

IMPERIAL COLLEGE UNION
REPORT OF THE EXECUTIVE COMMITTEE
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST JULY, 2007

IMPERIAL COLLEGE UNION

REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31ST JULY 2007

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 2007.

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

Financial Year 2006/07. 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 06) | Resigned (if not 31 Jul 07) |
|----------------------|---|---------------------------|-----------------------------|
| 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 | | |
| Emma Persky | Welfare Committee representative | | 15 Feb 07 |
| Jennifer Morgan | Welfare Committee representative | 15 Feb 07 | |
| Alex Martinson-Dorff | Academic Affairs Committee representative | | |
| James Yearsley | Student Activities Committee representative | | |
| James Millen | Student Activities Committee representative | | |

The Chair of the Executive Committee was the President John Collins.

Permanent Observers to the Executive Committee were:

- Union General Manager, Peter Haldane
- Head of Finance, Dave Parry
- Head of Commercial Services, Sue Bedford
- Head of Student Services, Robin Pitt
- Honorary Senior Treasurer, Dr Simon Archer

Clerk to the Executive Committee was Rebecca Coxhead (Administration Coordinator).

Financial Year 2007/08. As at the date of this report, the Executive Committee comprises:

| | Post | Elected (if not 1 Aug 07) | Resigned (If not current) |
|-------------------|--|---------------------------|---------------------------|
| Stephen Brown | President | | |
| Alistair Cott | Deputy President (Clubs & Societies) | | |
| Kirsty Patterson | Deputy President (Education & Welfare) | | |
| Chris Larvin | Deputy President (Finance & Services) | | |
| Tim Wills | ICSM SU President | | |
| Tristan Sherliker | C&GCU President | | |
| Jennifer Morgan | RCSU President | | |
| To be elected | Clubs and Societies Board representatives (2) | | |
| | Representation and Welfare Board representatives (2) | | |

RESULTS FOR THE YEAR

The Union's consolidated income and expenditure, before transfers to reserves for the year to 31 July 2007 are as follows:

| | 2006-07 £'000 | 2005-06 £'000 | Change £'000 |
|----------------------------------|------------------|------------------|-----------------|
| Income | | 3 | |
| Expenditure | | (3,1) | |
| Surplus/(Deficit) for the year | <hr/> | <hr/> | <hr/> |
| Surplus/(Deficit) as % of income | 1.1% | | |

The net increase in income arises in the main from:

- £198k increase in Other Income – offset by the decrease of £54k in Trading Income.
- £39k increase in Subvention from Imperial College.

The net increase in expenditure arises mainly from:

- Costs associated with continuing Commercial Operations
- Student activities up £51k due to Clubs and Societies spending more than in previous years from their allocated budgets.
- Irrecoverable VAT of £42k and increases in Trading direct costs, are the prime reasons for the net increase of £159k. Otherwise, there were savings in Staff Costs and general office miscellaneous expenses.

MAIN PROJECTS AND EVENTS

Union Building Redevelopment Project (The Masterplan)

The Union is undertaking a long term project to redevelop the Union building in Beit Quadrangle in conjunction with Imperial College. Following a feasibility study in 2005, 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. Elements of the construction phase included:

- Installation of a new DDA compliant lift
- Refurbishment of the Central Core
- Establishment of shells for later completion of Disabled lavatories on the 1st, 2nd mezzanine and 3rd floors.
- Establishment of shells for later completion for changing rooms in the Central Core on the 2nd Mezzanine and Third floors.
- Establishment of additional entrances to the social spaces on the Ground Floor.

During the year the Union completed the first construction phase of the Union building redevelopment project. Costs of this stage of construction which ended in early 2007 are being born by the Capital Plan (Imperial College) and Union Reserves (Imperial College Union). At the time of writing certain items of the phase remain to be completed and the Union is with-holding payment of the final valuation (£96k) of the project pending a satisfactory response from the contractors.

Throughout the 2006/07 academic year the Union has developed plans for the second phase of the long term Beit Master-plan refurbishment programme. A bid for a College grant has been submitted which, along with funds acquired from other sources, would allow for the creation of a centralised Student Activity and Resource Centre on the second floor of the Beit Building, the relocation of the multi-use gym to the third floor and the relocation of meeting rooms to the East Basements.

Governance reforms

Following a wide consultation of the student body, the College and legal experts, ICU has implemented a radical new model of governance that will come into effect on August 1st 2007. The Union was motivated to conduct this governance review to ensure that it is compliant with the incoming Charities Act 2006 and in response to concerns expressed by the student body in the 2004/05 Strategic Review exercise.

The centre-piece of the new governance structure is a sovereign, skilled, small Board of Trustees that will be chaired by College Governor, Ram Gidoomal CBE for the duration of the 2007/08 academic session, during which the board will take on a temporary transitional remit. This board will be formed of four democratically elected student trustees, three senior union officers and four external lay trustees. It will be tasked to improve the governance of ICU as a non exempt charity and will aspire to the highest levels of transparent, strategic governance. Once this committee has been established the members of the Trustee Board will act as ICU's Trustees on behalf of College Council rather than the members of the Executive Committee.

The student union Council will continue to set broad policy of ICU, subject to Trustee Board resolutions, and the Executive Committee will continue to oversee the administration of the organisation. A new quasi-external body, known as the ICU Court, has been created to mediate in disputes, oversee disciplinary appeals and conduct elections in a transparent, apolitical manner. The Council, Executive and Court will form a tripartite governance structure, making ICU unique amongst other London student unions.

Further minor changes to the governance structure of the Union include the re-introduction of a Health and Safety Committee and the creation of a Representation and Welfare Board to oversee academic, welfare and campaigning matters. Equality and campaign portfolios have also been created to encourage students interested in campaigning to engage in the democratic structures of ICU. Whilst it is early to tell if these changes have been successful, early signs suggest that the Representation and Welfare Board is working extremely well.

NUS affiliation and transition

In light of Imperial College's withdrawal from the University of London and, consequently, ICU's withdrawal from the University of London Union, the student body elected to hold a cross campus referendum to re-affiliate to the National Union of Students. This referendum was held in November 2006 and recorded a "yes" vote by 53% against 47%. ICU was officially welcomed into NUS membership at the National Conference held in Blackpool on March 29th 2007. Since the result of the referendum ICU has worked closely with NUS to ensure a smooth transition into full NUS membership.

Centenary Celebrations

ICU has fully engaged in the College's Centenary celebrations and has contributed in a number of ways. The President chaired a sub-group of the College's programme and represented the Union at Centenary Board Meetings. The ICSMSU President was nominated Project Manager and played an important role on co-ordinating the Union's centenary events. Highlights of the Centenary celebrations so far include:

- A Centenary launch event, which saw the launch of a balloon race in Beit Quad,

- The Centenary Science Challenge essay writing competition, which saw over 100 schools and 100 imperial entrants take part, in an effort to promote science communication amongst the general public. Judges included Simon Singh, Raj Persaud, Roger Highfield and Robert Winston and culminated in a centenary celebration at the Ritz London,
- A Centenary University Challenge Quiz, which created a united Imperial team to enter in the national televised competition,
- A Centenary Ball, which has broken records in ticket sales and raised over ten thousand pounds for the Beit Centenary appeal,
- A plethora of sporting events, including varsity matches, a marathon runner and a bike race from Land's End to John o'Groats.

Next academic year the Union hopes to build on the successes of these events and develop closer ties with out alumni.

Staffing

In line with the introduction of a new EPoS system in the Union's trading outlets, following changes to the Union's governance structures and in order to improve management in ICU, the Senior Management Team and Commercial Services Division have been restructured. The positions of Head of Student Services and Head of Commercial Services have been abolished in a restructuring process and Robin Pitt has been appointed to the new position of Deputy General Manager. In addition Marjorie Hylton has been seconded from Imperial College Finance Division to act as Interim Head of Finance and conduct a full review of ICU's finance function.

Stuart Williamson joined the Union as new Trading Manager. He is responsible for leading all Beit trading activities and heads a new trading team comprising by Franceso Atanasio (bars), Andrea Alleyne (catering), Malcolm MacPherson (Entertainments) and David Ashton (Administration).

The position of Permanent Secretary was renamed General Manager in Autumn 2006 as it was thought that this title gave a better description of what the job entails.

Following a review of the Deputy President (Graduate Students) role it has been resolved that the position should be reformed and replaced with a volunteer position with additional staff support. The Union intends to create a new position to support Postgraduate representation both centrally through ICU and also through its Faculty Unions.

In essence, the restructuring and recruitment is as follows:

- Trading Manager – Mr Stuart Williamson
- Catering and Functions Leader - Ms Andrea Alleyne
- Bars Manager - Mr Francesco Atonasio
- Bar Shift Leader - Mr Steven Ashton
- Bar Shift Leader - Miss Alena Vrzavlova
- Bar Shift Leader - Mr Peter Rodwell
- Catering Shift Leader - Mr Amryk Singh
- Catering Shift Leader - Mr Carlos Araujo

Service Level Agreements

This academic year the Union has worked closely with Imperial College to establish service level agreements for the support services of the College. Whilst agreements have been reached for the Human Resources, Facilities Management and Information and Communication Technology divisions, further work is needed before both parties will be in a position to adopt an agreement with the Finance division.

Sports Partnership

In January 2007 the Union launched a Sports Partnership with Sport Imperial with a view to improving collaboration and support for all sporting activities at Imperial College.

PhD Students' Pay

Following widespread consultation and a successful presentation to the College's Strategic Education Committee, the College has agreed that all PhD students should receive London weighted bursaries from the next academic year. This move will have an extremely positive impact on the welfare of hundreds of postgraduate students at Imperial College. Indeed, some students can expect to see an increase in their grant in excess of £5K thanks to this agreement.

Degree Classifications

Student representatives have identified inconsistencies in the College's degree classification awards between departments and highlighted several departments where the proportion of 1st class and upper 2nd class degrees being awarded is significantly below the proportions awarded by other leading institutions. Following a paper to the Senate and a presentation to the Strategic Education Committee, the College has resolved to increase the proportion of 1st and 2:1 degrees to be awarded to 70% of all degrees.

Appraisals

For the second year in a row, the Union conducted 360 degree appraisals of all of its senior staff and Sabbatical Officers. The results from this exercise were very positive, with many contributors commenting that the Sabbatical team was one of the strongest teams there has been at Imperial College for many years.

Future Plans

Over the course of the next year ICU will endeavour to:

1. Work with the recently introduced governance reforms and ensure that they are established and strengthened,
2. Identify a vision, mission, purpose and values for the organisation and communicate them to our stakeholders,
3. Prepare for next Strategic Plan, to be led by the new Trustee Board,
4. Register with the Charities Commission and ensure that the Union complies with best practice and operational guidance,
5. Improve staff training and induction procedures to ensure that all staff members buy in to the values of the organisation,
6. Develop a coherent communications and sponsorship strategy,
7. Improve financial reporting and scrutiny.

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 unrestrictively 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).

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.

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 Union President at one time served) means the Union now has no direct oversight of such investment management.

RISK MANAGEMENT

The risks identified in last year's report have been noted by the Trustee Board who are taking them forward in the process of establishing a Risk Register

The Executive Committee and the Trustee Board are in the process of creating a risk register for all of ICU's activities in cooperation with the Imperial College Secretariat. This operation will:-

- 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.
- 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.

INTERNAL AUDIT

This is also being addressed by the Trustee Board who have established that the Union is in the programme for examination by the College's internal auditors.

For and on behalf of the Executive Committee,

Stephen Brown
President Imperial College Union
Chairman Executive Committee

Union Building
Beit Quadrangle
Prince Consort Road
London SW7 2BB

12th October 2007

IMPERIAL COLLEGE UNION

REPORT OF THE AUDITORS TO THE MEMBERS
FOR THE YEAR ENDED 31ST JULY 2007

We have audited the financial statements of Imperial College Union for the year ended 31st July 2007 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 2007 and of its surplus for the year then ended.

Knox Cropper
8/9 Well Court
London, EC4M 9DN

Chartered Accountants
Registered Auditors

12th October 2007

IMPERIAL COLLEGE UNION

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2007

| | Note | 2007 £ | 2006 £ |
|--|-------|------------------|------------------|
| INCOME | | | |
| Subvention | | 1,134,000 | 1,095,000 |
| Trading income | 2 | 1,898,706 | 1,951,953 |
| Other income | 3 | 297,097 | 98,895 |
| | | <u>3,329,803</u> | <u>3,145,848</u> |
| EXPENDITURE | | | |
| Trading direct costs | 2 | 1,983,859 | 1,784,990 |
| Union committees | 4 | 42,725 | 49,887 |
| Student activities | 5 | 514,088 | 462,781 |
| General administration | 6 | 510,699 | 486,226 |
| Premises costs | 7 | 122,073 | 120,795 |
| Depreciation | 8 | 117,644 | 227,797 |
| | | <u>3,291,088</u> | <u>3,132,476</u> |
| OPERATING SURPLUS/(DEFICIT) | 20(a) | 38,715 | 13,372 |
| Unrealised gain on investments | 20(b) | 9,263 | 10,146 |
| Transfers from equipment and commercial development funds | 21 | - | 184,022 |
| | | <u>-</u> | <u>184,022</u> |
| Net Surplus for the year | | <u>£47,978</u> | <u>£207,540</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 2007

| | Note | 2007 | | 2006 | |
|--|-------|------------------|--------------------------|------------------|--------------------------|
| | | £ | £ | £ | £ |
| TANGIBLE FIXED ASSETS | 14 | | 1,254,407 | | 394,67 |
| INVESTMENTS | 15 | | 126,91 | | 117,65 |
| CURRENT ASSETS | | | | | |
| Stock | | 126,90 | | 120,87 | |
| Debtors | 16 | 161,51 | | 38,2 | |
| Short term deposits | 17 | 1,181,088 | | 1,383,253 | |
| Cash and bank balances | | 681,13 | | 495,70 | |
| | | <u>2,150,646</u> | | <u>2,038,109</u> | |
| CREDITORS: | | | | | |
| falling due within one year | 18 | <u>(731,477)</u> | | <u>(692,574)</u> | |
| NET CURRENT ASSETS | | | <u>1,419,169</u> | | <u>1,345,535</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 2,800,494 | | 1,857,865 |
| CREDITORS: | | | | | |
| falling due after more than one year | | | | | |
| Deferred Capital Grants | 19 | | <u>(985,310)</u> | | <u>(90,65)</u> |
| | | | <u>£1,815,184</u> | | <u>£1,767,206</u> |
| Represented by: | | | | | |
| General Funds | 20(a) | | 1,512,598 | | 1,473,883 |
| Investment Revaluation Reserve | 20(b) | | 124,23 | | 114,96 |
| Equipment and Commercial Development Funds | 21 | | 178,35 | | 178,35 |
| | | | <u>£1,815,184</u> | | <u>£1,767,206</u> |

..... (President)

..... (Honorary Senior Treasurer)

IMPERIAL COLLEGE UNION

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST JULY 2007

| | Note | 2007 | | 2006 | |
|--|------|----------------|-------------------|------------------|-------------------|
| | | £ | £ | £ | £ |
| Operating surplus/(deficit) | | 47,978 | | 23,518 | |
| Depreciation | | 142,690 | | 408,388 | |
| Investment income | | (98,699) | | (92,744) | |
| Increase in market value of unrealised investments | | (9,263) | | (10,146) | |
| Decrease/(Increase) in stock | | (6,035) | | 62,786 | |
| Decrease/(Increase) in debtors | | (123,233) | | 93,754 | |
| (Decrease)/increase in creditors | | 38,903 | | (312,591) | |
| Decrease in deferred income | | <u>(9,016)</u> | | <u>(162,233)</u> | |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | | | (16,675) | | 10,732 |
| Investment income | | | 98,699 | | 92,744 |
| Capital Expenditure | | | | | |
| Payments to acquire tangible fixed assets | | | (1,002,422) | | (304,831) |
| Deferred Capital Grants | | | <u>903,667</u> | | <u>-</u> |
| | | | (16,731) | | (201,355) |
| Management Of Liquid Resources | | | <u>202,165</u> | | <u>379,272</u> |
| CHANGE IN CASH | | | <u>£185,434</u> | | <u>£177,917</u> |
| RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN FUNDS | | | | | |
| Increase in cash in the year | 22 | | 185,434 | | 177,917 |
| Cash flow from (decrease)/increase in liquid resources | | | <u>(202,165)</u> | | <u>(379,272)</u> |
| Change in net funds | | | (16,731) | | (201,355) |
| NET FUNDS AT 1 AUGUST 2006 | | | <u>1,878,958</u> | | <u>2,080,313</u> |
| NET FUNDS AT 31 JULY 2007 | | | <u>£1,862,227</u> | | <u>£1,878,958</u> |

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 2007

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.

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2007

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 | | 2007 | | | 2006 | | |
|------------------------------|----|-------------------|---------------------|--------------------------------|-------------------|---------------------|--------------------------------|
| | | Turnover | Direct costs | Net Surplus / (Deficit) | Turnover | Direct costs | Net Surplus / (Deficit) |
| Note | | £ | £ | £ | £ | £ | £ |
| Shop | 9 | 845,678 | (878,776) | (33,098) | 814,123 | (840,819) | (26,696) |
| Refectory | 10 | 912,368 | (1,014,102) | (101,734) | 983,780 | (868,618) | 115,162 |
| Entertainments | | 46,395 | (84,023) | (37,628) | 43,145 | (71,040) | (27,895) |
| Room lettings | | 78,983 | (6,958) | 72,025 | 91,518 | (3,175) | 88,343 |
| Games machines | | 2,127 | - | 2,127 | 4,894 | - | 4,894 |
| STA travel | | 13,155 | - | 13,155 | 13,155 | - | 13,155 |
| | | £1,898,706 | (£1,983,859) | (£85,153) | £1,950,615 | (£1,783,652) | £166,963 |

3 OTHER INCOME

| | 2007 | 2006 |
|-----------------------|-----------------|----------------|
| | £ | £ |
| Investment income | 98,699 | 92,744 |
| Summer Ball (net) | 12,302 | (44,697) |
| Careers fair | 45,151 | 35,701 |
| Van hire (net) | 31,043 | (9,566) |
| Life membership (net) | 1,758 | 1,727 |
| Other Income | 92,430 | - |
| Sundry income | 15,713 | 22,986 |
| | £297,097 | £98,895 |

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

| | | |
|-------|----------------|----------------|
| Bar | 16,303 | 14,198 |
| Shop | 18,429 | 13,331 |
| Other | 63,967 | 65,215 |
| | £98,699 | £92,744 |

4 UNION COMMITTEES

| | | |
|---|----------------|----------------|
| Executive and Student activities Committees | 39,350 | 41,538 |
| Minor sub committees | (3,064) | 3,349 |
| Other clubs | 1,439 | - |
| Nursery | 5,000 | 5,000 |
| | £42,725 | £49,887 |

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2007

| | 2007 | 2006 |
|---|-----------------|-----------------|
| | £ | £ |
| 5 STUDENT ACTIVITIES | | |
| Sabbatical salaries and accommodation | 164,382 | 127,327 |
| Officer training | 8,008 | 8,350 |
| Elections | 3,884 | 1,562 |
| Clubs' net expenditure (see note 11) | 321,784 | 360,433 |
| Depreciation Charge (see note 8) | 16,030 | - |
| RAG (see note 12) | - | (34,891) |
| | £514,088 | £462,781 |
| 6 GENERAL ADMINISTRATION | | |
| Salaries | 380,522 | 382,444 |
| Other staff costs | 2,990 | 7,034 |
| Training | 6,379 | 5,491 |
| Printing, stationery, postage, advertising, and photocopying | 19,410 | 15,250 |
| Telephone and fax | 8,295 | 10,363 |
| Insurance and professional fees | 290 | 323 |
| Bank charges | 12,259 | 7,270 |
| Irrecoverable VAT | 42,616 | 16,119 |
| Miscellaneous | 19,790 | 22,769 |
| Bad debt expenses | 18,147 | 19,163 |
| | £510,699 | £486,226 |
| 7 PREMISES COSTS | | |
| Cleaning | 48,471 | 45,907 |
| Office equipment | 18,633 | 28,940 |
| Wages of security staff | 54,969 | 45,948 |
| | £122,073 | £120,795 |
| 8 DEPRECIATION | | |
| Charge for the year | 142,690 | 408,388 |
| Recharged to other cost centres | (16,030) | (23,881) |
| Income receivable relating to capital expenditure | (9,016) | (156,710) |
| | £117,644 | £227,797 |
| The depreciation charge for the year is analysed between the Union's activities as follows: | | |
| Shop | 2,457 | 10,868 |
| Refectory | 64,510 | 171,522 |
| Clubs & Ents & Vans | 16,030 | - |
| Other | 59,693 | 225,998 |
| | £142,690 | £408,388 |

IMPERIAL COLLEGE UNION

**NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2007**

| | | 2007 | | 2006 |
|------------------------------|---------------|-------------------|-----------------------------------|-----------------------------------|
| | | £ | | £ |
| 9 SHOP | | | | |
| Sales | | 845,6 | | 814,123 |
| Costs of sales | | (540,13) | | (553,952) |
| | | <hr/> | | <hr/> |
| Gross profit | | 305,5 | | 260,171 |
| Other income | | | | - |
| Staff costs | | (279,87) | | (248,117) |
| Expenses | | (58,7) | | (38,750) |
| Stock written off | | | | - |
| | | <hr/> | | <hr/> |
| Net surplus/(deficit) | | <u>(£33,09)</u> | | <u>(£26,696)</u> |
| 10 REFECTORY | | | | |
| Sales | | 912,3 | | 983,780 |
| Cost of sales | | (403,08) | | (392,255) |
| | | <hr/> | | <hr/> |
| Gross profit | | 509,2 | | 591,525 |
| Other income | | | | - |
| Staff costs | | (509,40) | | (412,072) |
| Other expenses | | (101,60) | | (64,291) |
| | | <hr/> | | <hr/> |
| Net surplus/(deficit) | | <u>£(101,734)</u> | | <u>£115,162</u> |
| 11 CLUBS' EXPENDITURE | | | | |
| | | 2007 | | 2006 |
| | | | | |
| | Income | Expenses | Net Surplus/ (Deficit) | Income |
| | | | | Expenses |
| | | | | Net Surplus/ (Deficit) |
| A&E Exec | 165,480 | (176,839) | (11,359) | 125,490 |
| ACC Exec | 247,903 | (372,479) | (124,576) | 228,568 |
| CGU Exec | 88,658 | (88,682) | (24) | 104,469 |
| GSA | 8,689 | (15,012) | (6,323) | 23,425 |
| ICSMSU Exec | 372,978 | (441,629) | (68,651) | 337,852 |
| Media Exec | 35,701 | (63,203) | (27,502) | 51,775 |
| OSC Exec | 100,634 | (90,466) | 10,168 | 77,221 |
| RCC Exec | 116,562 | (163,904) | (47,342) | 90,321 |
| RCSU Exec | 47,950 | (44,454) | 3,496 | 20,714 |
| RSM Exec | 20,989 | (29,052) | (8,063) | 32,315 |
| SCC Exec | 96,266 | (94,714) | 1,552 | 98,000 |
| Silwood Exec | 11,968 | (12,029) | (61) | 9,318 |
| Wye Exec | 23,425 | (66,524) | (43,099) | 15,149 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | £1,337,203 | £(1,658,987) | £321,784) | £1,214,617 |
| | | | | £(1,575,050) |
| | | | | £(360,433) |

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2007

| | | 2007 | 2006 |
|-----|---|--|---|
| | | £ | £ |
| 12a | RAG | | |
| | Income | 11,319 | 11,968 |
| | Expenses | (470) | (1,398) |
| | | <u>10,849</u> | <u>10,570</u> |
| | Charities overpayment 0506 | (1,106) | - |
| | | <u>£9,743</u> | <u>£10,570</u> |
| | Donated to Charities | - | (11,676) |
| | | <u>9,743</u> | <u>(1,106)</u> |
| | Balance payable to Charities | (9,743) | - |
| | | <u>£ -</u> | <u>£(1,106)</u> |
| | | | - |
| 12b | RAG (ICSMSU) | | |
| | Income | 126,606 | 71,778 |
| | Expenses | (38,680) | (35,781) |
| | | <u>87,926</u> | <u>35,997</u> |
| | Donated to Charities | (43,697) | - |
| | | <u>44,229</u> | <u>35,997</u> |
| | Balance payable to Charities | (44,229) | - |
| | | <u>£ -</u> | <u>£35,997</u> |
| 13 | TAXATION | | |
| | The Union is exempt from corporation tax on its charitable activities | | |
| 14 | TANGIBLE FIXED ASSETS | | |
| | | Assets under construction | Fixtures, fittings, equipment and motor vehicles |
| | | £ | £ |
| | Cost | | Total |
| | At 1 August 2006 | 247,124 | 2,975,732 |
| | Additions | 995,122 | 7,300 |
| | Disposals | - | (50,162) |
| | | <u>1,242,246</u> | <u>2,932,870</u> |
| | At 31 July 2007 | | <u>4,175,116</u> |
| | Depreciation | | |
| | At 1 August 2006 | - | 2,828,181 |
| | Disposals | - | (50,162) |
| | Charge for the Year | - | 142,690 |
| | | <u>-</u> | <u>142,690</u> |
| | At 31 July 2007 | <u>-</u> | <u>2,920,709</u> |
| | Net book value | | |
| | At 31 July 2007 | <u>£1,242,246</u> | <u>£12,161</u> |
| | At 31 July 2006 | <u>£247,124</u> | <u>£147,551</u> |
| | | | <u>£394,675</u> |

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2007

| | | 2007 | 2006 |
|----|--|-------------------|-------------------|
| | | £ | £ |
| 15 | INVESTMENTS | | |
| | 8,000 M&G Charifund Income Units Market Value | <u>£126,918</u> | <u>£117,655</u> |
| | Cost 2007: £2,688 (2006: £2,688) | | |
| 16 | DEBTORS | | |
| | Amounts falling due within one year: | | |
| | Trade debtors | 138,634 | 27,997 |
| | Other debtors | 2,427 | 417 |
| | Provision for Bad Debts | (11,575) | - |
| | Prepayments | 4,088 | - |
| | Accrued Income | <u>27,938</u> | <u>9,865</u> |
| | | <u>£161,512</u> | <u>£38,279</u> |
| 17 | SHORT TERM DEPOSITS | | |
| | Money Market deposits | <u>£1,181,088</u> | <u>£1,383,253</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 | 124,763 | 141,205 |
| | Members' funds | 219,658 | 228,726 |
| | RAG Creditor | 53,972 | - |
| | Other creditors | 2,945 | - |
| | Payment received on account | 8,015 | 8,020 |
| | VAT | 7,860 | - |
| | Imperial College net | 274,734 | 314,623 |
| | Accruals | 27,602 | - |
| | Deferred income | <u>11,928</u> | <u>-</u> |
| | | <u>£731,477</u> | <u>£692,574</u> |
| | Amounts falling due after more than one year: | | |
| | Creditors: | <u>-</u> | <u>-</u> |
| 19 | DEFERRED CAPITAL GRANTS | | |
| | At 1 August 2006 | | 90,659 |
| | Cash Receivable during year | | <u>903,667</u> |
| | | | 994,326 |
| | Released to income and expenditure during year | | <u>(9,016)</u> |
| | At 31 July 2007 | | <u>£985,310</u> |

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2007

| 20(a) GENERAL FUNDS | Imperial College Union £ | Trading £ | Clubs and Societies £ | Capital Funds £ | Total £ |
|---|-----------------------------------|-----------------|-----------------------------|-----------------------|-------------------|
| At 1 August 2006 | £537,821 | £500,698 | £40,1 | £394,67 | £1,473,883 |
| Transfer from/(to) income and expenditure account | 147,514 | (146,853) | 38 | | 38,7 |
| Transfer from/(to) capital funds | <u>130,636</u> | <u>205,537</u> | <u>58</u> | <u>(394,67)</u> | |
| At 31 July 2007 | <u>£815,971</u> | <u>£559,382</u> | <u>£137,2</u> | <u>£</u> | <u>£1,512,598</u> |

Capital Funds

| | Imperial College Union | Trading | Clubs and Societies | Total |
|-------------------------------|------------------------------|------------------|------------------------|------------------|
| At 1 August 2006 | £130,636 | £205,537 | £58, | £394,675 |
| Transfer from/(to) Main Funds | <u>(130,636)</u> | <u>(205,537)</u> | <u>(58,502)</u> | <u>(394,675)</u> |
| At 31 July 2007 | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> |

£

20b) **INVESTMENT REVALUATION RESERVE**

| | |
|------------------------|-----------------|
| At 1 August 2006 | 114,967 |
| Add: Unrealised income | 9,263 |
| At 31 July 2007 | <u>£124,230</u> |

21 **EQUIPMENT AND COMMERCIAL DEVELOPMENT FUNDS**

| | Clubs and Societies £ | Vehicle Replace- ment £ | Basement Equipment Reserve £ | Strategic Development £ | Total £ |
|--|-----------------------------|----------------------------------|---------------------------------------|-------------------------------|-----------------|
| At 1 August 2006 | £36,78 | £28,614 | | £112,95 | £178,356 |
| Transfer to income and expenditure account | | | | | |
| At 31 July 2007 | <u>£36,78</u> | <u>£28,614</u> | <u>£</u> | <u>£112,95</u> | <u>£178,356</u> |

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2007

22 ANALYSIS OF CHANGES IN NET FUNDS

| | Cash at bank | Short term deposits | Total |
|------------------|-------------------------|--------------------------------|-------------------|
| | £ | £ | £ |
| At 1 August 2006 | £495,70 | £1,383,253 | £1,878,958 |
| Cash Flow | 185,0 | (202,16 | (16,73 |
| At 31 July 2007 | <u>£681,10</u> | <u>£1,181,088</u> | <u>£1,862,227</u> |

23 RELATED PARTY TRANSACTIONS

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 2007 are shown in the notes to the financial statements.

24 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 2006 applies to the scheme as a whole and

IMPERIAL COLLEGE UNION

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31ST JULY 2007

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 | - past service liabilities | 4.5% | 5.5% |
| | - future service liabilities | 6.29% | 6.5% |
| Salary scale increases per annum | | 3.9% | 4.15% |
| Pension increases per annum | | 2.9% | 2.65% |