

Heriot-Watt University Student Union

Trustees' report and financial statements

31 July 2020

Charity number SC011949

Company number SC504788



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Union information

Reference and administrative details

Registered charity number	SC011949
Company number	SC504788
Registered office	Riccarton, Edinburgh EH14 4AS
Auditors	MHA Henderson Loggie 11-15 Thistle Street, Edinburgh EH2 1DF
Bankers	Royal Bank of Scotland 239 St. John's Road, Edinburgh EH12 7XA
Solicitors	Turcan Connell Princes Exchange, 1 Earl Grey Street, Edinburgh EH3 9EE
Chief Executive Officer	Gail Edwards (31 December 2020)

Trustee Board

The Trustees who served during the period were:

Fiona Fox (appointed 28/05/2020)	Stephanie Harper
Paul Travill	Linda Rodgers (appointed 01/10/2019)
Kathleen Patterson	Nicholas Findlay
Professor Brian Hay (resigned 23/04/2020)	Lok To Lam
	Melissa Marques

President (*ex-officio*) – as detailed below

Vice-Presidents (*ex officio*) – as detailed below

Ex-officio trustees for 2020

President	Emily King (appointed 01/06/2020)
President	Kieran Renner (appointed 15/11/2019, resigned 31/05/2020)
President	Rahul Singh (appointed 01/06/2019, resigned 02/10/2019)

Vice-Presidents

- Community	Colin Aitken	(appointed 01/06/2020)
- Wellbeing	Lara Stroudinsky	(appointed 01/06/2020)
- Education	Alexander Hedlund	(appointed 01/06/2020)

Ex-officio trustees for 2019

Vice-Presidents

- Community	Kieran Renner	(appointed 01/06/2019, resigned 15/11/2019)
- Wellbeing	Aoife Clarke	(appointed 01/06/2019, resigned 31/05/2020)
- Scottish Borders Campus	Rafael Camacho	(appointed 01/06/2019, resigned 06/12/2019)



Trustees' report

The trustees have pleasure in presenting their report for the period ended 31 July 2020. This report is prepared in accordance with the recommendations of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and in accordance with applicable law.

Structure, management and governance

Governing documents

Heriot-Watt University Students Association is constituted under the Charter of Heriot-Watt University since 1966. The Association is a Charitable Company Limited by Guarantee registered in Scotland. Our charity number is SC011949 and company number is 504788. The organisation has adopted the name Heriot-Watt University Student Union (the Union).

Appointment of Trustees

The four sabbatical office bearers are elected annually by the students attending the university UK campuses, both undergraduate and postgraduate. They take up office on 1 June to the following 31 May, though may choose to stand down early, and they are also Trustees of the charity. There are two student Trustees appointed by the Trustee Board following an open recruitment process who can hold office for 2 years with a further 2 year re-appointment. There is one university appointed Trustee who is nominated by the university and ratified by the Board. There are up to six and no less than three external Trustees, one of whom must be an alumni of the university. External Trustees are recruited by the Board and may serve a maximum of two consecutive 4 year periods.

Organisational structure

The Union Articles of Association and Bye Laws set out the organisations membership-led structure. In order to ensure the charity is properly run and suitably focused on our membership the charity employs key management personnel. The charity considered the four sabbatical officers and Senior Management Team as key management. Sabbatical pay is set by benchmarking against other Scottish student associations. Sabbaticals are auto-enrolled in the Lothian Pension Fund scheme.

The Senior Management Team consists of the Chief Executive Officer, Deputy Chief Executive and Head of Corporate Services; Chief Financial Officer and Student Engagement Manager. The Union uses the Higher Education Role Analysis (HERA) method to assess grades within the Union staff structure. All Senior Manager cost of living increases are assessed using the Union Pay and Reward Policy and based on performance against agreed objectives.

Trustees' report *(continued)*

Objectives and activities

The objectives of the Union as set out in its governing document, are:

- The advancement of education of students at Heriot-Watt University by representing, supporting, advising and promoting the interests, health and welfare of students within the University during their course of study and within the wider community, and by promoting student participation in, facilitating, coordinating and developing, the services, project and activities of the Union;
- The provision of recreational activities through these services, project and activities of the University providing social, cultural and recreational activities and forums from discussions and debate for the personal development of its Students;
- The advancement of community development within the University and within the wider community through student participation in the Union and its services, projects and activities, and by facilitating the involvement of students in the wider community;
- The relief of the student needs by being the recognised representative channel between students and Heriot-Watt University, other academic organisations, the general public and any other external bodies and promoting social and academic unity among students of the University.

Decision making

The Trustee Board delegates day to day management powers to the Chief Executive Officer who is required to report regularly to the Trustee Board. There is currently an Acting Chief Executive Officer in place following the resignation of the Chief Executive Officer on 31 December 2020.

Senior Managers are allowed to make non-routine financial decisions up to the value of £10,000. The Chief Executive Officer has power to make non-routine financial decisions up to the value of £20,000 and any amount above this must be approved by the Trustees.

The Trustee Board are responsible for agreeing any amendments to any policy and procedure relating to employees and financial structures. The Student Parliament are responsible for passing policy on campaign issues. The SMT are responsible for advising both committees on the fulfilment of these responsibilities.

In May this year, the Trustee Board updated its terms of reference, following a review. The new Terms of Reference outline the remit, responsibility, and business of the Board. The terms also stipulate that the board review its performance and that of individual members in May each year.

Trustee induction

The Union provides all new Trustees with an induction. The induction covers:

- Legal responsibilities of Trustees
- An introduction to the structure of the organisation
- Current financial position of the Union and an introduction to the format of our management accounts
- The Strategic Plan
- Union policy



Trustees' report *(continued)*

Achievements and performance

After over a year of research and consultation, we were delighted to launch our new strategic plan and brand. During the year we have seen increases in student engagement and we link this to the brand and strategy work we have undertaken.

Our strategic plan 2019 – 2025 outlines our one simple purpose: students first, always. To do this we have a few important values. We are student-focused, fun, brave, welcoming, and empowering.

Our goal is to make sure students have the best student experience while at Heriot-Watt University. To do this we have three strategic themes that focus our activity:

- Your university experience is more than your course
- We offer a place for everyone to belong
- We actively listen and offer support when you need it

The impact of the Covid-19 pandemic has been felt across the world, and the student union is no different. The student union has taken responsive action throughout the pandemic, being always guided by our strategy and our values. The financial, governance and cultural resilience of the organisation has been tested and we are satisfied that our controls and strong culture are fit for purpose.

Your university experience is more than your course

This year we were delighted to launch a new project, jointly funded by the university and student union. We have employed a Global Academic Coordinator, who has supported the student union, Malaysia Student's Association, and the Dubai Student Council, to develop student academic representation. The project has been an overwhelming success and we are pleased to have secured funding for next year.

Student awareness of Class Reps has increased from 46% in 2018/19 to 67% in 2019/20 and School Officers from 41% to 57%. Student awareness that the student union supports these systems has gone from 42% to 61%. The project was cited as good practice by the Enhancement Led Institutional Review (ELIR) team and has drawn universal praise from all university campuses.

We offer a place for everyone to belong

We continue to experience ongoing growth in societies, with this year seeing a 29% increase, including, for the first time, 4 new societies at our Scottish Borders Campus. We have secured funding from the Alumni Fund to support faith related activity around societies next year, building on the amazing work that our Muslim Society already does.

We have been working hard to support students affected by Brexit. The union held a number of events to inform students about the changes to post study work visas, how this would affect students and have a discussion on what we could do in the future to support students through Brexit. While coronavirus has overshadowed this, we are mindful that this agenda is an ever present pressure on our diverse student community and will continue this work into next academic year.

Our student volunteering has continued to grow and this year, students have recorded 9,360 volunteering hours. This equates to a paid equivalent value of £76,752 back into the community.

Trustees' report *(continued)*

We actively listen and offer support when you need it.

This year we launched our new Student Parliament structure, implementing a brand-new approach to student democracy. We are demonstrating our value of being brave by moving away from 100% elected student representation to a hybrid model of elected and appointed leaders. Appointed leaders are selected by four interest groups to represent their views on the issues that matter most to them. This has opened engagement for students, enabling more people to get involved at a grass roots level in our democracy.

Financial review

The principal funding sources of the charity come from our commercial activity and the block grant received from the university. The value of our block grant is determined by a Financial Memorandum between Heriot-Watt University and the Union. The amount is determined by the number of students attending the university in the UK and the risk of significant unexpected changes to this funding is considered low by the Trustee Board.

The Union block grant continues to grow in line with the university student numbers and as predicted within our five year financial plan. This year the university has readjusted its anticipated student numbers for the next five years and we have factored this into our own financial planning as a result.

The commercial activities of the Union were performing in line with expectations until the restrictions of Covid-19 forced us to suspend all our trading activities in March 2020 and they remained closed until the late summer of 2020. Through this period the organisation has sought to mitigate costs wherever possible and to take advantage of the Government schemes available to organisations in these unprecedented times. As a result of these prudent measures, the underlying reserves position of the Union has remained robust, subject to the impact of the pension revaluation.

The Financial Memorandum with the university does not have an end point but the Student Union and university both recognise that it would be valuable to revisit the agreement within the next few years. The principal of this review is to ensure that the funding arrangements between the university and Student Union is fit for purpose and ensures the student union can meet the needs of our members.

Reserves Policy

The Union aims to hold sufficient reserves to fund its student support activities for a period of at least six months. This means that we should hold sufficient cash reserve to cover salaries and overheads for the charitable activity of the Union for six months.

At 31 July 2020, the Union had a deficit on reserves of £198,199 (2019: surplus of £788,037) after recognising the pension provision of £1,052,000 (2019: £nil. In 2019 a surplus of £78,000 was showing on the pension scheme but this was not included in the accounts). Not including the pension provision, the Union had reserves of £853,801, with unrestricted reserves not tied up in fixed assets totalling £448,995 (2019: £344,270). Of the £1m pension provision, £120,000 is repayable within the next twelve months. The board has deemed the level of reserves to be adequate to meet our charitable activity for six months. The union has a reserves policy that enables the union release cash reserves for investment. We currently do not have any plans to release any reserves.



Trustees' report *(continued)*

Risk Management

The Trustees have assessed the major risks to which the Union is exposed, in particular those related to the operations and finances of the Union and are satisfied that systems are in place to mitigate our exposure to risk. The Trustees meet regularly and review all aspects of operations and finances with reference to financial reports and future forecasts. The Trustees formally review the risk register annually in September. However, due to the rapidly changing risks associated with Covid-19, the board reviewed the risk register in March and again in May.

The Student Union has incorporated the impact of Covid-19 into its risk register and continues to manage these risks. The main risks associated are financial and operational relating to preventing the spread of the virus. The Trustee Board are receiving monthly financial updates and will undertake further cost cutting measures to mitigate any future risk. We have agreed operating procedures with University Safeguarding and will continue to adapt to changing restrictions and guidance.

The Union building continues to present our most pressing strategic and operational risk. Unfortunately, the financial impact of Covid-19 on the University has resulted in the new Student Life Building plans being postponed. The current Student Union building, while not fit for purpose, will enable the Union to continue providing services at its current level, rather than be able to grow to meet our ambition and our students' needs.

Disclosures required by the Educational Act 1994

Affiliations

The Union was affiliated to the following organisations during 2019/20

National Union of Students (NUS) – payments of £25,560

- Provides national representation, information, advice including office-bearer training and other services.

Plans for the future

Despite challenges, the Student Union aims to continue to provide valuable services and representation for our members. We are working closely with the University to deliver a positive student experience during the blended learning approach. We will be using our society and academic structures to enhance online community building activity and expect student hardship and mental health concerns to put added pressure on the union advice hub. We are planning for our trading to offer an adapted model to meet demand and social distancing measures. As a result, we are anticipating our trading will breakeven only.

While these past few months have been a challenge, we have learned a great deal from operating online. As we get to grips with what the 'new normal' looks like, we will reflect on how we can use online engagement to greater effect in our services such as engaging students, events and student support.

The Student Union has a partnership agreement with the University and this has been a huge asset in creating a strong relationship to work together during the coronavirus pandemic. We look forward to continuing this relationship during what will be a challenging year so that our students have the best possible experience.

Trustees' report *(continued)*

Statement as to disclosure of information to Auditors

The Trustee Board Members who were in office on the date of approval of these Financial Statements have confirmed, as far as they are aware, that there is no relevant information of which the Auditors are unaware. Each of the Trustees have confirmed that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditors.

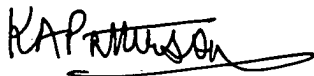
Auditors

A resolution to reappoint MHA Henderson Loggie as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Approval of the report

This report has been prepared in accordance with the special provisions in Part 15 of the Companies Act 2016 relating to small companies.

The financial statements were approved and authorised for issue on 17 February 2021 and are signed on behalf of the Board of Trustees by:



Kathleen Patterson
Chair



Trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practices). The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) act 2005, the Charities Accounts (Scotland) Regulation 2006 (as amended) and the provisions of the charity's Articles of Association. 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.

Independent Auditor's Report to the Trustees and Members of Heriot-Watt University Student Union

Opinion

We have audited the financial statements of Heriot-Watt University Students' Union (the 'charitable company') for the period ended 31 July 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 and of its income and expenditure for the period 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Independent Auditor's Report to the Trustees and Members of Heriot-Watt University Student Union *(continued)*

Opinions on other matters prescribed by the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended)

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report to the Trustees and Members of Heriot-Watt University Student Union *(continued)*

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity'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 charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

MHA Henderson Loggie

Diana Penny (Senior Statutory Auditor)

For and on behalf of MHA Henderson Loggie
Chartered Accountants
Statutory Auditor
11-15 Thistle Street
Edinburgh
EH2 1DF

18 February 2021

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

MHA Henderson Loggie is a trading name of Henderson Loggie LLP.



**Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 July 2020**

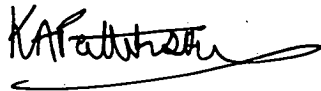
	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	2020 Total £	Unrestricted Funds £	Restricted Funds £	2019 Total £
Income and endowments from:								
Donations and legacies	2	831,088	-	59,254	890,342	628,538	19,436	647,974
Other trading activities	3	3,622	-	-	3,622	10,182	-	10,182
Investments	4	836	-	-	836	873	-	873
Charitable activities	5	1,539,261	-	-	1,539,261	1,971,094	-	1,971,094
Total income and endowments		2,374,807	-	59,254	2,434,061	2,610,687	19,436	2,630,123
Expenditure on:								
Charitable activities	5	(2,398,219)	-	(52,078)	(2,450,297)	(2,623,838)	(24,009)	(2,647,847)
Total expenditure		(2,398,219)	-	(52,078)	(2,450,297)	(2,623,838)	(24,009)	(2,647,847)
Net income/(expenditure)		(23,412)	-	7,176	(16,236)	(13,151)	(4,573)	(17,724)
Transfers between funds		82,000	(82,000)	-	-	-	-	-
Other recognised gains and losses:								
Actuarial (loss) in respect of pension scheme	14	-	(970,000)	-	(970,000)	-	-	-
Net movement in funds	13	58,588	(1,052,000)	7,176	(986,236)	(13,151)	(4,573)	(17,724)
Fund balance brought forward at 1 August 2019	13	652,193	-	135,844	788,037	665,344	140,417	805,761
Fund balance carried forward at 31 July 2020	13	710,781	(1,052,000)	143,020	(198,199)	652,193	135,844	788,037

All activities relate to continuing operations.

Balance sheet
as at 31 July 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	8		347,457		396,740
Current assets					
Stock	9	67,964		55,090	
Debtors	10	133,618		53,172	
Cash at bank and in hand		435,912		403,703	
			<u>637,494</u>	<u>511,965</u>	
Creditors: amounts falling due within one year	11	<u>(82,718)</u>		<u>(120,668)</u>	
Net current assets			<u>554,776</u>		<u>391,297</u>
Total assets less current liabilities			<u>902,233</u>		<u>788,037</u>
Creditors: Amounts falling due after more than one year	12		(48,432)		-
Pension (deficit)	14		<u>(1,052,000)</u>		<u>-</u>
Net assets/(liabilities)			<u>(198,199)</u>		<u>788,037</u>
Funds					
Unrestricted general funds	13		710,781		652,193
Unrestricted designated funds	13		(1,052,000)		-
Restricted funds	13		143,020		135,844
Total funds			<u>(198,199)</u>		<u>788,037</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The financial statements were approved by the Trustee Board on 17 February 2021 and are authorised for issue and signed on behalf of the Union by:



Kathleen Patterson
Chair

Company registration number SC504788



Statement of cash flows

For the year to 31 July 2020

	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities				
Net (expenditure)	(16,236)		(17,724)	
Depreciation charges	56,155		61,627	
Income from investments	(836)		(873)	
(Increase) in stock	(12,874)		(2,454)	
(Increase) in debtors	(80,447)		(6,626)	
(Decrease) in creditors	(39,518)		(8,181)	
Defined benefit pension scheme costs	82,000		-	
	<hr/>		<hr/>	
Net cash (used in)/provided by operating activities		(11,756)		25,769
Cash flows from investing activities				
Income from investments	836		873	
Purchase of fixed assets	(6,871)		(39,724)	
	<hr/>		<hr/>	
Net cash (used in) investing activities		(6,035)		(38,851)
		<hr/>		<hr/>
Cash flows from financing activities				
Cash inflow from new borrowing	50,000		-	
	<hr/>		<hr/>	
Net cash provided by financing activities		50,000		-
		<hr/>		<hr/>
Increase in cash and cash equivalents in the year		32,209		(13,082)
Cash and cash equivalents at 1 August 2019		403,703		416,785
		<hr/>		<hr/>
Total cash and cash equivalents at 31 July 2020		435,912		403,703
		<hr/> <hr/>		<hr/> <hr/>
Cash and cash equivalents comprise:				
Cash at bank and in hand		435,912		403,703
		<hr/> <hr/>		<hr/> <hr/>

Notes to the financial statements

1 Accounting policies

Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention. The charity is a Public Benefit Entity and a company limited by guarantee, incorporated in Scotland with the registered office as noted on page 1. The financial statements are compliant with the charity's constitution, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities" (revised 2015), and in accordance with Financial Reporting Standard 102 (FRS 102). The financial statements have been presented in pounds sterling.

Going concern

During the period to 31 July 2020, the Union has a strong financial position with net current assets of £554,776 at 31 July 2020. In view of this performance, the financial memorandum of agreement between Heriot-Watt University and the Union, and the financial assistance the University will provide for twelve months from signing, the Trustees are satisfied that it is appropriate to prepare these financial statements on the going concern basis. The board has also considered the impact of the Covid-19 pandemic, as discussed in the Trustees' Report, on its forecasts and in its assessment of going concern.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Donations, grants and similar income are included in the year in which they are received, which is when the charity is entitled to them. Income from the provision of bar, café and shop services to students is recognised on receipt, which is when the service has been delivered.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

In accordance with Charity SORP (FRS 102), services provided by volunteers are not recognised.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure of the Union, once incurred, is considered either a direct charitable activity cost or a support cost. Support costs are allocated to charitable activities according to the amount of staff time spent on these activities or by reference to floor space. Charitable activities are those resources applied in the delivery of services to meet the Union's charitable objectives. Support costs include management and accommodation costs and staff costs. They also include governance cost, which are those associated with the general running of the Union including activities which provide the Union's governance infrastructure.

Fixed assets

All expenditure of a capital nature where the expenditure exceeds £750 is capitalised under one of the above categories.

Depreciation is provided on all of the above categories of fixed assets on a straight line basis over the following periods:

Office equipment	3 to 5 years
Furniture and fittings	3 to 10 years
Plant and machinery	3 to 5 years
Building additions/improvements	30 to 50 years
Motor vehicles	5 years



Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Fixed assets *(continued)*

A full year's depreciation is charged in the year of acquisition and none in the year of disposal. Impairment reviews are carried out at least annually as part of the annual reporting exercise and when significant changes in the Union's activities occur, or in other situations where circumstances indicate a review is necessary.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for any slow-moving or obsolete stock.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The union only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pension costs

The Union offers a defined benefit pension scheme for certain employees: the Lothian Pension Fund (LPF – Local Government Scheme). This is a defined benefit plan, which is externally funded and contracted out of the State Second Pension.

The Union's share of the underlying assets and liabilities of the scheme are measured by a qualified actuary using the assumptions set out in note 14. The assets of the Scheme are measured using closing fair values. Liabilities are measured using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in the Statement of Financial Activities. All costs relating to the defined benefit plan are recognised in the Statement of Financial Activities within employee benefit costs.

Taxation

The Union has been granted charitable status by HM Revenue and Customs and is a registered charity. The Union is not subject to corporation tax on any surpluses that have been derived in pursuing activities designed to carry out the main objects of its charitable status.

Funds

Unrestricted funds comprise donations and other incoming resources received or generated for charitable purposes. They are available for use at the discretion of the trustees in furtherance of the charity's general charitable objectives.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Funds *(continued)*

Restricted funds comprise donations and other incoming resources for which the purpose and use of those funds has been specified prior to their transfer to the charity, and which can only be applied for those specified purposes.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the trustees have made the following judgements:

- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

The union's key sources of estimation uncertainty are as follows:

The value of the surplus/deficit in the defined benefit pension fund is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the liabilities, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates.

2 Donations and legacies

	Unrestricted £	Restricted £	2020 £	Unrestricted £	Restricted £	2019 £
Allocation from University	639,453	-	639,453	622,300	-	622,300
Grant income - University	-	29,000	29,000	-	-	-
Donations - other	10,920	2,000	12,920	6,238	636	6,874
CJRS income	180,715	-	180,715	-	-	-
Donation from Alumni Fund	-	28,254	28,254	-	18,800	18,800
	<u>831,088</u>	<u>59,254</u>	<u>890,342</u>	<u>628,538</u>	<u>19,436</u>	<u>647,974</u>

3 Other trading activities

	2020 £	2019 £
Commission on sales	817	1,724
Marketing income	2,805	8,458
	<u>3,622</u>	<u>10,182</u>



Notes to the financial statements (continued)

4 Income from investments

	2020 £	2019 £
Interest receivable	836	873

5 Charitable activities

	Social space and ancillary trading £	Other charitable activities £	2020 Total £	2019 Total £
Income:				
Income from normal operations	1,495,738	43,523	1,539,261	1,971,094
Expenditure:				
Staff costs	(706,064)	(325,759)	(1,031,823)	(897,194)
Sabbaticals	(18,413)	(73,652)	(92,065)	(119,264)
Property costs	(154,089)	(6,049)	(160,138)	(175,219)
Support costs	(84,748)	(20,586)	(105,334)	(106,960)
Welfare costs	-	(45,942)	(45,942)	(47,211)
Commercial cost of sales	(992,347)	-	(992,347)	(1,278,420)
Specific project costs	-	(22,648)	(22,648)	(23,579)
	(1,955,661)	(494,636)	(2,450,297)	(2,647,847)
Deficit	(459,923)	(451,113)	(911,036)	(676,753)

Within the above expenditure, £29,000 (2019: £nil) of staff costs, specific projects costs of £22,648 (2019: £23,579) and £430 (2019: £430) of property costs were restricted.

Included within property costs were £6,406 (2019: £6,406) of operating lease payments. Commercial cost of sales represent stock recognised as an expense in the year.

Support costs include the following

	2020 £	2019 £
Bank charges	22,635	26,371
Computer expenses	25,004	20,005
Office expenses	32,296	27,123
Governance costs (note 6)	25,399	33,461
	105,334	106,960

Support costs are allocated between charitable activities according to the amount of staff time spent on these activities or by reference to floor space.

6 Governance costs

	2020 £	2019 £
Office-bearer's training costs	2,439	5,675
Election costs	1,209	1,095
Consultant's costs	12,481	17,551
Remuneration of auditors	8,490	8,240
Trustee Costs	800	900
	25,399	33,461

Notes to the financial statements (continued)

7 Staff costs and numbers

	2020 £	2019 £
Wages and salaries	844,650	823,343
Social security costs	56,502	52,536
Pension costs	115,888	104,015
FRS 102 Defined benefit pension adjustments (Note 14)	82,000	-
	<u>1,099,040</u>	<u>979,894</u>
Other staff costs not through payroll	24,848	36,564
	<u>1,123,888</u>	<u>1,016,458</u>
Average number of employees during the period	<u>72</u>	<u>72</u>

No member of staff earns emoluments over £60,000. No termination payments were made during the year (2019: £14,730).

The key management personnel are the Chief Executive officer, the President and Vice-Presidents and other members of the Senior Management Team whose total employment benefits for the year totalled £290,031 (2019: £310,055).

7 (2019: 8) trustees received reimbursement of expenses amounting to £1,573 (2019: £4,154) in the year.

The President and Vice-Presidents are required by the constitution of the Union to be Sabbatical members of the Executive Committee and Trustees ex-officio and as such are remunerated for their work. Remuneration and pension contributions were paid as follows:

	Gross salary	Employer pension contributions	Total 2020 £	2019 £
R Singh, President	4,576	-	4,576	23,052
K Renner, Vice President, Community	15,715	-	15,715	23,115
C Duffy, Vice President, Wellbeing	-	-	-	15,064
A Clarke, Vice President, Wellbeing	18,500	-	18,500	4,594
R Camacho, Vice President, SBC	8,143	-	8,143	4,500
L Graham, Vice President, SBC	-	-	-	18,423
E King, President	4,136	-	4,136	-
A Hedlund, Vice President, Education	3,150	770	3,920	-
L Stroudinsky, Vice President, Wellbeing	3,150	770	3,920	-
C Aitken, Vice President, Community	4,373	-	4,373	-
	<u>61,743</u>	<u>1,540</u>	<u>63,283</u>	<u>88,748</u>



Notes to the financial statements *(continued)*

8 Fixed assets

	Building improvements £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 August 2019	551,758	32,346	484,609	50,016	1,118,729
Additions	-	-	6,871	-	6,871
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2020	551,758	32,346	491,480	50,016	1,125,600
Depreciation					
At 1 August 2019	210,305	30,174	431,494	50,016	721,989
Charge for year	11,905	2,172	42,078	-	56,155
Eliminated on disposal	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2020	222,210	32,346	473,572	50,016	778,144
Net book value					
At 31 July 2020	329,548	-	17,908	-	347,457
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 August 2019	341,453	2,172	53,115	-	396,740

9 Stock

	2020 £	2019 £
Bar	12,290	7,280
Shop	2,384	2,002
Catering	53,290	45,808
	<hr/>	<hr/>
	67,964	55,090
	<hr/> <hr/>	<hr/> <hr/>

10 Debtors

	2020 £	2019 £
Trade debtors	1,153	6,607
Other debtors	51,345	11,104
Heriot-Watt University	33,688	4,335
Prepayments	19,178	14,326
Accrued income	28,254	16,800
	<hr/>	<hr/>
	133,618	53,172
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

11 Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	8,236	62,526
Heriot-Watt University	6,160	5,092
Other tax and social security	13,048	15,829
Other creditors	17,025	14,570
Accruals and deferred income	36,681	22,651
Bank Loan – Government Bounce Back Loan	1,568	-
	82,718	120,668
	82,718	120,668

12 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Bank Loan – Government Bounce Back Loan	48,432	-
	48,432	-
	48,432	-

Analysis of maturity of loan:

	2020	2019
	£	£
Amounts falling due:		
Within one year	1,568	-
Between one to two years	9,547	-
Between two to five years	30,113	-
More than five years	8,772	-
	50,000	-
	50,000	-

The Union obtained a £50,000 bank loan as part of the Government supported Bounce Back Loan Scheme in response to the COVID-19 pandemic. The loan is guaranteed by the UK Government. The loan is repayable over six years with a repayment holiday in the first 12 months. The interest rate on the loan is 2.5% however no interest is payable on the first 12 months.



Notes to the financial statements *(continued)*

13 Funds

	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers £	Actuarial loss £	Balance at 31 July 2020 £
Unrestricted funds						
General fund	652,193	2,374,807	(2,398,219)	82,000	-	710,781
Designated fund	-	-	-	(82,000)	(970,000)	(1,052,000)
	<u>652,193</u>	<u>2,374,807</u>	<u>(2,398,219)</u>	<u>-</u>	<u>(970,000)</u>	<u>(341,219)</u>
Restricted funds						
Building improvements	76,108	-	(2,718)	-	-	73,390
Alumni Fund	47,027	30,254	(19,930)	-	-	57,351
Lift funding	12,709	-	(430)	-	-	12,279
Academic coordinator	-	29,000	(29,000)	-	-	-
	<u>135,844</u>	<u>59,254</u>	<u>(52,078)</u>	<u>-</u>	<u>-</u>	<u>143,020</u>
Total funds	<u><u>788,037</u></u>	<u><u>2,434,061</u></u>	<u><u>(2,450,297)</u></u>	<u><u>-</u></u>	<u><u>(970,000)</u></u>	<u><u>(198,199)</u></u>

	Restated Balance at 1 August 2018 £	Income £	Expenditure £	Restated Balance at 31 July 2019 £
Unrestricted funds				
General fund	665,344	2,610,687	(2,623,838)	652,193
Restricted funds				
Building improvements	78,826	-	(2,718)	76,108
Alumni Fund	48,452	18,800	(20,225)	47,027
Lift funding	13,139	-	(430)	12,709
Other restricted funds	-	636	(636)	-
	<u>140,417</u>	<u>19,436</u>	<u>(24,009)</u>	<u>135,844</u>
Total funds	<u><u>805,761</u></u>	<u><u>2,630,123</u></u>	<u><u>(2,647,847)</u></u>	<u><u>788,037</u></u>

Notes to the financial statements *(continued)*

13 Funds *(continued)*

Purpose of the fund

Designated fund – this represents the value of the defined benefit pension scheme liability

Building improvements – a capital fund for improvements financed by HWU against which depreciation is applied annually.

Alumni fund – grant awards from HWU for specific charitable projects and activities

Lift fund – grant awarded towards installation of lift in Union building against which depreciation is applied annually.

Academic coordinator – grant awarded by HWU for an academic coordinator post.

Other restricted funds – smaller grants received for specific purposes

13 Analysis of net assets between funds

	Unrestricted £	Restricted £	2020 £	Unrestricted £	Restricted £	2019 £
Fixed assets	261,786	85,671	347,457	307,923	88,817	396,740
Net current assets	497,427	57,349	554,776	344,270	47,027	391,297
Creditors due > 1 year	(48,432)	-	(48,432)	-	-	-
Provisions	(1,052,000)	-	(1,052,000)	-	-	-
	<u>(341,219)</u>	<u>143,020</u>	<u>198,199</u>	<u>652,193</u>	<u>135,844</u>	<u>788,037</u>



Notes to the financial statements *(continued)*

14 Pension commitments

Heriot-Watt University Student Union participates in the Lothian Pension Fund (LPF) which is part of the Local Government Pension Scheme (LGPS) (Scotland), a multi-employer scheme. The LGPS is a defined benefit scheme based on final pensionable salary.

The Union's share of the assets and liabilities of the scheme at 31 July 2020 are assessed by independent qualified actuaries using the projected unit method, updated from the latest full actuarial valuation of the scheme at 31 March 2017. The major assumptions used by the actuary are shown below.

The Lothian Pension Fund is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The employer contributions made for the year ended 31 July 2020 totalled £116,000 (2019: £104,000). The agreed contribution rates for future years are 22.6% to 31 March 2022 for employers and an average of between 5.5% and 12% for employees.

Principal Actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2017 updated to 31 July 2020 by a qualified independent actuary:

	2020 % p.a.	2019 % p.a.
Inflation/Pension increase rate	2.2	2.4
Salary increase rate	3.9	4.1
Discount rate	1.4	2.1
	<hr/>	<hr/>

Life expectancy is based on the Fund's Vita Curves assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.7 years	24.3 years
Future pensioners	24.7 years	27.5 years
	<hr/>	<hr/>

Notes to the financial statements *(continued)*

14 Pension commitments *(continued)*

The net pension (deficit)/asset was:

	2020	2019
	£000	£000
Estimated employer assets	4,821	5,030
Present value of scheme liabilities	(5,873)	(4,952)
	_____	_____
Net pension (deficit)/asset	(1,052)	78
	=====	=====

The deficit on the Union's share of the assets and liabilities of the scheme as at 31 July 2020 has been recognised on the balance sheet. The surplus on the Union's share of the assets and liabilities of the scheme as at 31 July 2019 was not considered recoverable and as such was not recognised on the balance sheet.

Reconciliation of fair value of scheme assets:

	2020	2019
	£000	£000
Opening fair value of scheme assets	5,030	4,556
Expected return on assets	106	128
Contributions by members	35	33
Contributions by employer	116	104
Actuarial gains/(losses)	(371)	291
Estimated benefits paid	(95)	(82)
	_____	_____
	4,821	5,030
	=====	=====

Reconciliation of defined benefit obligation:

	2020	2019
	£000	£000
Opening defined benefit obligation	4,952	4,004
Current service cost	246	187
Past service cost	30	-
Interest cost	106	114
Contributions by members	35	33
Actuarial losses/(gains)	599	696
Estimated benefits paid	(95)	(82)
	_____	_____
	5,873	4,952
	=====	=====



Notes to the financial statements *(continued)*
for the year ended 31 July 2020

14 Pension commitments *(continued)*

Analysis of the amount charged to staff costs (Note 7):

	2020	2019
	£000	£000
Current service costs	168	-
Past service cost	30	-
	<hr/>	<hr/>
Total operating charge	198	-
Less: Contributions paid	(116)	-
	<hr/>	<hr/>
Current service cost provision	82	-

Amount charged to operating costs (Note 5):

	2020	2019
	£000	£000
Expected return on employer assets	106	-
Interest on pension scheme liabilities	(106)	-
	<hr/>	<hr/>
Net cost of financing and assets	-	-
	<hr/>	<hr/>

Analysis of the amount recognised in the Statement of Financial Activities

	2020	2019
	£000	£000
Changes in value of scheme assets: Actuarial (losses)	(371)	-
Changes in defined benefit obligations: Actuarial (losses)	(599)	-
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in Statement of Financial Activities	(970)	-

Movement in pension during the year:

	2020	2019
	£000	£000
Surplus at beginning of year	-	-
Movement in year:		
Current service cost	(168)	-
Past service cost	(30)	-
Employer contributions	116	-
Net return on financing and assets	-	-
Actuarial gain	(970)	-
	<hr/>	<hr/>
(Deficit) at end of year	(1,052)	-
	<hr/>	<hr/>

Notes to the financial statements *(continued)*
for the year ended 31 July 2020

14 Pension commitments *(continued)*

Analysis of scheme assets:

	2020	2019
Equities	76%	74%
Bonds	11%	12%
Property	7%	7%
Cash	6%	7%

15 Related party transactions

During the year, Heriot-Watt University allocated to the Students' Union £639,453 (2019: £622,300) in the form of block grant funding. Other grant funding from Heriot-Watt University amounted to £29,000 (2019: £11,600).

During the course of the Union's activities for the period, transactions with Heriot-Watt University took place. The total amount invoiced by the Union to the University for goods and services was £63,310 (2019: £28,698) and the total amount invoiced by the University to the Union for goods and services was £70,513 (2019: £64,396). At 31 July 2020 the University owed the Union a balance of £33,688 (2019: £4,335). Amounts owed by the Union to Heriot-Watt University amounted to £6,160 (2019: £5,092).

Rent of £6,406 (2019: £6,406) was paid to Heriot Watt University for the Union shop premises. The Union building is owned by Heriot Watt University and is made available for use by the Union free of charge. Due to the layout, location and purpose of the building no accurate estimated annual rent for the building could be calculated and as such has not been recognised as a donation in the accounts.

16 Ultimate controlling party

The charitable company is constituted by its Articles of Association and is controlled by its Board of Trustees.

17 Contingent liabilities

Contingent liabilities relate to donations received from Alumni Fund which are repayable if unspent on specified purpose. This total at 31 July 2020 is therefore the balance of £57,352 (2019: £30,227) held within restricted funds.

