

UCSU Financial Update for AGM 27th November 2018

End of Year Accounts for Year Ended 31st July 2018

The Union is a registered charity and as such has to comply with Charity law.

The Unions financial accounts for the year ended 31 July 2018 are drafted and the audit fieldwork/review carried out. The accounts are awaiting final review and sign off and for the audit clearance meeting to take place.

For the year ending 31 July 2018, the Union was unable to achieve a balanced budget for the year. The draft budget for the year was for a loss of £12,301. For the year ending 31 July 2018, the Statement of Financial Activities within our draft accounts shows and in year loss of £56,543. The net liability on our balance sheet will therefore increase to £90,256.

| Description | 2018 £ | 2017 £ |
|--|-----------|-----------|
| End of Year Result per Annual Accounts (Statement of Financial Activities) | (56,543) | (32,125) |
| Add back reduction/deduct increase in net club society designated funds in year (money belonging to student clubs and societies) | (14,452) | (2,796) |
| Add back increase/deduct reduction in pension deficit liability | (7,920) | 86,066 |
| Add back increase/deduct reduction in holiday pay accrual at year end | (5,753) | 3,187 |
| Adjusted result post FRS102 & Club/Society Funds | (84,668) | 54,332 |
| Deduct shop fit out grant received in 2017 relating to future years depreciation | 0 | 42,910 |
| Add Shop depreciation covered by fit out grant received in 2017 | 17,756 | 0 |
| Add back Provision created in 2018 for potential VAT liability | 73,831 | |
| Adjusted In Year Operating Surplus/(Loss) for management purposes | 6,919 | 11,422 |
| Balance Sheet position at end of year (net liability) | (90,256) | (33,713) |

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The SU receives/generates its funding from 3 main sources:

- Commercial income streams – eg. bars, shop, advertising
- Student activities – eg. BUCS Match Fees
- Block Grant (or other grant funding – primarily from the University)

There are a number of factors contributing to the worsening of the Unions finances, including:

- a decline in the contribution (profits) from commercial revenue streams,
- constrained income,
- increased costs (eg. staffing, pension, compliance, affiliations)
- recent changes to VAT treatment of Summer Balls
- an unexpected change to the SU Elements of the bursary package,
- Block Grant funding levels.

For 2018/19 (the current year), we do not yet have a balanced budget. The latest version of our draft budget shows a deficit of £64K (reduced to £46K after making an adjustment in relation to grant funding received in respect of the Shop in prior years).

The Unions' financial position has worsened over the last few years, and we are aware that we, like the University and many other HE institutions are facing tough times ahead. The Trustees of the SU charity have a legal duty to manage the Union's Resources with reasonable skill and judgement. The Trustee Board is therefore scrutinising the draft budget and taking steps to address the financial challenges and to striving to achieve a balanced budget for the year.

Inevitably, there will be some impact on service level and provision. The Trustee Board is however committed to minimising the overall impact on the student body. We will continue to work with the University throughout this period and our mission statement remains unchanged and is "to help ALL students have the best time they can while at the University of Chichester". We hope that by early 2019 we can agree with the University Vice Chancellors Group (VCG) and Governors our structure and funding for the next 3 years to enable us to plan accordingly.