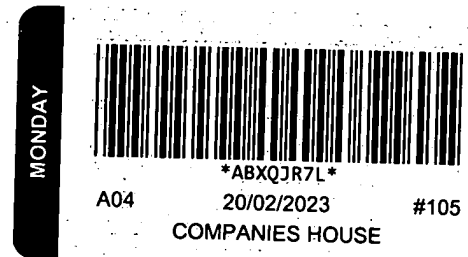


Company registration number 01639519 (England and Wales)

NUS Services Limited
Annual Report And Financial Statements
For The Year Ended 30 June 2022



NUS SERVICES LIMITED

COMPANY INFORMATION

Directors	P M Chapman	
	D J Ormerod	
	G Hughes	
	S Kerton	
	A Wilson	
	A C Wilson	(Appointed 1 July 2021)
	M Stephen	(Appointed 31 August 2022)
	B Savage	(Appointed 31 August 2022)
	N Bajwa	(Appointed 14 September 2022)
	C Ferguson	(Appointed 14 September 2022)
	G Kirkpatrick	(Appointed 8 November 2022)
Company number	01639519	
Registered office	Ian King House Snape Road Macclesfield Cheshire SK10 2NZ	
Auditor	Azets Audit Services Limited 33 Park Place Leeds LS1 2RY	

NUS SERVICES LIMITED

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NUS SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present the strategic report for the year ended 30 June 2022.

Business Review

NUS Services Ltd exists to develop and maximise income opportunities for the student movement and deliver a strong national infrastructure. During the financial year this was provided by Trading Support. Trading Support exists to drive better margins for members through negotiating bulk discounts on a vast range of goods and services, handling billing and payments centrally, as well as securing promotional offers and providing sales growth support.

Trading Support is the area of activity that encompasses the purchasing consortium and commercial support for Students' Unions. The activities are operated through the Charity's subsidiary company NUS Services Limited.

2021/22 was still a very challenging year post the significant impact of Covid on trading in 2020/21 with member Unions not returning to normal trading levels. The exception was licensed trade outlets which by the end of the trading year were operating at around 90% of pre pandemic purchasing levels.

Many retail outlets reduced trading hours or simply did not trade until very late in the year with volume around 56% for the year. Catering volumes fared a little better reaching around 65% of pre-pandemic levels. This was as a direct result of universities continuing with hybrid learning and very low footfall on campus during day time.

That said, the Trading Support team continued to manage/reduce costs where feasible and focused on maximising income revenues from the revised volumes.

Trading Support will continue to work to secure more volume through external charities and similar organisations in order to protect future volumes into the consortium, and income to the membership and NUS Charity. As a step towards this, NUS Services Limited became a member of CUBO (Colleges and University Business Officers organisation) and exhibited at its summer trade show.

Trading Support ran the first 'in person' trade show for three years at the NEC, it was well received by both suppliers and unions and contributed significantly to the end of year income

Supply tenders were managed for the following which started contracts 1 July 2022:

PPS

Spirits

Hot beverages

Catering food

Sports nutrition

Soft drinks

Cocktail mixers

Clothing

Suppliers: It is fair to say that all suppliers have been severely impacted as a result of the pandemic and it is taking time to get fully operational and provide the service levels and account management support, this provided a further challenge for the Trading Support team throughout 2021/22.

The team managed this well (and are continuing to do so) to mitigate or limit the impact on the unions trading. It should be recognised just how much additional effort and energy this requires: suppliers themselves have many new staff who are being educated in terms of our organisational nuances etc.

Furthermore, as part of their own recovery plans post pandemic, suppliers continue to streamline ranges, reduce marketing budgets and generally seek to reduce their financial support. The Trading Support team continue to challenge this approach and find new ways to support suppliers with unions or find new suppliers with new

NUS SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

funding through innovation tenders, in order to protect income. Some suppliers did not make it through the year so the team has been extremely busy sourcing alternatives.

Trading Support continue to work in the 'virtual world'. This way of working has delivered some advantages to Trading Support in terms of efficiency, cost savings, improved interaction with students' unions and the ability to remain responsive and flexible. The intention is to continue to work in this way in the areas where improvements have been made whilst balancing it with in person visits and involvement in wider initiatives such as the CUBO event programme.

The operation delivers great benefit to the student movement through its revenue generating activities, almost all of which provide significantly greater levels of income to the participating students' unions.

Financial Performance

The results for the year show an operating performance with turnover of £2.08m. This has increased significantly from £1.41m in the previous year, driven by member Unions reopening their trading activities as restrictions relating to the Covid 19 pandemic lifted. This significantly increased purchasing across the year compared to 2020/21. Interest payable and expenses are due to a movement in the net present value calculation of the SUSS pension deficit.

Overall a profit of £746k was generated (2021 – profit of £5.8m) due primarily to the positive movement in the net present value of the pension scheme deficit. The NUS Services Directors have agreed to make a gift aid payment to NUS Charitable Services UK of £1.21m.

NUS Students' Union Charitable Services - ("NUS Charitable Services" or 'the Charity')

NUS Services is a subsidiary company of NUS Charitable Services. The Charity holds 97% of the shares in NUS Services and is the ultimate controlling body of the company. The remaining shares are held by 12 Students' Unions

Principal risks and uncertainties

The company takes part in the risk management processes overseen by the joint Boards in order to ensure consistency of management. As part of the annual business planning process, the major strategic and operational risks that NUS Services Limited faces, and the ways in which they are being monitored, managed and mitigated, were assessed by the Joint Board and the Finance Committee. Following the governance reforms to the NUS entities across 2019 and 2020, a single board operates across all entities in the group from July 2020 onwards.

One of the main areas of risk facing NUS Services is the Students' Union Superannuation Scheme ("SUSS"). NUS Services Limited offered membership of SUSS, a defined benefit pension scheme, to all employees until 30 September 2011, at which point the scheme closed to future accrual.

The scheme is subject to a revaluation every three years with the most recent valuation taking place in June 2019. The 2019 valuation recommended a monthly contribution requirement by each union, expressed in monetary terms, intended to clear the ongoing funding deficit over a period of 15 years, and will increase by at least 5% each year. This showed an increased funding deficit of around £140m shared between 69 employers. This represented an increase of c.£21m in the deficit in comparison to the 2016 valuation and resulted in increased contributions from October 2020 onwards. These contributions also include an allowance for cost of the ongoing administrative and operational expenses of running the Scheme.

These rates applied with effect from 1 October 2020 and will be formally reviewed following completion of the next valuation due with an effective date of 30 June 2022. Surpluses or deficits which arise at future valuations will also impact on NUS' future contribution commitment. In addition to the above contributions, NUS also pays its share of the scheme's levy to the Pension Protection Fund. The impact of the re-valuation has impacted the finances by increasing the interest payable figure in the statement of income and the liabilities in the balance sheet. During the period the Company's contribution was £172,606. The company's contributions are set to increase by 5% from 1 October 2022.

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 until September 2035, which at current rates represents a liability of £2.48million. This is subject to fluctuations in fund performance, changes in apportionment methodology, the life expectancy of the individuals within the scheme and the results of the recent valuation.

NUS SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Financial Risk Management Objectives and Policies

The company finances its operations through a mixture of retained profits and operating cashflow.

Financial Key Performance Indicators

The board monitors the performance of NUS Services Limited 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.

These predominantly relate to the financial accounts and the information presented in the leadership report to the board around trading support sales in different areas.

Covid 19 Pandemic

The Covid 19 pandemic continued to have a significant impact on the company's operations during the 2021/22 financial year. The year saw a marked increase in the level of purchasing by Students' Union as their on campus trading activities returned to business from September 2021. Across the year it was clear that whilst alcohol related purchasing had all but returned to pre-pandemic levels, retail and catering purchasing was still impacted by many universities continuing with hybrid academic delivery, limiting the daytime footfall on many campuses.

At the present time, it is assumed that there will be a further improvement in the trading position of the company and its member Students' Unions from the autumn of 2022.

This report was approved by the board on and signed on its behalf.



P M Chapman
Director

7 February 2023

NUS SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the year ended 30 June 2022.

Principal activities

NUS Services Limited exists to develop and maximise income opportunities for the student movement and deliver a strong national infrastructure. During the financial year this was provided by Trading Support. Trading Support exists to drive better margins for members through negotiating bulk discount on a vast range of goods and services, handling billing and payments centrally, as well as securing promotional offers providing sales and growth support.

Trading Support is the area that comprises the purchasing consortium, this area of commercial support with the consortium remains at the heart of the organisation.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

L Kennedy	(Resigned 30 June 2022)
P M Chapman	
D J Ormerod	
C Hind	(Resigned 24 January 2022)
G Hughes	
S Kerton	
A Wilson	
M R Crilly	(Resigned 30 May 2022)
S Elmegri	(Resigned 30 June 2022)
M E Nembhard	(Appointed 1 July 2021 and resigned 6 August 2022)
A C Wilson	(Appointed 1 July 2021)
R L Ricketts	(Resigned 30 June 2022)
M Stephen	(Appointed 31 August 2022)
B Savage	(Appointed 31 August 2022)
N Bajwa	(Appointed 14 September 2022)
C Ferguson	(Appointed 14 September 2022)
G Kirkpatrick	(Appointed 8 November 2022)

Going Concern Basis

The NUS group meets its day to day operational expenditure as a result of a number of income generating activities as mentioned in the Group Strategic Report.

The directors prepare annual budgets and forecasts in order to ensure that they have sufficient facilities in place and that they comply with the terms and conditions of the bank facilities. In addition, the Board in formulating its plan and strategy for the future development of the business has considered a period beyond that for which formal budgets and forecasts are prepared. At its meeting in Spring 2022, the Board considered a three year financial forecast which modelled the financial impact of the pandemic and the expected post-pandemic recovery period on the group's activities up to June 2024. The model identified that there were two significant risks – Unions' ability to pay their membership contributions, and the level of on-campus trade impacted on the revenues generated through the purchasing consortium.

The Board took a view that of these risks, the impact on the purchasing consortium income would be the most significant, and would require further monitoring and adjustments to the business model during 2022/23. An update on the financial model will be considered at each Board meeting during 2022/23 in order for further mitigating action to be taken to maintain the overall financial strategy of the group.

Having regard to the above, the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

NUS SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Auditor

The auditor, Azets Audit Services Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors 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 directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



P M Chapman
Director

7 February 2023

NUS SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NUS SERVICES LIMITED

Opinion

We have audited the financial statements of NUS Services Limited (the 'company') for the year ended 30 June 2022 which comprise the statement of comprehensive income, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 company's affairs as at 30 June 2022 and of its 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.

Basis for 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

NUS SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NUS SERVICES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the 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 directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

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

NUS SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NUS SERVICES LIMITED

Extent to which the audit was capable of identifying irregularities, including fraud

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management, and from inspection of the company's regulatory and legal correspondence. We discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance during the audit.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pensions legislation, taxation legislation and further laws and regulations that could indirectly affect the financial statements comprising environmental, contract law, employment and health and safety legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These procedures did not identify any potentially material actual or suspected non-compliance.

To identify risks of material misstatement due to fraud we considered the opportunities and incentives and pressures that may exist within the company to commit fraud. Our risk assessment procedures included: enquiry of directors and management to understand the high level policies and procedures in place to prevent and detect fraud, reading Board minutes and considering performance targets and incentive schemes in place for management. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

As a result of these procedures we identified the greatest potential for fraud in the following areas:

- revenue recognition and in particular the risk that revenue is recorded in the wrong period; and
- subjective accounting estimates.

Fraud risks arise due to a potential desire to present results in a differing light to meet management objectives. As required by auditing standards we also identified and addressed the risk of management override of controls.

We performed the following procedures to address the risks of fraud identified:

- identifying and testing high risk journal entries through vouching the entries to supporting documentation; and
- assessing significant accounting estimates for bias; and
- testing the timing and recognition of income and, in particular, that it was appropriately recognised or deferred.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

NUS SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NUS SERVICES LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services Limited

Jessica Lawrence (Senior Statutory Auditor)
For and on behalf of Azets Audit Services Limited

14/02/2023
Date:

Chartered Accountants
Statutory Auditor

33 Park Place
Leeds
LS1 2RY

NUS SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £	2021 £
Turnover		2,081,508	1,406,787
Cost of sales		(460,403)	(117,629)
Gross profit		1,621,105	1,289,158
Administrative expenses		(753,550)	(797,745)
Other operating income		-	130,899
Operating profit		867,555	622,312
Interest receivable and similar income	4	1	5,201,958
Interest payable and similar expenses		(47,964)	(62,293)
Profit before taxation		819,592	5,761,977
Tax on profit		(593,635)	(2,230)
Profit for the financial year		225,957	5,759,747
Other comprehensive income			
Actuarial gain on defined benefit pension schemes	12	475,069	-
Total comprehensive income for the year		701,026	5,759,747

The notes on pages 12 to 25 form part of these financial statements.

NUS SERVICES LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

		2022		2021	
	Notes	£	£	As restated	£
Fixed assets					
Investments	5		12,481		30,171
Current assets					
Debtors	7	4,350,450		3,998,856	
Investments	8	1,528		1,528	
Cash at bank and in hand		4,191,228		4,358,674	
		8,543,206		8,359,058	
Creditors: amounts falling due within one year	9	(3,132,332)		(1,841,984)	
Net current assets			5,410,874		6,517,074
Total assets less current liabilities			5,423,355		6,547,245
Provisions for liabilities	12		(2,298,807)		(2,908,919)
Net assets			3,124,548		3,638,326
Capital and reserves					
Called up share capital	11	278,540		278,540	
Share premium account		17,072		17,072	
Capital redemption reserve	13	42,380		42,380	
Profit and loss reserves		2,786,556		3,300,334	
Total equity			3,124,548		3,638,326

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 7 February 2023 and are signed on its behalf by:



P M Chapman
Director

Company Registration No. 01639519

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

NUS Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ian King House, Snape Road, Macclesfield, Cheshire, SK10 2NZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements of the company are consolidated in the financial statements of National Union of Students (United Kingdom). These consolidated financial statements are available from its registered office, Ian King House, Snape Road, Macclesfield, Cheshire, SK10 2NZ.

1.2 Going concern

The NUS group meets its day to day operational expenditure as a result of a number of income generating activities as mentioned in the Group Strategic Report.

The directors prepare annual budgets and forecasts in order to ensure that they have sufficient facilities in place and that they comply with the terms and conditions of the bank facilities. In addition, the Board in formulating its plan and strategy for the future development of the business has considered a period beyond that for which formal budgets and forecasts are prepared. At its meeting in Spring 2022, the Board considered a three year financial forecast which modelled the financial impact of the pandemic and the expected post-pandemic recovery period on the group's activities up to June 2024. The model identified that there were two significant risks – Unions' ability to pay their membership contributions, and the level of on-campus trade impacted on the revenues generated through the purchasing consortium.

The Board took a view that of these risks, the impact on the purchasing consortium income would be the most significant, and would require further monitoring and adjustments to the business model during 2022/23. An update on the financial model will be considered at each Board meeting during 2022/23 in order for further mitigating action to be taken to maintain the overall financial strategy of the group.

In forming their assessment of going concern, the directors have considered the impacts of the independent investigation by Rebecca Tuck (KC), as disclosed in the financial statements of NUS Students' Union Charitable Services, the parent charity.

Having regard to the above, the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must be also met before turnover is recognised:

Rendering of services

Turnover is recognised in the period in which services are provided in accordance with the obligations under the service contract.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The company takes advantage of Gift-Aid provisions which allow it to claim taxation relief to profits gifted to the parent charity within 9 months of the period end.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

The company operates a defined contribution scheme for the employees of the company. Contributions are charged as an expense to the statement of comprehensive income in the period in which they fall due.

The company operates a multi employer defined benefit pension scheme. The scheme is now closed to new admissions. The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.11 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Multi-employer defined benefit pension scheme

The Company participated in the Student Union Superannuation Scheme, a multi-employer defined benefit pension scheme with other Student Union organisations. In the judgement of the directors, the Company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, in line with the deficit reduction plan. See note 12 for further details.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of multi-employer pension liability

The Company must measure its defined benefit obligation on a discounted present value basis. The Company must determine the rate used to discount the future payments by reference to market yields at the reporting date on high quality corporate bonds. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated period of the future payments.

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 14 (2021 - 17).

4 Interest receivable and similar income

	2022 £	2021 £
Interest receivable and similar income includes the following:		
Income from shares in group undertakings	-	5,201,958

5 Fixed asset investments

	2022 £	As restated 2021 £
Shares in group undertakings and participating interests	12,481	30,171

Movements in fixed asset investments

	Shares in subsidiaries and associates £
Cost or valuation	
At 1 July 2021 as restated & 30 June 2022	569,193
Impairment	
At 1 July 2021 as restated	539,022
Impairment losses	17,690
At 30 June 2022	556,712
Carrying amount	
At 30 June 2022	12,481
At 30 June 2021 as restated	30,171

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

6 Subsidiaries

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Class of shares held	% Held Direct
NUS Media Limited*	Ordinary	100.00
NUS Holdings Limited	Ordinary	100.00
Student Discount Cards Limited	Ordinary	100.00

*dormant

7 Debtors

	2022 £	As restated 2021 £
Amounts falling due within one year:		
Trade debtors	1,116,923	331,442
Amounts owed by group undertakings	3,187,617	2,978,343
Other debtors	45,910	89,071
	<u>4,350,450</u>	<u>3,398,856</u>
Deferred tax asset (note 10)	-	600,000
	<u>4,350,450</u>	<u>3,998,856</u>

Amounts owed by group undertakings due within one year are unsecured, interest free and repayable on demand.

8 Current asset investments

	2022 £	2021 £
Other investments	1,528	1,528
	<u>1,528</u>	<u>1,528</u>

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

9 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	256,602	160,886
Amounts owed to group undertakings	755,566	-
Corporation tax	-	23,532
Other taxation and social security	153,943	-
Other creditors	1,966,221	1,657,566
	<u>3,132,332</u>	<u>1,841,984</u>

Other creditors includes £1,123,773 (2021 - £760,725) which relates to payments received on account and held for redistribution to members of the purchasing consortium for retrospective volume related payments.

Other creditors also contains £182,988 (2021 - £172,568) in relation to the pension liability due within one year.

10 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2022 £	Assets 2021 £
Balances:		
Pension deficit	-	600,000
	<u>-</u>	<u>600,000</u>
Movements in the year:		2022 £
Asset at 1 July 2021		(600,000)
Charge to profit or loss		600,000
		<u>-</u>
Liability at 30 June 2022		<u>-</u>

11 Called up share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary A Shares of £1 each	17,140	17,140	17,140	17,140
Ordinary B Shares of £20 each	13,070	13,070	261,400	261,400
	<u>30,210</u>	<u>30,210</u>	<u>278,540</u>	<u>278,540</u>

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

11 Called up share capital

(Continued)

The Ordinary A and Ordinary B shares can be redeemed at the Company's option at any time after their date of issue and before 31 December 2090. On redemption, the price to be paid by the Company for the shares shall be the lower of the net asset value if the same as shown in the audited accounts of the company for the last accounting period ending prior to the giving of the relevant Redemption Notice and the net asset value if the same as shown in the audited accounts of the Company for the accounting period ending next after the giving of the Relevant Redemption Notice.

The profits which the Company may determine to distribute in respect of any financial period shall be distributed amongst the holders of A and B shares directly in proportion to the nominal value of A and B shares held.

On a winding up of the Company, the surplus assets of the Company remaining after payment of its liabilities shall be applied:

Firstly, in paying to the holders of the B shares; secondly in paying to the holders of the A shares; and thirdly, in paying to the holders of the A shares and B shares.

Each of the A and B shares has one voting right each.

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

12 Pension Commitments

Defined contribution scheme

The Company participates in a defined contribution pension scheme where the company contributes either 3% or 6% of salary depending upon each member's level of contribution.

The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £25,992 (2021 - £32,952). Contributions totalling £nil (2021 - £nil) were payable to the fund at the balance sheet date.

Multi-employer pension scheme

NUS Services Limited offered membership of Student's Union Superannuation Scheme ("SUSS"), a defined benefit pension scheme, to all employees until 30 September 2011, at which point the scheme closed to future accrual.

The Scheme is subject to a revaluation every three years with the last valuation being performed in June 2019. The 2016 valuation recommended a monthly contribution requirement by each employer expressed in monetary terms intended to clear the ongoing funding deficit over a period of 17 years and will increase by at least 5% each year. This showed an increased funding deficit of around £120m shared between 69 employers.

This represents an increase of c.£47m in the deficit in comparison to the 2013 valuation and resulted in increased contributions from October 2017 onwards. These contributions also include an allowance for cost of the ongoing administrative and operational expenses of running the Scheme.

Following the 2019 triennial revaluation, which also reflected the outcome from the previously identified '7% pension increase' issue affecting some members within the scheme, the Trustees of SUSS concluded that it would be necessary to increase contributions to clear the deficit over the next 15 years. Those Unions with members directly affected by the pension increase issue would be required to pay a greater contribution to the scheme deficit. Surpluses or deficits which arise at future valuations will also impact on the Union's future contribution commitment. In addition to the above contributions, the Union also pays its share of the Scheme's levy to the Pension Protection Fund.

During the year the Company was made aware of a possible increase in SUSS's pension deficit. This will not impact the Company until a revised deficit funding contribution schedule has been agreed, which will be following the next triennial valuation of the scheme.

Under FRS102 the multi-employer pension liability has been calculated based on the assumptions of the above expected deficit payments using a discount rate of 3.7% (2021 - 1.5%):

Present value of provision	2022	2021
	£	£
Student's Union Superannuation Scheme	2,481,795	3,081,487
	<u> </u>	<u> </u>
Present value of provision		
Creditors: amounts falling due within one year	Note 9 182,988	172,568
Creditors: amounts falling due after more than one year	2,298,807	2,908,919
	<u>2,481,795</u>	<u>3,081,487</u>

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

12 Pension Commitments

(Continued)

Reconcilliation of opening and closing provisions

	2022
	£
Provision at start of period	3,081,487
Unwinding of discount factor	47,983
Deficit contributions paid	(172,606)
Movement in net present value calculation	(475,069)
	<u>2,481,795</u>

The following schedule details the deficit contributions agreed between the company and the scheme to settle the company share of the deficit:

Start	End	Year	Annual Increase	Annual contributions	Monthly Payment
Jul-22	Oct-22	2021	8%	59,028	14,757
Nov-22	Oct-23	2022	5%	185,938	15,495
Nov-23	Oct-24	2023	5%	195,235	16,270
Nov-24	Oct-25	2024	5%	204,997	17,083
Nov-25	Oct-26	2025	5%	215,246	17,937
Nov-26	Oct-27	2026	5%	226,009	18,834
Nov-27	Oct-28	2027	5%	237,309	19,776
Nov-28	Oct-29	2028	5%	249,175	20,765
Nov-29	Oct-30	2029	5%	261,633	21,803
Nov-30	Oct-31	2030	5%	274,715	22,893
Nov-31	Oct-32	2031	5%	288,451	24,038
Nov-32	Oct-33	2032	5%	302,873	25,239
Nov-33	Oct-34	2033	5%	318,017	26,501
Nov-34	Oct-35	2034	5%	333,918	27,826

Assumptions

	2022	2021	2020
	%	%	%
Rate of discount	3.70	1.50	1.50

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

13 Capital redemption reserve

The capital redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of the Company's own shares.

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

14 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2022	2021
£	£
152,814	183,396

15 Related party transactions

Transactions with related parties

Charitable donations totalling £1,214,804 (2021: £Nil) were made to NUS Students' Union Charitable Services.

OneVoice Digital Limited

The Company owns 20% of the share capital of OneVoice Digital Limited.

In 2018, NUS Services entered into a £2m Loan Facility agreement to OneVoice. As at June 2019 it was assessed by management that the Loan Facility agreement was irrecoverable and a full impairment of £2m was recognised in the year to 30 June 2019. This is still the case in the year ended 30 June 2022.

The following transactions relate to OneVoice Digital Limited:

	Sales		Purchases	
	2022	2021	2022	2021
	£	£	£	£
Other related parties	225,836	44,264	1,234,678	170,570
			2022	2021
Amounts due from related parties			£	£
Other related parties			277,768	233,007

NUS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

16 Parent company

The Company is a subsidiary of NUS Students' Union Charitable Services. NUS Students' Union Charitable Services is a wholly owned subsidiary of National Union of Students (United Kingdom), the ultimate controlling parent party.

National Union of Students (United Kingdom) is the largest organisation producing consolidated financial accounts including the financial statements of the Company. These consolidated financial statements are publicly available from Companies House (registration number 08015198).

NUS Students' Union Charitable Services is the smallest organisation producing consolidated financial accounts including the financial statements of the Company. These consolidated financial statements are publicly available from Companies House (registration number 07509468).

17 Prior period restatement

Prior period restatement relates to the reclassification of a current asset to fixed asset investments in line with the shareholding. As a result, comparative debtors decreased by £30,150 and fixed asset investments increased by £30,150.