		408,388		497,173	
Investment income		(92,744)		(108,245)	
Increase in market value of investments		(10,146)		(19,858)	
Decrease/(Increase) in stock		62,786		(11,027)	
Decrease/(Increase)in debtors		93,754		34,389	
(Decrease)/increase in creditors		(312,591)		(462,809)	
Decrease in deferred income		<u>(162,233)</u>		<u>(166,889)</u>	
NET CASH INFLOW FROM OPERATING ACTIVITIES			10,732		(364,262)
Investment income			92,744		108,245
Capital Expenditure					
Payments to acquire tangible fixed assets			<u>(304,831)</u>		<u>(154,834)</u>
			(201,355)		(410,851)
Management Of Liquid Resources			<u>379,272</u>		<u>417,409</u>
CHANGE IN CASH			<u>£177,917</u>		<u>£6,558</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN FUNDS					
Increase in cash in the year	22		177,917		6,558
Cash flow from (decrease)/increase in liquid resources			<u>(379,272)</u>		<u>(417,409)</u>
Change in net funds			(201,355)		(410,851)
NET FUNDS AT 1 AUGUST 2005			<u>2,080,313</u>		<u>2,491,164</u>
NET FUNDS AT 31 JULY 2006			<u>£1,878,958</u>		<u>£2,080,313</u>

IMPERIAL COLLEGE UNION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2006

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost conventions and in accordance with applicable Accounting Standards.

STOCK

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

TANGIBLE FIXED ASSETS

Fixed assets are depreciated over their estimated useful economic lives. The principal rates used for this purpose are:

Fixtures, fittings, equipment and motor vehicle	-	20% - 50%
Assets under construction	-	no depreciation

OPERATING LEASES

Operating lease rentals are charged to the income and expenditure account as incurred.

CAPITAL GRANTS

Capital grants received in respect of fixed assets are credited to deferred income and released to the income expenditure account at the same rate as the depreciation charge to which they relate.

EQUIPMENT AND COMMERCIAL DEVELOPMENT FUNDS

Equipment and commercial development funds, disclosed in note 21, represent funds allocated for future expenditure on equipment and commercial development by relevant committees.

PENSIONS

The Union participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements for the University of London (SAUL). Both are defined benefit schemes and are externally funded and contracted out of the State Earning Related Pension Scheme. The income and expenditure account reflects the contributions payable as stipulated by the Pension Scheme Trustees.

LIQUID RESOURCES

Liquid resources consist of cash held by Imperial College on behalf of the Union for investment purposes.

INVESTMENT

Investments are stated at market value at the balance sheet date. The increase or decrease in the year is included with the operating (deficit)/surplus.

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2006

1 INCOME

Income is stated net of VAT and trade discounts. Irrecoverable VAT has been charged to the income and expenditure accounts unless it relates to a capital asset in which case it is included as part of the cost of the assets

2 NET TRADING SURPLUS

		----- 2006 -----			----- 2005 -----		
Note		Turnover	Direct costs	Net Surplus	Turnover	Direct costs	Net Surplus
		£	£	£	£	£	£
Shop	9	814,123	(840,819)	(26,696)	848,486	(771,411)	77,075
Refectory	10	983,780	(868,618)	115,162	760,419	(675,261)	85,158
Entertainments		43,145	(71,040)	(27,895)	62,298	(52,344)	9,954
Room lettings		91,518	(3,175)	88,343	94,380	(6,225)	88,155
Games machines		6,232	(1,338)	4,894	4,757	(563)	4,194
STA travel		13,155	-	13,155	13,155	-	13,155
		<u>£1,951,953</u>	<u>£(1,784,990)</u>	<u>£166,963</u>	<u>£1,783,495</u>	<u>£(1,505,804)</u>	<u>£277,691</u>

3 OTHER INCOME

	2006	2005
	£	£
Investment income	92,744	108,245
Increase in market value of Investments	10,146	19,859
Summer Ball (net)	(44,697)	(3,602)
Careers fair	35,701	26,726
Van hire (net)	(9,566)	(2,390)
Life membership (net)	1,727	4,103
Sundry income	22,986	44,943
	<u>£109,041</u>	<u>£197,884</u>

Investment income is analysed between the Union's activities as follows:

Shop	14,198	13,274
Refectory	13,331	13,287
Other	65,215	81,684
	<u>£92,744</u>	<u>£108,245</u>

4 UNION COMMITTEES

Executive and Student activities Committees	41,538	40,078
Minor sub committees	3,349	1,416
Nursery	5,000	4,000
	<u>£49,887</u>	<u>£45,494</u>

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2006

	2006	2005
	£	£
5 STUDENT ACTIVITIES		
Sabbatical salaries and accommodation	127,327	111,722
Officer training	8,350	12,327
Union advisor	-	2,662
Elections	1,562	2,536
Court hire	-	(6,046)
Clubs' net expenditure (see note 11)	360,433	276,105
RAG (see note 12)	(34,891)	35
	<u>£462,781</u>	<u>£399,341</u>
6 GENERAL ADMINISTRATION		
Salaries	382,444	437,978
Other staff costs	7,034	49,188
Training	5,491	4,994
Printing, stationery, postage, advertising, and photocopying	15,250	35,672
Telephone and fax	10,363	8,616
Insurance and professional fees	323	8,295
Bank charges	7,270	7,116
Irrecoverable VAT	-	5,274
Miscellaneous	38,888	101,784
Provision for Wye losses	-	39,142
Bad debt expenses	19,163	16,991
	<u>£486,226</u>	<u>£715,050</u>
7 PREMISES COSTS		
Cleaning	45,907	46,151
Repairs, maintenance and redecoration	-	9,830
Office equipment	28,940	10,125
Wages of security staff	45,948	42,838
	<u>£120,795</u>	<u>£108,944</u>
8 DEPRECIATION		
Charge for the year	408,388	497,173
Recharged to other cost centres	(23,881)	-
Income receivable relating to capital expenditure	(156,710)	(171,031)
	<u>£227,797</u>	<u>£326,142</u>
The depreciation charge for the year is analysed between the Union's activities as follows:		
	10,868	31,240
Shop	171,522	173,921
Refectory	225,998	292,012
Other	<u>£408,388</u>	<u>£497,173</u>

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2006

	2006	2005
	£	£
9 SHOP		
Sales	814,123	848,486
Costs of sales	(553,952)	(550,554)
Gross profit	<u>260,171</u>	<u>297,932</u>
Other income	-	-
Staff costs	(248,117)	(186,100)
Expenses	(38,750)	(21,339)
Stock written off	<u>-</u>	<u>(13,418)</u>
Net surplus	<u>£(26,696)</u>	<u>£77,075</u>
10 REFECTORY		
Sales	983,780	760,419
Cost of sales	(392,255)	(319,964)
Gross profit	<u>591,525</u>	<u>440,455</u>
Other income	-	1,161
Staff costs	(412,072)	(295,388)
Other expenses	<u>(64,291)</u>	<u>(61,070)</u>
Net surplus	<u>£115,162</u>	<u>£85,158</u>
11 CLUBS' NET EXPENDITURE		
City and Guilds College Union	11,214	13,247
Royal School of Mines Committee	(2,761)	2,109
Royal College of Science Union	3,330	3,493
Athletic Clubs Committee	114,651	104,378
Recreational Clubs Committee	56,180	62,578
Media Group	28,599	10,930
Social Clubs Committee	15,742	2,876
Overseas Students Committee	(1,246)	6,011
Arts and Entertainment Committee	12,178	3,328
Silwood Park Committee	3,326	2,541
Wye College	26,976	22,390
Imperial College School of Medicine	90,909	42,226
Graduate Students Association	<u>1,335</u>	<u>-</u>
	<u>£360,433</u>	<u>£276,105</u>

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2006

		2006	2005
		£	£
12a RAG			
Income		11,968	10,718
Expenses		<u>(1,398)</u>	<u>(1,716)</u>
		10,570	9,002
Donated to charities		<u>(11,676)</u>	<u>(9,037)</u>
		<u>£(1,106)</u>	<u>£(35)</u>
12b RAG (ICSMSU)			
Income		71,778	67,450
Expenses		<u>(35,781)</u>	<u>(22,066)</u>
		35,997	45,384
Donated to Charities		<u>-</u>	<u>45,384</u>
		<u>£35,997</u>	<u>£-</u>
13 TAXATION			
The Union is exempt from corporation tax on its charitable activities			
14 TANGIBLE FIXED ASSETS			
	Assets under constructio n £	Fixtures, fittings, equipment and motor vehicles £	Total £
Cost			
At 1 August 2005	-	2,918,025	2,918,025
Additions	247,124	101,467	348,591
Disposals		<u>(43,760)</u>	<u>(43,760)</u>
At 31 July 2006	<u>£247,124</u>	<u>£2,975,732</u>	<u>£3,222,856</u>
Depreciation			
At 1 August 2005	-	2,419,793	2,419,793
Charge for the Year	<u>-</u>	<u>408,388</u>	<u>408,388</u>
At 31 July 2006	<u>-</u>	<u>£2,828,181</u>	<u>£2,828,181</u>
Net book value			
At 31 July 2006	<u>£247,124</u>	<u>£147,551</u>	<u>£394,675</u>
At 31 July 2005	<u>£-</u>	<u>£485,605</u>	<u>£498,232</u>

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2006

15	INVESTMENTS		2006	2005	
			£	£	
	8,000 M&G Charifund Income Units Market Value		<u>117,655</u>	<u>107,509</u>	
	Cost		<u>£2,688</u>	<u>£2,688</u>	
16	DEBTORS				
	Amounts falling due within one year:				
	Trade debtors		27,997	128,552	
	Other debtors		417	-	
	Prepayments		<u>9,865</u>	<u>3,481</u>	
			<u>£38,279</u>	<u>£132,033</u>	
17	SHORT TERM DEPOSITS				
	Money Market deposits		<u>1,383,253</u>	<u>£1,762,525</u>	
	The Money Market deposits are managed on behalf of the Union by Imperial College				
18	CREDITORS				
	Amounts falling due within one year:				
	Trade creditors and accruals		141,205	188,205	
	Members' funds		228,726	229,054	
	Other creditors		8,020	8,031	
	Payments received on account		-	35,605	
	VAT		-	23,070	
	Imperial College (net)		314,623	521,200	
	Deferred income		<u>90,659</u>	<u>166,887</u>	
			<u>£783,233</u>	<u>£1,172,052</u>	
	Amounts falling due after more than one year:				
	Deferred Income		<u>-</u>	<u>86,005</u>	
19	CAPITAL FUNDS	Imperial College Union	Trading	Clubs and Societies	Total
	At 1 August 2005	78,662	362,006	57,564	498,232
	Transfer from/(to) general funds	<u>51,974</u>	<u>(156,469)</u>	<u>938</u>	<u>(103,557)</u>
	At 31 July 2006	<u>£130,636</u>	<u>£205,537</u>	<u>£58,502</u>	<u>£394,675</u>

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2006

20 GENERAL FUNDS	Imperial College Union £	Trading £	Clubs and Societies £	Investment revaluation £	Total £
At 1 August 2005	512,713	223,917	41,627	104,821	883,078
Transfer from/(to) income and expenditure account	77,082	120,312	-	10,146	207,540
Transfer from/ (to) capital funds (note 19)	<u>(51,974)</u>	<u>156,469</u>	<u>(938)</u>	<u>-</u>	<u>103,557</u>
At 31 July 2006	<u>£537,821</u>	<u>£500,698</u>	<u>£40,689</u>	<u>£114,967</u>	<u>£1,194,175</u>

21 EQUIPMENT AND COMMERCIAL DEVELOPMENT FUNDS

	Clubs and Societies £	Vehicle Replace- ment £	Basement equipment reserve £	Strategic development £	Total £
At 1 August 2005	36,787	53,149	4,954	267,488	362,378
Transfer to income and expenditure account	<u>-</u>	<u>(24,535)</u>	<u>(4,954)</u>	<u>(154,533)</u>	<u>(184,022)</u>
At 31 July 2006	<u>£36,787</u>	<u>£28,614</u>	<u>£-</u>	<u>£112,955</u>	<u>£178,356</u>

22 ANALYSIS OF CHANGES IN NET FUNDS

	Cash at bank £	Short term deposits £	Total £
At 1 August 2005	317,788	1,762,525	2,080,313
Cash Flow	<u>177,917</u>	<u>(379,272)</u>	<u>(201,355)</u>
At 31 July 2006	<u>£495,705</u>	<u>£1,383,253</u>	<u>£1,878,958</u>

**23 RELATED PARTY
TRANSACTIONS**

Council
11th June 2007

Appendix

Imperial College provides the Union with an annual grant, as shown in the income and expenditure accounts, and accommodation, for which no charge is made. Balances due to and from the College at 31st July 2006 are shown in the notes to the financial statements.

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2006

PENSION SCHEMES

The Union participates in two separate, independently managed, defined benefit, occupational pension schemes, which are contracted out of the State Second Pension (S2P); each is valued by professional qualified and independent actuaries triennially. The USS & SAUL pension schemes do not disclose information in accordance with FRS17, as no valuations have been prepared under this basis. It is not possible for any of the schemes to identify the Union's share of the underlying assets and liabilities of the schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes.

Therefore, the following notes for the pension schemes detail only information in respect of the latest actuarial valuations.

USS

Staff paid on academic and academic-related scales, who are otherwise eligible, can acquire pension rights through the Universities Superannuation Scheme (USS), which is a national scheme administered centrally for UK universities.

The assets of the scheme are held in a separate trustee-administered fund.

The most recent formal actuarial valuation was carried out as at 31st March 2005.

At the valuation as at 31st March, 2005, the market value of the assets of the scheme was £21,740 million and the value of liabilities was £28,308 million leaving a shortfall of assets of £6,568 million. This represents a funding shortfall of 77% compared to a funding surplus of 101% at the previous valuation.

The Union's contribution rate will be maintained at 14% of salaries. Surpluses or deficits which arise at future valuations may impact on the Union's future contribution commitment.

SAUL

Other, non-academic staff, who are otherwise eligible, can acquire pension rights through the Superannuation Arrangements of the University of London (SAUL) which is a centrally administered scheme primarily for the University of London. The most recent formal actuarial valuation was carried out at 31st March 2005. The actuarial valuation as at 31st March 2005 applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, there was a deficit of £76 million representing a funding level of 93%.

The contribution rate was increased to 13% (from 10.5%) of pensionable salaries per annum for existing employers from 1st August 2006.

The main assumption of the most recent valuation of the two schemes, under the projected unit basis, are as follows:

		USS 31 March 2005	SAUL 31 March 2005
Investment returns per annum	-	4.5%	5.5%
	-	6.29%	6.5%
Salary scale increases per annum		3.9%	4.15%
Pension increases per annum		2.9%	2.65%

