

**THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2012**

**THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM**

**FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2012**

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**THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM**

**OFFICERS AND PROFESSIONAL ADVISERS**

**YEAR ENDED 30 JUNE 2012**

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**Principal Address**

4<sup>th</sup> Floor  
184-192 Drummond Street  
London  
NW1 3HP

**Auditors**

RSM Tenon Audit Limited  
Sumner House  
St Thomas's Road  
Chorley  
Lancashire  
PR7 1HP

**Accountants**

RSM Tenon Limited  
Sumner House  
St Thomas's Road  
Chorley  
Lancashire  
PR7 1HP

**Bankers**

Co-operative Bank  
Balloon Street  
Manchester  
M60 4EP

**THE NATIONAL UNION OF STUDENTS OF  
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**TRUSTEE BOARD REPORT**

**YEAR ENDED 30 JUNE 2012**

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## **ACTIVITIES**

The National Union of Students ("the Union" or "NUS") is a confederal association of students' unions, guilds, junior common rooms and representative councils of students involved in post-sixteen education and training in the United Kingdom.

The primary aims and objects of the National Union are to:

- represent Students of the United Kingdom locally, nationally and internationally;
- promote and maintain the educational, social, cultural and general interests of Students;
- arrange services, goods, facilities and other benefits for Members of the National Union, for persons and organisations associated with the National Union, and for other Students and their organisations;
- promote the views of Students on problems in the educational system as a whole;
- promote the interests of Students in economic, social, youth and mature issues which have a direct effect on education or upon the status and welfare of Students within society;
- promote the views of Students upon those issues which have a direct bearing on the education or social rights of students of any country;
- maintain and promote co-operation with students and student organisations of other countries;
- discuss, comment and act upon current affairs which are of interest or importance to Students;
- support causes which, in the opinion of the National Conference, merit the support of Students in general;
- Support prospective, current and past Students in seeking gainful employment; and
- act as a channel of communication between Members and external bodies.

For fuller details of the range of activities we undertake and the breadth of reach of the organisation please take a look at our Impact Report which can be found at [www.nus.org.uk](http://www.nus.org.uk).

## **VISION, MISSION AND VALUES**

### **Vision**

Our vision is of NUS as a pioneering, innovative and powerful campaigning organisation: the definitive national voice of students. We will fight barriers to education, empower students to shape both a quality learning experience and the world around them, supporting influential, democratic and well resourced students' unions.

### **NUS Mission**

To make this vision a reality, NUS will:

- Promote, defend and extend the rights of students
- Develop and champion strong students' unions.

### **NUS Values**

To achieve our vision and mission we believe three core values are crucial:

- **Equality**  
We believe there should be equality of opportunity for everyone to participate fully in a society that celebrates diversity.
- **Democracy**  
Our policies and priorities must be student-led and students' union-focused through building open, transparent and accessible democratic structures that increase performance and strengthen accountability.
- **Collectivism**  
Students and students' unions are more effective when they organise together locally, nationally and internationally: unity is our strength.

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**TRUSTEE BOARD REPORT**

**YEAR ENDED 30 JUNE 2012**

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**FINANCIAL PROGRESS**

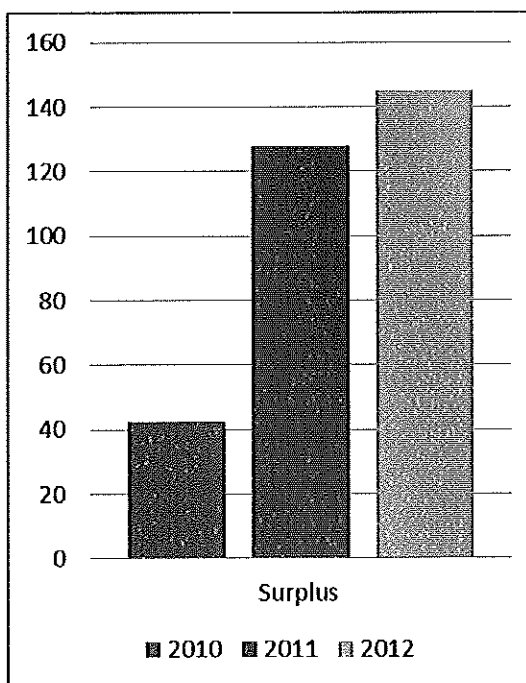
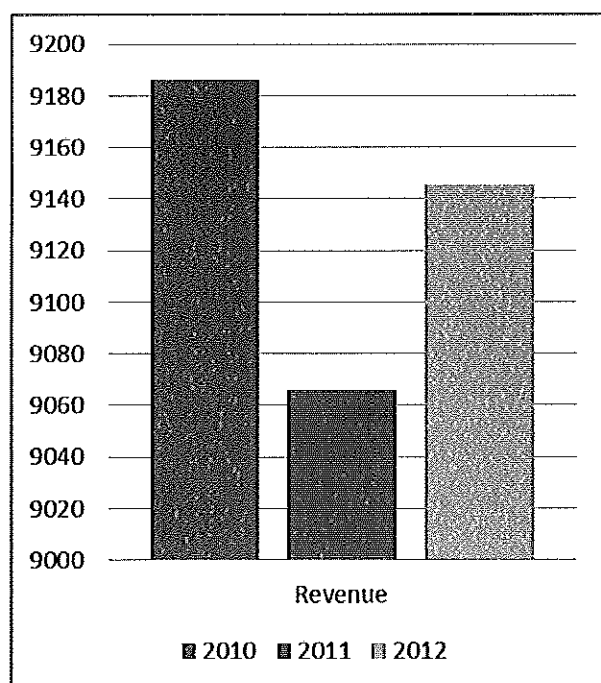
**The year saw continued progress on three core themes of our financial strategy:**

- Strengthening our financial performance
- Diversifying our revenue streams
- Reducing the proportion of our revenue from affiliation fees

**Strengthening our financial performance**

To provide greater benefits to our members we have worked hard to increase the stability and sustainability of the organisation. In the last three years we have increased our revenues and streamlined our operation in order to start to redress the deficit situation of prior years. The charts below illustrate a solid revenue performance in 2011-12 and reasonable progress in generating modest surpluses, enabling us to invest in key areas to provide greater value to students' unions.

**Overall Performance**



Note: the surpluses above excludes NUS Services which is 75% owned by students' unions and 25% by NUS.

**Diversifying our income streams**

We have made great strides over the last five years to diversify our revenue streams. From a zero start, the NUS extra card now accounts for nearly 30% of our revenues. Last year NUS extra generated over £2.0 million for students' unions, while over 465,000 students benefited from a vast range of exclusive discounts.

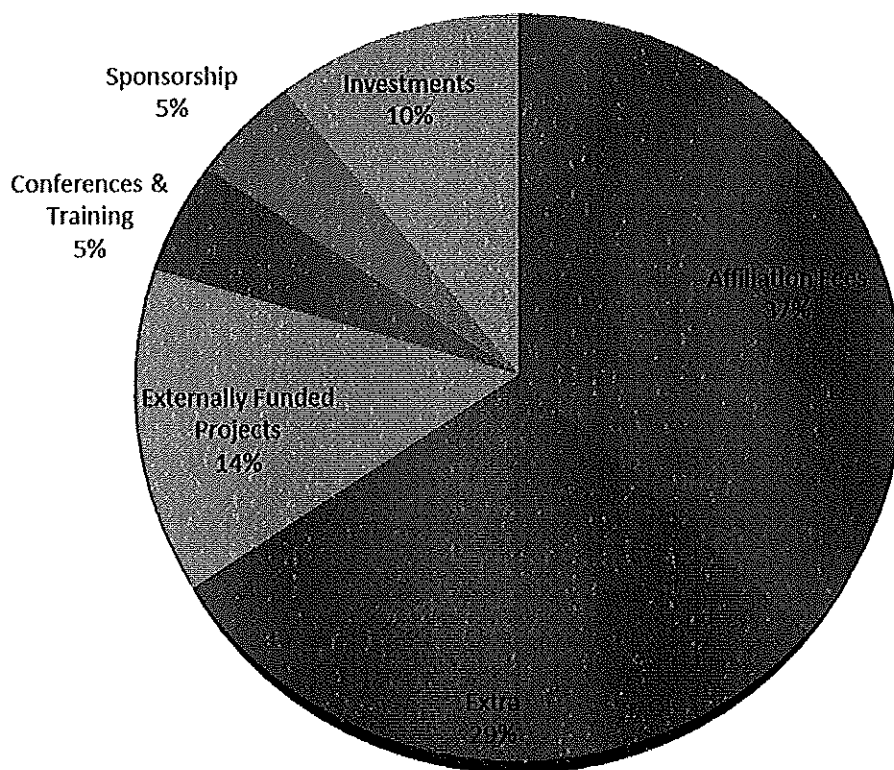
We have expanded the work of the organisation by securing external funds, generally grants, to deliver on projects that are focused on enhancing students' lives; from improving the quality of education, greener living, safer campuses through to increasing volunteering.

THE NATIONAL UNION OF STUDENTS OF  
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TRUSTEE BOARD REPORT

YEAR ENDED 30 JUNE 2012

### 2011-12 Revenue Streams



Our sponsorship arrangements have continued to provide benefits both to the organisation and to students. They include an ongoing commitment to the movement by Endsleigh and the involvement of suitable partners at our events.

We charge nominal fees for our bespoke training and development programmes that equip student officers and staff with the tailored information and skills that they will need to fulfil their roles in the year ahead.

#### **Reducing the proportion of our revenue from affiliation fees**

In the year 2000 affiliation fees represented 89% of our revenues, last year it was 37% of our total income.

In recognition of the changing landscape of education and the increasing financial pressures on many students' unions we remain committed to reducing the proportion of our revenues from affiliation fees.

We have demonstrated through the NUS extra card that we can successfully launch offerings that benefit students, unions and help NUS reduce the proportion of its revenues from affiliation fees.

During the year the Union invested heavily in the development of an online platform, UnionCloud, for students' unions. UnionCloud is a unique opportunity to create a campaigning force of 7 million voices, to transform digital capacity within students' unions and deliver vital new income to the movement.

The new digital platform encompasses a customer relationship management (CRM) system providing state-of-the-art membership data, an e-voting package, clubs and societies functionality, e-commerce, and is supported by a digital media sales service.

**THE NATIONAL UNION OF STUDENTS OF  
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**TRUSTEE BOARD REPORT**

**YEAR ENDED 30 JUNE 2012**

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With the help of 7 pilot unions the first phase of development was completed in time for go live in July 2012.

It will:

- Help Students' Unions to provide better digital services to Students, Reduce costs,
- Drive increased engagement, and
- Generate increased income for both Students' Unions and NUS, through online transactions and advertising.

**RISKS AND UNCERTAINTIES**

As part of the annual business planning process, the major strategic and operational risks that NUS faces and the ways in which they are being monitored, managed and mitigated, were assessed by the Trustee Board and the Audit, Risk and Remuneration Committee.

The Trustee Board monitors the performance of NUS using a variety of Key Performance Indicators to ensure that the organisation is achieving at least the planned level of income and operating profit whilst maximising cash flow by efficient financial management.

The Union offered membership of the Student Union Superannuation Scheme ("SUSS"), a defined benefit pension scheme, to all employees until 30th September 2011, at which point the scheme closed to future accrual. In the 2010 valuation SUSS had a funding deficit of around £50m shared between 69 employers.

During the period the Union's contribution was £175,887, for the following 12 months it will be £220,057. This is set to increase by 3.2% per annum.

Whilst the closure of the scheme to future accrual goes some way to mitigate the risk it does not eliminate it. The Company is required to make deficit contributions for the next 19 years, which at current rates represents a liability of over £4million. This is subject to fluctuations in fund performance, changes in apportionment methodology and the life expectancy of the individuals within the scheme.

**TRUSTEE BOARD AND NATIONAL EXECUTIVE COUNCIL**

The following were members of the Trustee Board in 2011/2012:

<b>Members:</b>	<b>Name</b>
President & Chair	Liam Burns
Officer Trustees	Ed Marsh, Vicki Baars, Estelle Hart, Ed Marsh, Adrienne Peltz
Student Trustees	Ilana Fenster, Jess Green, Karl Hobley, Kainde Manji, Fabian Neuner, Varinder Singh.
Lay Trustees	Kate Davies, Dame Karlene Davis, David Fletcher

The following were members of the National Executive Council in 2011/2012:

<b>Members:</b>	<b>Name</b>
President & Chair	Liam Burns
Zones	Toni Pearce, Shane Mann, Usman Ali, Sophie Richardson, Danielle Grufferty, Aakash Naik, Ed Marsh, & Paddy Stearn, Pete Mercer, Pete Woodward
Liberation	Kanja Sesay, Anil Sachdeo, Rupy Kaur, Matthew Bond, Vicki Baars, Alan Bailey, Estelle Hart, Kelley Temple
Sections	Christina Yan Zhang, Mateus Wysocki, Joshua McKenzie, Fee Wood, George Charonis, Dante Micheaux
Nations	Luke Young, Raechel Matthey, Robin Parker, Graeme Kirkpatrick, Adrienne Peltz, Stuart Cannell
Block	Mark Bergfeld, Nes Cazimoglu, Michael Chessum, Lauren Crowley, Matt East, Ruby Hirsch, Taylor Kane, Aaron Kiely, Joe Oliver, Surya Prakash Bhatta, Mary Prescott, Josh Rowlands, Daniel Stevens Rachel Wenstone, Stevie Wise

**THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM**

**TRUSTEE BOARD REPORT**

**YEAR ENDED 30 JUNE 2012**

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In so far as the trustees, individually, are aware:

- There is no relevant audit information of which the auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Responsibilities of the Trustee Board**

The Trustee Board is responsible for preparing the Trustee Board Report and the financial statements in accordance with applicable law and regulation. The Trustee Board have agreed to comply with the Companies Act 2006, as if it applied.

Company law requires the Trustee Board to prepare financial statements for each financial year. The Trustee Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustee Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Union and the group and of the surplus or deficit of the group for that period. In preparing those financial statements, the Trustee Board has agreed to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Union will continue in business.

The Trustee Board is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the Union's transactions and disclose with reasonable accuracy at any time the financial position of the Union and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 as if they applied. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee Board is responsible for the maintenance and integrity of the corporate and financial information included on the Union's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditors**

A resolution to reappoint RSM Tenon Audit Limited as auditors for the ensuing year will be proposed at the forthcoming Annual General Meeting.



**Liam Burns**  
**President and Chair of Trustee Board**



**THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM**

**YEAR ENDED 30 JUNE 2012**

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We have audited the Group and Union's financial statements on pages 9 to 26 for the year ended 30 June 2012. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Union's Trustee Board, as a body, in accordance with the terms of our engagement letter. Our audit work has been undertaken so that we might state to the Union's Trustees 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 Union and the Union's Trustee Board as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Trustees' Board Responsibilities Statement set out on page 6 the Trustee Board is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with the terms of our engagement and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit**

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 Group's and Union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee Board; and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Union's affairs as at 30 June 2012 and of the Group's profit 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 that would have applied.

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

In our opinion the information given in the Directors' Report for the financial year for which the non-statutory financial statements are prepared is consistent with the financial statements.

**THE NATIONAL UNION OF STUDENTS OF  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM (continued)**

**YEAR ENDED 30 JUNE 2012**

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**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 would have required us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustee Board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Christopher Moss, Senior Statutory Auditor  
For and on behalf of

RSM Tenon Audit Limited  
Statutory Auditor  
Sumner House  
St Thomas's Road  
Chorley  
Lancashire  
PR7 1HP

Date:

DRAFT

**THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 30 JUNE 2012**

	Notes	2012 £	<i>Restated 2011 £</i>
<b>Turnover</b>	2	15,542,725	13,804,998
<b>Operating costs</b>			
NUS		7,444,178	6,649,506
NUS Services Ltd		4,566,250	4,183,767
NUS Holdings Ltd		725,564	832,991
NUS Extra		2,101,812	2,108,544
NUS Media Ltd		28,098	-
NUS Charity		656,795	-
Charitable Donation		-	214,143
Rationalisation		54,245	73,375
<b>Total operating costs</b>		<u>15,576,942</u>	<u>14,062,326</u>
<b>Operating deficit</b>	3	(34,217)	(257,328)
Rent received from fixed asset investment		72,808	171,875
Dividend received from fixed asset investment		792,428	792,428
Bank interest receivable – group		112,310	50,110
		<u>943,329</u>	<u>757,085</u>
<b>Interest payable</b>			
Group	4	(6,572)	(1,860)
<b>Surplus on ordinary activities before taxation</b>		<u>936,757</u>	<u>755,225</u>
Taxation	6	(473,614)	(176,678)
<b>Surplus for year after taxation</b>		463,143	578,547
Minority interest		<u>(195,664)</u>	<u>(304,624)</u>
<b>Surplus for the financial year</b>	15	<u>267,479</u>	<u>273,923</u>

All the activities of the Union are classed as continuing.

**THE NATIONAL UNION OF STUDENTS OF  
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**STATEMENT OF RECOGNISED GAINS AND LOSSES**

**YEAR ENDED 30 JUNE 2012**

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	<b>2012</b> <b>£</b>	<i>Restated</i> <i>2011</i> <i>£</i>
Surplus for the financial year	267,479	273,923
Unrealised gain on revaluation of freehold property	<u>-</u>	<u>1,982,750</u>
Total gains and losses relating to the year	267,479	<u>2,256,673</u>
Prior year adjustment (note 21)	<u>1,052,794</u>	
	<u>1,320,273</u>	

**Note of historical cost profits and losses**

	<b>2012</b> <b>£</b>	<i>Restated</i> <i>2011</i> <i>£</i>
Reported surplus on ordinary activities before taxation	936,757	755,225
Realisation of property revaluation gains of previous years	<u>4,618,541</u>	<u>-</u>
Historical cost surplus on ordinary activities before taxation	<u>5,555,298</u>	<u>755,225</u>
Historical cost surplus for the year retained after taxation and minority interest	<u>4,886,020</u>	<u>273,923</u>

**THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM  
BALANCE SHEET  
AS AT 30 JUNE 2012**

	Notes	<b>GROUP</b>		<b>UNION</b>	
		<b>2012</b>	Restated <b>2011</b>	<b>2012</b>	Restated <b>2011</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	7	1,511,422	5,876,950	181,619	220,491
Investments	8	<u>13,547,905</u>	<u>13,207,143</u>	<u>13,327,145</u>	<u>13,327,145</u>
		15,059,327	19,084,093	13,508,764	13,547,636
<b>Current assets</b>					
Debtors due within one year	9	9,393,918	2,508,420	1,983,361	1,461,452
Investments	10	88,149	86,778	-	-
Cash at bank	11	<u>5,912,970</u>	<u>6,482,491</u>	<u>2,058,993</u>	<u>1,909,682</u>
		15,395,037	9,077,689	4,042,354	3,371,134
<b>Creditors:</b>					
<b>Amounts falling due within one year</b>	12	<u>(7,406,973)</u>	<u>(5,687,097)</u>	<u>(2,330,010)</u>	<u>(1,798,182)</u>
<b>Net current assets</b>		<u>7,988,064</u>	<u>3,390,592</u>	<u>1,712,344</u>	<u>1,572,952</u>
<b>Total assets less current liabilities</b>		<u>23,047,391</u>	<u>22,474,685</u>	<u>15,221,108</u>	<u>15,120,588</u>
<b>Provisions for liabilities</b>					
Other provisions	14	<u>(109,563)</u>	-	-	-
<b>Total assets less current liabilities</b>		<u>22,937,828</u>	<u>22,474,685</u>	<u>15,221,108</u>	<u>15,120,588</u>
<b>Capital and reserves</b>					
General fund	15	21,585,568	16,699,548	15,221,108	15,120,588
Premises revaluation reserve	15	-	4,618,541	-	-
Total funds attributable to the Union		<u>21,585,568</u>	<u>21,318,089</u>	<u>15,221,108</u>	<u>15,120,588</u>
Minority interest	20	<u>1,352,260</u>	<u>1,156,596</u>	-	-
<b>Total funds</b>		<u>22,937,828</u>	<u>22,474,685</u>	<u>15,221,108</u>	<u>15,120,588</u>

These financial statements on pages 9 to 26 were approved and authorised for issue by the Trustee Board on 19/4/13 and signed on its behalf by:



**Liam Burns  
President**

**THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM  
CONSOLIDATED CASH FLOW STATEMENT  
YEAR ENDED 30 JUNE 2012**

	Notes	2012 £	£	2011 £	£
<b>Net cash flow from operating activities</b>	19		145,960		1,102,387
<b>Returns on investments and servicing of finance</b>					
Dividend received		792,428		792,428	
Rent receivable		72,808		171,875	
Interest received		112,310		50,110	
Interest paid		(6,572)		(1,860)	
			970,974		1,012,553
<b>Taxation</b>		(238,653)		(19,007)	
			(238,653)		(19,007)
<b>Capital expenditure</b>					
Purchase of investments		(340,762)			
Purchase of tangible fixed assets		(1,051,490)		(527,167)	
Receipts from sale of tangible fixed assets		4,984,450		101	
Capital deposit (debtors)		(5,040,000)		-	
			(1,447,802)		(527,066)
<b>(Decrease)/Increase in cash</b>	19		(569,521)		1,568,867

**THE NATIONAL UNION OF STUDENTS OF  
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**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2012**

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**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified by the revaluation of certain freehold property.

**Depreciation**

Depreciation of fixed assets is charged by equal instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation less any residual value over their expected useful lives.

The following rates of depreciation have been used:

Freehold land	-	Nil
Freehold buildings	-	2% per annum on cost or revalued amount
Furniture and fittings	-	20% per annum on written down amount
Computer equipment	-	25%-33% per annum on cost

Property which is primarily used for the principal activities of the National Union of Students is maintained at cost.

Assets under the course of construction are not depreciated.

**Basis of consolidation**

The consolidated financial statements incorporate those of NUS and all of its subsidiary undertakings for the year. Subsidiaries are consolidated using the acquisition method. NUS is the sole member and able to control the board of NUS Students' Union Charitable Services and therefore the results of the charity are consolidated into the financial statements.

In addition, NUS is also able to control the board of NUS Services Limited and therefore the results of NUS Services Limited are also consolidated into the financial statements (note 20).

**Investment in subsidiaries**

The Union's investment in its subsidiary companies is stated at cost.

**Net current assets**

Current assets are expected to be realised and current liabilities are due and payable each within twelve months of the balance sheet date

**Expenses**

Expenses are included in the Income and Expenditure Account as incurred.

**Operating leases**

Assets leased to third parties have been capitalised and treated as investment property. Operating lease costs are charged to the Income and expenditure account as they are incurred.

**THE NATIONAL UNION OF STUDENTS OF  
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**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2012**

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**1. ACCOUNTING POLICIES (continued)**

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in period in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Pension costs**

The Union participated in the Student Union Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Earnings Pension Scheme. The scheme closed to future accrual on 30 September 2011. After which time the only contributions the Union makes are towards the scheme deficit. The on-going monthly deficit payment increased in October 2011 from £9,206 to £17,353. The valuation assumes an increase of 3.2% per annum each October.

The fund is valued at least every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. 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 FRS 17, in these circumstances, contributions are accounted for as if the scheme were a defined contribution scheme based on actual contributions throughout the year.

The Union operates a defined contribution scheme making contributions on a monthly basis for those employees who have joined the scheme. It has no other liabilities under this scheme.

**Turnover**

Turnover represents the value of services provided to members and non members within the student sector, net of value added tax.

Membership income is charged in advance at the beginning of the year and recognised immediately.

Income from the sale of NUS Extra cards is recognised at the point of sale, not over the time of the card, as there are no subsequent direct costs to the Union of providing the card.

Commission income is recognised on a monthly basis once they have been confirmed as being due



**THE NATIONAL UNION OF STUDENTS OF  
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**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2012**

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**Fund Accounting**

Within the reserves of the group accounts, NUS Students' Union Charitable Services has the following funds:

**i) Restricted funds**

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors or that have been raised by the entity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

**ii) Unrestricted funds**

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the objects of the entity and which have not been designated for other purposes.

**iii) Designated funds**

Designated funds comprise of unrestricted funds that have been set aside by the Trustees for particular purposes.

**THE NATIONAL UNION OF STUDENTS OF  
THE UNITED KINGDOM**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2012**

**2. TURNOVER AND NET SURPLUS BEFORE TAXATION**

The group's turnover and net surplus before taxation were all derived from its principal activity of providing a national voice for and provision of services to affiliated students' unions throughout the United Kingdom. Income was received in the following manner:

	<b>2012</b>	2011
	<b>£</b>	<b>£</b>
Membership income	3,837,654	3,915,243
NUS extra card sales	2,812,427	2,731,192
Other income	2,201,447	1,841,173
NUS USI other income	376,519	211,015
Commissions receivable	401,655	367,490
NUS Services Ltd	4,933,237	4,738,885
NUS Charitable Services	979,786	-
	<u>15,542,725</u>	<u>13,804,998</u>

**3. OPERATING DEFICIT**

	<b>2012</b>	2011
	<b>£</b>	<b>£</b>
Operating deficit is stated after charging:		
Depreciation of tangible fixed assets:		
Charge for the year:		
Owned	432,993	415,689
Operating lease rentals:		
Plant and machinery	11,482	78,434
Land and buildings	134,075	289,984
Auditors' remuneration	20,620	18,160
Profit on disposal of fixed assets	<u>(425)</u>	<u>(8,527)</u>

**4. INTEREST PAYABLE**

	<b>2012</b>	2011
	<b>£</b>	<b>£</b>
On bank loans and overdrafts and other charges	<u>6,572</u>	<u>1,860</u>

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**YEAR ENDED 30 JUNE 2012**

**5. EMPLOYEES**

The monthly average number of persons (including Union Executives) employed by the group during the year was:

	<b>2012</b> <b>No</b>	2011 <i>No</i>
Office and management	<u>227</u>	<u>192</u>

Staff costs for the above persons:

	<b>2012</b> <b>£</b>	2011 <i>£</i>
Wages and salaries	5,693,994	4,733,035
Social security costs	579,841	440,756
Other pension costs	401,977	339,048
Total	<u>6,675,812</u>	<u>5,512,839</u>

<b>Union Executives' remuneration</b>	<b>2012</b> <b>£</b>	2011 <i>£</i>
Salaries and allowances	367,584	360,236
Social security costs	<u>31,093</u>	<u>34,116</u>
	<u>398,677</u>	<u>394,352</u>

No pension costs were paid on behalf of the Union Executives.

The salaries of the highest paid employees within the group during the year were:

Salary band	£50,000 - £64,999	£65,000 - £79,999	£80,000 - £94,999
Number of employees	3	2	2

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**YEAR ENDED 30 JUNE 2012**

**6. TAXATION**

The provision for corporation tax in these financial statements is computed as follows:

	<b>2012</b> £	2011 £
Current tax:		
UK Corporation tax based on the results for the year at 20% (2011 - 26%)	478,304	176,678
Under/(over) provision in previous year	(4,690)	-
	<u>473,614</u>	<u>176,678</u>
Deferred tax (note 13)	-	-
<b>Charge for the year</b>	<u><u>473,614</u></u>	<u><u>176,678</u></u>

	<b>2012</b> £	2011 £
Factors affecting the tax charge for the period: The tax assessed for the period is higher than the rate of corporation tax of 26% (2011: of 26%)		
Surplus on ordinary activities before tax	<u>936,757</u>	<u>755,225</u>
Surplus on ordinary activities multiplied by rate of corporation tax - 26% (2011: standard rate of 26%)	243,557	196,359
Expenses not deductible for tax purposes	63,527	(1,906)
Income not taxable	(414,552)	(132,687)
Depreciation in excess of capital allowances	(32,354)	6,060
Effect of change in tax rate	(8,165)	10,880
Losses carried forward	116,341	111,761
Small companies relief	(17,872)	(13,789)
Under/(over) provision in previous year	(4,690)	-
Capital gain	<u>527,822</u>	<u>-</u>
Current tax charge	<u><u>473,614</u></u>	<u><u>176,678</u></u>

A reduction in the UK Corporation tax rate to 23% was substantively enacted on 17 July 2012.

Details of the group's losses to carry forward against future profits can be found in note 13.

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**YEAR ENDED 30 JUNE 2012**

**7. FIXED ASSETS**

<b>Group</b>	<b>Short Leasehold Improvements £</b>	<b>Freehold Property £</b>	<b>Computer Equipment and Furniture £</b>	<b>Assets Under construction £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 July 2011	169,095	5,374,909	2,534,442	-	8,078,446
Additions	3,522	-	567,204	480,764	1,051,490
Disposals	-	(4,982,750)	(1,700)	-	(4,984,450)
At 30 June 2012	172,617	392,159	3,099,946	480,764	4,145,486
<b>Depreciation</b>					
At 1 July 2011	79,041	56,786	2,065,669	-	2,201,496
Charge for year	36,489	4,843	391,661	-	432,993
Disposals	-	-	(425)	-	(425)
At 30 June 2012	115,530	61,629	2,456,905	-	2,634,064
<b>Net book amount</b>					
At 30 June 2012	57,087	330,530	643,041	480,764	1,511,422
At 1 July 2011	90,054	5,318,123	479,239	-	5,876,950
Cost or revaluation at 30 June 2012 is represented by:					
Cost	172,617	392,159	3,099,946	480,764	4,145,486
Valuation	-	-	-	-	-
	172,617	392,159	3,099,946	480,764	4,145,486
				<b>2012 £</b>	<b>2011 £</b>

On an historical cost basis freehold land and buildings would be included at:

Cost	392,159	756,368
Aggregate depreciation	61,629	56,786

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**YEAR ENDED 30 JUNE 2012**

**7. FIXED ASSETS (continued)**

<b>Union – as restated</b>	<b>Freehold Property £</b>	<b>Computer Equipment and Furniture £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 July 2011 – as previously stated	4,982,750	1,013,727	5,996,477
Prior year adjustment (note 21)	(4,982,750)	-	(4,982,750)
At 1 July 2011 - restated	-	1,013,727	1,013,727
Additions	-	197,790	197,790
Disposals	-	(1,700)	(1,700)
At 30 June 2012	-	1,209,817	1,209,817
<b>Depreciation</b>			
At 1 July 2011	-	793,236	793,236
Charge for year	-	235,387	235,387
Disposals	-	(425)	(425)
At 30 June 2012	-	1,028,198	1,028,198
<b>Net book amount</b>			
At 30 June 2012	-	181,619	181,619
<i>At 1 July 2011 – re stated</i>	-	220,491	220,491
Cost or revaluation at 30 June 2012 is represented by:			
Cost	-	1,209,817	1,209,817
Valuation	-	-	-
	-	1,209,817	1,209,817

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**8. INVESTMENTS**

<b>Group</b>	<b>Class of share holding</b>	<b>2012 Cost £</b>	<b>2011 Cost £</b>
Zurich Limited	Preference	13,207,143	13,207,143
M&G Investments		340,762	-
At 30 June 2012 and 2011		<u>13,547,905</u>	<u>13,207,143</u>

<b>Entity</b>	<b>Year End</b>	<b>Class of holding</b>	<b>Proportion held</b>	<b>Nature of business</b>
NUS Holdings Ltd	30 June	Ordinary	100%	Provision of services in the student sector
NUS Services Ltd *	30 June	Ordinary	25%	Provision of services in the student sector
NUS Media Ltd *	30 June	Ordinary	100%	Provision of services in the student sector

	<b>2012 £</b>	<b>2011 £</b>
NUS Holdings Limited	120,002	120,002
Endsleigh Limited preference shares #	<u>13,207,143</u>	<u>13,207,143</u>
	<u>13,327,145</u>	<u>13,327,145</u>

\* Held via NUS Holdings Limited. NUS Services Limited is under the effective control of NUS and therefore a subsidiary undertaking.

NUS Students' Union Charitable Services is a charity under the effective control of NUS.

# Legal title to the preference shares is held by NUS Holdings Limited for the beneficial interest of the National Union of Students of the United Kingdom.

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**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Union</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	1,079,321	766,369	243,474	24,191
Other debtors	81,627	366,325	34,782	316,140
Prepayments and accrued income	8,121,797	844,895	1,472,059	626,207
Amounts owed to group	-	-	229,250	-
Other taxation and social security	111,173	530,831	3,796	494,954
	<u>9,393,918</u>	<u>2,508,420</u>	<u>1,983,361</u>	<u>1,461,492</u>

**10. INVESTMENTS**

	<b>Group</b>		<b>Union</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other investments	88,149	86,778	-	-
	<u>88,149</u>	<u>86,778</u>	<u>-</u>	<u>-</u>

At the year end, the current asset investments were re-valued to market value. £1,371 (2011: £8,416) revaluation upwards has been included in the profit and loss account in the year in respect of the revaluation.

**11. CASH AT BANK**

Included within the group cash balance is an amount of £1,869,331 (2011: £2,063,595) of payments received on account, being amounts held for redistribution to members of the purchasing consortium for retrospective volume related payments.

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Union</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Payments received on account	1,869,331	2,063,595	-	-
Associated and subsidiary companies	-	-	47,225	410,226
Trade creditors	2,097,776	2,181,675	458,858	784,473
Corporation Tax	478,304	243,343	-	37,179
Other taxation and social security	206,329	327,237	-	92,289
Accruals and deferred income	2,755,233	871,247	1,823,927	474,015
	<u>7,406,973</u>	<u>5,687,097</u>	<u>2,330,010</u>	<u>1,798,182</u>



**THE NATIONAL UNION OF STUDENTS OF  
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**13. DEFERRED TAX**

No provision has been made in the financial statements for the deferred tax asset due to the uncertainty over the timescale in which it can be utilised.

The potential deferred tax asset at a tax rate of 20% (2011: 26%) is as follows:

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Losses available to carry forward and set against future profits	(1,155,915)	(111,532)
Difference between depreciation over capital allowances	<u>(24,998)</u>	<u>(27,832)</u>
	<u>(1,180,913)</u>	<u>(139,364)</u>

**14. OTHER PROVISIONS - GROUP**

	<b>2012</b>
	<b>£</b>
<b>Other provisions – Insurance Claim:</b>	
Movement for year	<u>109,563</u>

The provision is for a Death in Services claim which may not be payable by the group's insurers.

**15. FUNDS AND RESERVES**

<b>GROUP</b>	<b>General Fund £</b>	<b>Premises Revaluation Reserve £</b>	<b>Total £</b>
Balance brought forward – 1 July 2011	15,646,754	4,618,541	20,265,295
Prior year adjustment (note 21)	1,052,794	-	1,052,794
Balance brought forward – 1 July 2011	16,699,548	4,618,541	21,318,089
Surplus for the year	267,479	-	267,479
Release of revaluation reserve	<u>4,618,541</u>	<u>(4,618,541)</u>	<u>-</u>
Balance carried forward – 30 June 2012	<u>21,585,568</u>	<u>-</u>	<u>21,585,568</u>

**UNION**

	<b>General Fund £</b>	<b>Premises Revaluation Reserve £</b>	<b>Total £</b>
Balance brought forward – 1 July 2011	14,451,368	4,618,541	19,069,909
Prior year adjustment (note 21)	669,220	(4,618,541)	(3,949,321)
Balance brought forward – 1 July 2011	15,120,588	4,618,541	15,120,588
Deficit for the year	<u>100,520</u>	<u>-</u>	<u>100,520</u>
Balance carried forward – 30 June 2012	<u>15,221,108</u>	<u>-</u>	<u>15,221,108</u>

The Union is exempt from publishing a profit and loss account.

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**AS AT 30 JUNE 2012**

**16. OPERATING LEASES**

Financial commitments under non cancellable operating leases will result in the following payments falling due within one year of the balance sheet date:

	<b>Group</b>			
	<b>2012</b>		<b>2011</b>	
<b>LEASES EXPIRING IN:-</b>	<b>Land and buildings £</b>	<b>Other £</b>	<b>Land and buildings £</b>	<b>Other £</b>
Less than one year	168,227	-	10,790	33,014
Two to five years	-	70,936	382,631	135,999
After five years	89,084	-	-	-
	<u>257,311</u>	<u>70,936</u>	<u>393,421</u>	<u>169,013</u>

	<b>Union</b>			
	<b>2012</b>		<b>2011</b>	
<b>LEASES EXPIRING IN:-</b>	<b>Land and buildings £</b>	<b>Other £</b>	<b>Land and buildings £</b>	<b>Other £</b>
Less than one year	4,200	-	-	-
Two to five years	-	70,936	4,200	70,936
After five years	-	-	-	-
	<u>4,200</u>	<u>70,936</u>	<u>4,200</u>	<u>70,936</u>

**17. PENSIONS**

The Union participated in the Students Union Superannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. The scheme closed to future accrual in September 2011. 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 FRS 17, 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 most recent valuation of the scheme was carried out as at 1 October 2010 and showed that the market value of the scheme's assets was £67,141,000 with these assets representing 58% of the benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an on-going fund basis amounted to £47,869,000.

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

The following assumptions applied:

- The investment return would be 6.6% per annum before retirement and 4.6% per annum after retirement.
- Salaries would increase at 3.2% per annum, equivalent to 0.5% per annum above inflation (CPI).
- Present and future pensions would increase at rates specified by scheme rules with appropriate assumptions where these are dependent on inflation.

The contribution rate for members for the year ended 30 June 2011 was 9.8% of their earnings until 30 September 2011. The Union contributed 7.75% of earnings until 30 September 2011.

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The contributions paid into the scheme in respect of eligible employees for the period ended 30 June 2012 amounted to £226,090 (2011: £148,105) the benefit of which is spread across all members.

Surpluses or deficits which arise at future valuations may impact on the Union's Limited future contribution commitment. With effect from 30 September 2011 the scheme closed to future accrual. The next formal actuarial valuation is due as at 1 October 2013 when the above rates will be reviewed.

On 1 October 2011 the Company moved to a defined contribution scheme where the Company contributes either 3% or 6% of salary depending upon each member's level of contribution.

**18. RELATED PARTY TRANSACTIONS**

During the year the group earned commission amounting to £401,655 (2011: £367,490) from Endsleigh Limited in whose parent company the group held an investment.

The Union has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning transactions with other group entities which are wholly owned subsidiaries.

**19. CASH FLOWS**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>A Reconciliation of operating deficit to net cash outflow from operating activities</b>		
Operating deficit for the year	(34,217)	(257,328)
Depreciation/amortisation and profit/loss on disposal	432,568	428,660
(Increase)/decrease in debtors	(1,845,498)	697,277
Increase in current asset investments	(1,371)	(8,426)
Increase in creditors and provisions	1,594,478	242,204
	<u>145,960</u>	<u>1,102,387</u>
Net cash inflow from operating activities		
<b>B Reconciliation of net cash flow to movement in net funds</b>		
(Decrease)/increase in cash in the year	(569,521)	1,568,867
Change in net funds	(569,521)	1,568,867
Net funds at 1 July 2011	6,482,491	4,913,624
Net funds at 30 June 2012	<u>5,912,970</u>	<u>6,482,491</u>

**ANALYSIS OF CHANGES  
IN NET DEBT**

	At 1 July 2011	Cash flows	Other non-cash Changes	At 30 June 2012
	£	£	£	£
Cash in hand, at bank	6,482,491	(569,521)	-	5,912,970
Net funds	<u>6,482,491</u>	<u>(569,521)</u>	<u>-</u>	<u>5,912,970</u>

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**20. MINORITY INTEREST**

	£
Balance brought forward	1,156,596
Profit attributable to the minority	195,664
Balance carried forward	<u>1,352,260</u>

The minority interests are 75% of the shareholders of NUS Services Limited, a company under the effective control of NUS.

**21. PRIOR YEAR ADJUSTMENTS**

**Prior year adjustment - Group**

There is a prior year adjustment to reflect the impact of the incorrect accounting of the externally funded projects of £670,807 in 2011 and earlier and the under recovery of VAT of £362,622 in prior years. The partial exemption rate used in 2011 and earlier in reclaiming VAT was identified to have been incorrect. The correct partial exemption rate has now been applied retrospectively and the VAT reclaimed from HMRC. These adjustments have had the effect of re-stating the debtors and creditors figures in 2011 and the P&L reserve by £1,052,794.

**Prior year adjustment - Union**

In addition to the items noted above historically the group's investment property at Endsleigh Street has been reflected in the balance sheet of The National Union of Students of the United Kingdom, which was considered to be the beneficial owner. The Trustees now believe that the beneficial ownership of the property was with N.U.S. Holdings Limited, its legal owner. This change has been reflected by means of a prior period adjustment which has had the effect of decreasing tangible fixed assets at 31 December 2011 by £4,982,750, the revaluation reserve by £4,618,541 and the profit and loss account reserve by £364,209. There was no change to the surplus for the year ended 30 June 2011. The property was disposed of during the year.

**22. Post balance sheet events**

On 1 July 2012 the national Union of Students of the United Kingdom incorporated. All the assets and liabilities were transferred to a new Limited Company, National Union of Students (United Kingdom).

On 11 July 2012 the group purchased an investment property for £5,040,000.

On 27 July 2012 the group acquired the full share capital of Epana Limited, an ethical clothing company.