

Registered number: 01639519

NUS Services Limited

Directors' Report and Financial Statements

For the Year Ended 30 June 2023

 **DAINS**



NUS Services Limited

Company Information

Directors	P M Chapman D J Ormerod G Hughes S Kerton A Wilson (resigned 30 June 2023) M Stephen (appointed 31 August 2022, resigned 30 June 2023) B Savage (appointed 14 September 2022) N Bajwa (appointed 14 September 2022) C Ferguson (appointed 14 September 2022) G Kirkpatrick (appointed 8 November 2022) H Innes (appointed 1 July 2023) N Katz (appointed 1 July 2023) E Nembhard (resigned 6 August 2022)
Registered number	01639519
Registered office	Ian King House Snape Road Macclesfield Cheshire SK10 2NZ
Independent auditors	Dains Audit Limited Statutory Auditor & Chartered Accountants Suite 2, Albion House 2 Etruria Office Village Forge Lane Stoke on Trent Staffordshire ST1 5RQ

NUS Services Limited

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**Strategic Report
For the Year Ended 30 June 2023**

Introduction

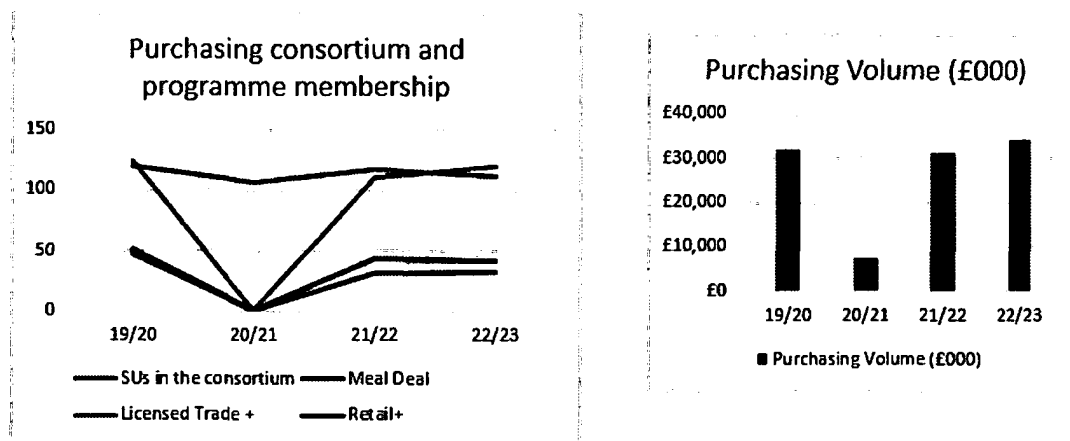
The directors present the strategic report for the year ended 30 June 2023.

Business review

NUS Services Ltd exists to develop and maximise income opportunities for the student movement and deliver a strong national infrastructure. The primary activity undertaken this year in NUS Services was through our Trading Support service and purchasing consortium.

Overall the business has seen trading figures return to pre-pandemic levels. Overall purchasing volume in 22/23 was £34,284,000 continuing a pattern of stabilisation since lockdown.

Likewise the number of students' unions who participate in either the consortium or our Meal Deal, Licensed Trade+ or Retail+ programmes are continuing to grow again post-lockdown.



The trading support team has been able to leverage the purchasing power of the consortium by rolling forward deals post Covid-19. A key issue this year has been the high rate of inflation amidst a difficult and challenging supply-chain landscape. Through negotiation based on purchasing volumes the team has been able to secure much smaller price increases which has delivered value for NUS Services, consortium members and students as the end user.

We've also worked to grow the consortium and expand the offer to other likeminded organisations in the charity, not-for-profit and arts sectors. We're also pleased to welcome back Loughborough Students' Union to the consortium. As well as bringing in a forecasted £1.5m – £2m in volume per year this demonstrates the value the consortium and the Trading Support service offers to students' unions.

Trade Show attracted over 150 suppliers across retail, catering and licensed trade. Over 300 people from across the consortium membership attended to network, sign up for deals and discover new products. Once again, we ran a training and development event the day before which attracted over 100 attendees.

Programme overview

Marketing and Insight

We continue to work closely with members to showcase the consortium and programmes. This includes distribution of our quarterly Trading Insight magazine to over 1,000 recipients.

The Trading Support team continue a programme of introductions with 20 members having joined a session in the last six months. The content has been reworked to be more bespoke to unions.

The Student Insight Trackers, food insights, late night insights and CGA brand trackers continue to evidence our work and advice to members. This year the trackers highlight students' attitudes to plant based only vs meat catering offering and the commercial outcome students advocate to these choices.

We have launched sustainability upskilling training, giving members access to a food specific upskilling platform and digital e-learning that will help members to develop knowledge that is specific to their operations.

Best Bar None

37 unions took part this year in Best Bar None which is run in-house. This was the best ever year for results, with all unions who entered attaining Gold accreditation. The Best Bar None winner was **University of Staffordshire Students' Union** with a 98% result. We are delighted with these results – well done to all students' unions that took part.

We've developed the Best Bar None awards and dinner which is hosted at Trade Show, this year highlighting achievements through recognition plaques and introducing new categories. This will continue to be developed in coming years.

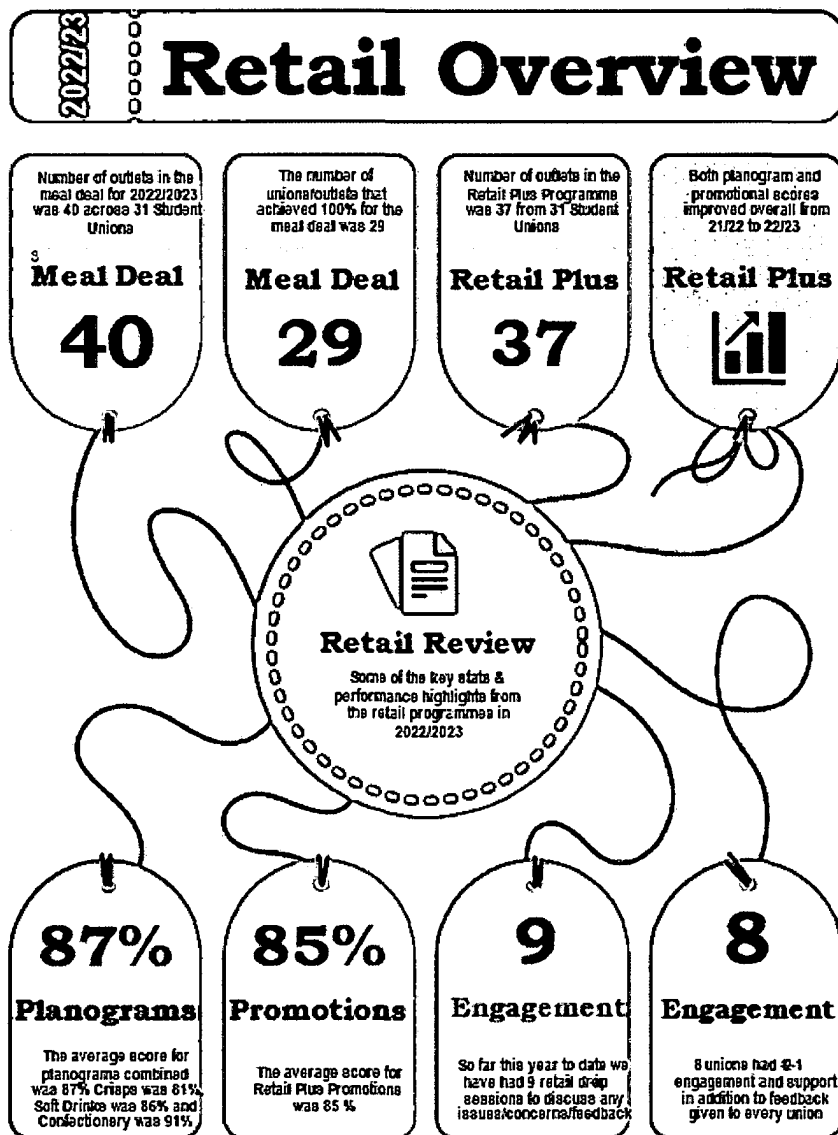
Meal Deal and Retail+

Retail plus delivered around 80 retail promotions from suppliers through the year.

The infographic below shows some key retail stats. We've continued to support this work with fortnightly Retail drop-ins which have covered delivery considerations, promotions, POS and information sharing. We've attended 23 compliance calls and provided individual 1-2-1 support calls with students' unions to raise standards of compliance.

We developed and installed a new meal deal which gives members more flexibility with the ability to price their own Meal Deal in line with their competition, as well as some fantastic new POS.

Strategic Report (continued)
For the Year Ended 30 June 2023



Licensed Trade+

73 students' unions are members of Licensed Trade+ with 45 actively engaging and 121 individual submissions received by the compliance app. We've supported these students' unions through drop-in sessions, calls and support from the team.

Though in-house compliance, the Trading Support team has been able to support members to make better stocking decisions and deliver a better experience to students.

The Cocktail Programme paid back £80k to the 26 students' unions taking part in the programme to support them with their spirits and cocktail development.

Financial Performance

The results for the year show an operating performance with turnover of £2.3m. This has increased significantly from £2.08m in the previous year, driven by improvements in on campus trading as members' facilities were more or less fully open. This significantly increased purchasing across the year compared to 2021/22.

Interest payable and expenses are due to a movement in the net present value calculation of the SUSS pension deficit.

Overall a profit of before tax of £693,350 was generated (2022 – profit of £820k) prior to the 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 £710k.

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 NUS Charity and NUS Services 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 Board and the Finance Committee.

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 2022. The 2022 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 a funding deficit of around £133m shared between 68 employers. This represented a decrease of c.£7m in the deficit in comparison to the 2019 valuation indicating that the scheme recovery plan is on track. These contributions also include an allowance for cost of the ongoing administrative and operational expenses of running the Scheme.

Surpluses or deficits which arise at future valuations will also impact on the company's future contribution commitment. In addition to the annual deficit contributions, NUS Services 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 liabilities in the balance sheet. During the period, the Company's contribution was £182,988. The company's contributions are set to increase by 5% from 1 October 2023.

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 May 2037, which at current rates represents a liability of £3.7million. 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.

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.

Going Concern Basis

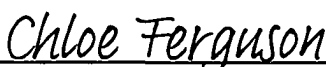
The NUS group meets its day-to-day operational expenditure as a result of a number of income generating activities as mentioned in the Group Strategic Report.

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 2023, the Board considered a three-year financial forecast which modelled the possible impact of current economic conditions on the group's activities up to June 2026. The model identified that there were some significant risks – students' unions' ability to pay their membership contributions, the level of on-campus trade impacted on the revenues generated through the purchasing consortium, and the impact of cost-of-living increases on salaries.

The Board recognise that of these risks, the impact on the purchasing consortium income and cost of living increases may require further monitoring and adjustments to the business model. An update on the financial model continues to be regularly considered by the Board during 2023/24 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.

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


Chloe Ferguson (Mar 8, 2024 10:22 GMT)
Chloe Ferguson
Director

Date: **08-Mar-2024**

**Directors' Report
For the Year Ended 30 June 2023**

The directors present their report and the financial statements for the year ended 30 June 2023.

Principal activity

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.

Directors

The directors who served during the year were:

P M Chapman
D J Ormerod
G Hughes
S Kerton
A Wilson (resigned 30 June 2023)
M Stephen , (resigned 30 June 2023)
B Savage (appointed 14 September 2022)
N Bajwa (appointed 14 September 2022)
C Ferguson (appointed 14 September 2022)
G Kirkpatrick (appointed 8 November 2022)
E Nembhard (resigned 6 August 2022)

Results and dividends

The profit for the year, after taxation, amounted to £693,350 (2022 - £225,957).

**Directors' Report (continued)
For the Year Ended 30 June 2023**

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 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 to 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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


Chloe Ferguson (Mar 8, 2024 10:22 GMT)

Chloe Ferguson
Director

Date: **08-Mar-2024**

Independent Auditors' 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 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 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 2023 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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.

Independent Auditors' Report to the Members of NUS Services Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 set out on page 7, 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.

Independent Auditors' Report to the Members of NUS Services Limited (continued)

Auditors' 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 Auditors' 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

Independent Auditors' Report to the Members of NUS Services Limited (continued)

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

S Hawkins

S Hawkins (Mar 11, 2024 14:40 GMT)

Simon Hawkins (Senior Statutory Auditor)

for and on behalf of
Dains Audit Limited

Statutory Auditor
Chartered Accountants

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Stoke on Trent
Staffordshire
ST1 5RQ

Date: **11-Mar-2024**

Statement of Comprehensive Income
For the Year Ended 30 June 2023

	Note	2023 £	2022 £
Turnover		2,324,136	2,081,508
Cost of sales		(509,156)	(460,403)
Gross profit		1,814,980	1,621,105
Administrative expenses		(1,118,491)	(753,550)
Operating profit		696,489	867,555
Interest receivable and similar income		23	1
Interest payable and similar expenses		(3,162)	(47,964)
Profit before tax		693,350	819,592
Tax on profit		-	(593,635)
Profit for the financial year		693,350	225,957
Other comprehensive income for the year			
Actuarial (loss)/gain on defined benefit pension schemes		(27,666)	475,069
Total comprehensive income for the year		665,684	701,026

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

The notes on pages 15 to 29 form part of these financial statements.

NUS Services Limited
Registered number:01639519

Balance Sheet
As at 30 June 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	5	12,481	12,481
		<u>12,481</u>	<u>12,481</u>
Current assets			
Debtors: amounts falling due within one year	6	4,039,528	4,350,450
Current asset investments	7	1,528	1,528
Cash at bank and in hand		4,490,148	4,191,228
		<u>8,531,204</u>	<u>8,543,206</u>
Creditors: amounts falling due within one year	8	(3,091,435)	(3,132,332)
Net current assets		<u>5,439,769</u>	<u>5,410,874</u>
Total assets less current liabilities		<u>5,452,250</u>	<u>5,423,355</u>
Creditors: amounts falling due after more than one year	9	(2,372,476)	(2,298,807)
Net assets		<u><u>3,079,774</u></u>	<u><u>3,124,548</u></u>
Capital and reserves			
Called up share capital	10	278,540	278,540
Share premium account	11	17,072	17,072
Capital redemption reserve	11	42,380	42,380
Profit and loss account	11	2,741,782	2,786,556
		<u><u>3,079,774</u></u>	<u><u>3,124,548</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Chloe Ferguson

Chloe Ferguson (Mar 8, 2024 10:22 GMT)

C Ferguson
Director

Date: **08-Mar-2024**

The notes on pages 15 to 29 form part of these financial statements.

NUS Services Limited

**Statement of Changes in Equity
For the Year Ended 30 June 2023**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 August 2021	278,540	17,072	42,380	3,300,334	3,638,326
Surplus and total comprehensive income for the year	-	-	-	225,957	225,957
Actuarial gain on defined benefit pension schemes	-	-	-	475,069	475,069
Gift Aid payment	-	-	-	(1,214,804)	(1,214,804)
At 1 July 2022	278,540	17,072	42,380	2,786,556	3,124,548
Surplus and total comprehensive income for the year	-	-	-	693,350	693,350
Actuarial loss on defined benefit pension schemes	-	-	-	(27,666)	(27,666)
Gift Aid payment	-	-	-	(710,458)	(710,458)
At 30 June 2023	278,540	17,072	42,380	2,741,782	3,079,774

The notes on pages 15 to 29 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of National Union of Students (United Kingdom) as at 30 June 2023 and these financial statements may be obtained from Ian King House, Snape Road, Macclesfield, Cheshire, SK10 2NZ.

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

2. Accounting policies (continued)

2.3 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 2023, the Board considered a three-year financial forecast which modelled the possible impact of current economic conditions on the group's activities up to June 2026. The model identified that there were some significant risks – students' unions' ability to pay their membership contributions, the level of on-campus trade impacted on the revenues generated through the purchasing consortium, and the impact of cost-of-living increases on salaries.

The Board recognise that of these risks, the impact on the purchasing consortium income and cost of living increases may require further monitoring and adjustments to the business model. An update on the financial model continues to be regularly considered by the Board during 2023/24 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.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2. Accounting policies (continued)

2.5 Revenue

Revenue 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. Revenue 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 also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.9 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" 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 trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 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.

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.17 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 Financial Activities 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.

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 income statement 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.

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

3. Judgements in applying accounting policies 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 reviewed 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 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 current and estimated period of the future payments.

4. Employees

The average monthly number of employees, including the directors, during the year was as follows:

2023 No.	2022 No.
14	14

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

5. Fixed asset investments

	Investments in subsidiaries and associates £
Cost or valuation	
At 1 July 2022	569,193
At 30 June 2023	569,193
Impairment	
At 1 July 2022	556,712
At 30 June 2023	556,712
Net book value	
At 30 June 2023	12,481
At 30 June 2022	12,481

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
NUS Media Limited*	Ordinary	100%
NUS Holdings Limited *	Ordinary	100%
Student Discount Cards Limited	Ordinary	100%

* Dormant

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

6. Debtors

	2023	2022
	£	£
Trade debtors	1,050,424	1,116,923
Amounts owed by group undertakings	2,693,962	3,187,617
Other debtors	10,162	10,768
Prepayments and accrued income	284,980	35,142
	<u>4,039,528</u>	<u>4,350,450</u>

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

7. Current asset investments

	2023	2022
	£	£
Other investments	1,528	1,528
	<u>1,528</u>	<u>1,528</u>

8. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Payments received on account	1,321,317	1,123,773
Trade creditors	249,336	256,602
Amounts owed to group undertakings	823,306	755,566
Other taxation and social security	32,198	153,943
Other creditors	204,391	242,366
Accruals and deferred income	460,887	600,082
	<u>3,091,435</u>	<u>3,132,332</u>

Other creditors contains £54,199 (2022: £182,988) in relation to the pension liability within one year.

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

9. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Defined benefit pension liability	2,372,476	2,298,807
	<u>2,372,476</u>	<u>2,298,807</u>

10. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
17,140 (2022 - 17,140) Ordinary A shares of £1.00 each	17,140	17,140
13,070 (2022 - 13,070) Ordinary B shares of £20.00 each	261,400	261,400
	<u>278,540</u>	<u>278,540</u>

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 profit 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.

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

11. Reserves

Share premium account

The share premium account is the excess capital paid above the nominal value of the ordinary share capital.

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.

Profit and loss account

The profit and loss account represents the cumulative profit and losses, net of dividends paid and other adjustments.

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

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 costs charge represents contribution payable by the Company to the fund and amounted to £27,111 (2022: £25,992). Contributions totalling £nil (2022: £nil) were payable to the fund at the balance sheet date.

Multi-employer pension scheme

NUS Services Limited offered membership of Students' 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 most recent Valuation of the Scheme was carried out as at 30 June 2022 and showed that the market value of the Scheme's assets was £119,000,000 with these assets representing 44% of the value of benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £136,000,000.

The 2022 valuation recommended a monthly contribution requirement by each participating employer expressed in monetary terms to clear the ongoing funding deficit over a period of 14 years and will increase at 5% per year. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the scheme. These rates applied from 1 October 2023 and will be formally reviewed following the completion of the next valuation due with an effective date of 30 June 2025. Surpluses and deficits which arise with future valuations will also impact on the Union's future contribution commitment. See Note 8 and 9 for the liability recognised under the currently agreed deficit funding plan expiring September 2037. Liabilities are shown on a discounted present value basis. In addition to the above contributions, the Union pays its share of the scheme's levy to the Pension Protection Fund.

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

12. Pension commitments (continued)

Under FRS 102, the Multi-employer pension liability has been calculated based on the assumptions of the above expected deficit payments using a discount rate of 5.2% (2022 - 3.7%).

	2023 £	2022 £
Present value of provision		
Students' Union Supperannuation Scheme	2,426,675	2,481,795
	<u>2,426,675</u>	<u>2,481,795</u>
	2023 £	2022 £
Creditors: amounts falling due within one year	54,199	182,988
Creditors: amounts falling due between 2 and 5 years	335,137	465,987
Creditors: amounts falling due after 5 years	2,037,339	1,832,820
	<u>2,426,675</u>	<u>2,481,795</u>
	2023 £	2022 £
Provision at start of period	2,481,795	3,081,487
Unwinding of discount factor	100,202	47,983
Deficit contributions paid	(182,988)	(172,606)
Movement in net present value calculation	27,666	(475,069)
	<u>2,426,675</u>	<u>2,481,795</u>

Notes to the Financial Statements
For the Year Ended 30 June 2023

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-23	Oct-23	2023	5%	61,980	15,495
Nov-23	Oct-24	2024	5%	195,235	16,270
Nov-24	Oct-25	2025	5%	204,997	17,083
Nov-25	Oct-26	2026	5%	215,246	17,937
Nov-26	Oct-27	2027	5%	226,009	18,834
Nov-27	Oct-28	2028	5%	237,309	19,776
Nov-28	Oct-29	2029	5%	249,175	20,765
Nov-29	Oct-30	2030	5%	261,633	21,803
Nov-30	Oct-31	2031	5%	274,715	22,893
Nov-31	Oct-32	2032	5%	288,451	24,038
Nov-32	Oct-33	2033	5%	302,873	25,239
Nov-33	Oct-34	2034	5%	318,017	26,501
Nov-34	Oct-35	2035	5%	333,918	27,826
Nov-35	Oct-36	2036	5%	350,614	29,218
Nov-36	May-37	2037	5%	214,753	30,679

Assumptions

	2023 %	2022 %	2021 %
Rate of discount	5.20	3.70	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. Commitments under operating leases

At 30 June 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Due within a year	26,400	30,000
Later than 1 year and not later than 5 years	11,750	38,150
	<u>38,150</u>	<u>68,150</u>

**Notes to the Financial Statements
For the Year Ended 30 June 2023**

14. Related party transactions

Transactions with related parties

Charitable donations totalling £710,458 (2022: £1,214,804) 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 2023.

The following transactions relate to OneVoice Digital Limited:

	Sales		Purchases	
	2023	2022	2023	2022
	£	£	£	£
Other related parties	115,731	225,836	-	1,234,678
			2023	2022
			£	£
Amounts due from related parties				
Other related parties			-	277,768
			-	277,768

15. Controlling party

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).