

Registered number: 08015198

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017



NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
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COMPANY INFORMATION

Directors	Jack Mably (appointed 1 July 2016) Dianne Nelmes Thomas Phipps (appointed 1 July 2016) Kate Reynolds Ruth Titmuss (appointed 1 July 2016) Andrew Westwood Alistair Wilson Jess Bradley (appointed 1 August 2017) Amatey Doku (appointed 1 August 2017) Hareem Ghani (appointed 1 August 2017) Joanne Goodman (appointed 1 July 2017) Shakira Martin (appointed 1 July 2017)
Registered number	08015198
Registered office	Ian King House Snape Road Macclesfield Cheshire SK10 2NZ
Independent auditor	Crowe Clark Whitehill LLP The Lexicon Mount Street Manchester M2 5NT
Bankers	The Co-operative Bank plc Manchester M2 4JG

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NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

Introduction

The directors present their report and the financial statements for the year ended 30 June 2017.

Business review

The NUS Group comprises of 7 different entities:

National Union of Students (United Kingdom) ("the Union" or "NUS") is a company limited by guarantee and confederal association of students' unions, guilds, junior common rooms and representative councils of students involved in post sixteen education and training in the United Kingdom. Its accounts are consolidated accounts as NUS Group accounts as the largest legal entity of the Group.

The principal activity of **NUS Holdings Limited** ("Holdings") during the year was the ownership of property and provision of property management services. It is also the principal employer for the group.

Holdings recorded revenues of £3.5m in the year and a loss of £258k compared to a profit of £68k in the previous year.

NUS Services Limited ("Services") exists to develop and maximise income opportunities for the student movement, and deliver a strong national infrastructure. There are three key areas to the Company's work:

- The Purchasing Consortium – drives better margins for members through negotiating bulk discounts on a vast range of goods and services, handling billing and payments as well as securing promotional offers and providing sales growth support.
- Marketing and Sponsorship – provides NUS Extra, the student discount card, as well as new income opportunities for students' unions, whilst maximising the commercial value from the national brand.
- Financial and Administrative support for the national organisations and individual students' unions.

Services 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 along with providing cash for the rest of the Group.

Services recorded revenues of £14.0m which increased from the prior year of £13.1m. The loss of £2.6m before tax compared to £1.1m profit in the previous year was due to the exceptional items including the write-off of intercompany loans and the revaluation of the SUSS pension fund.

NUS Media Limited ("Media") exists to increase impact and income for member students' unions and the National Union of Students through provision of an online platform for the student movement and associated digital & media sales operations. The key areas of work are:

- Digital services
- Media advertising services
- Outsourcing of back office functions
- Provision of digital & data services for NUS Group

The range of products and services we provide through NUS Media is diverse, helping unions to increase engagement amongst the student population both commercially and non-commercially.

Media recorded revenues of £929k providing growth compared to the £766k revenues from the previous year. The deficit decreased to £1.2m compared to the prior year deficit of £2.4m.

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FOR THE YEAR ENDED 30 JUNE 2017

Post the end of the financial year NUS Media have announced an exciting new partnership with Arrk. The partnership has formed OneVoice Digital.

Arrk has a strong ethical fit with NUS and this new partnership will ensure that the Union Cloud platform continues to develop and innovate, ensuring value for money for those who use the service and providing NUS with the best opportunities for long term digital income streams.

Arrk is a digital IT services business who have been developing Union Cloud since inception. The directors are really pleased that Arrk have chosen to work with NUS Media to form this new joint venture to continue to drive forward digital transformation for the movement.

Epona Limited ("Epona") continues to be proud of being one of the very few clothing companies to carry the Fairtrade mark on all of its products.

Epona recorded revenues of £777k, a decline of 24% over the prior year due to a combination of sales suffering due to some poor buying decisions and strong price reductions from competitors. There was a loss of £1,014k in the year, which had significantly increased compared to last year's £255k, due to the write-off of stock.

Proposals have been brought forward for the activities of Epona to be wound down by the end of December 2017. With poor sales during the year and a large stock write off, it is clear that there is uncertainty over Epona's future. The Directors will need to consider the proposals, which will be taken to the Board meetings of Epona and NUS Services. The preferred option is to find a buyer for the business but if that is not possible a closure will be considered.

NUS Students' Union Charitable Services ('NUS Charitable Services' or 'the Charity') is constituted as a registered charity and a company limited by guarantee. The Charity is responsible for supporting the development of students' unions throughout the country to ensure they adequately serve their student membership. It is governed by its Articles of Association. The Charity's purpose is the promotion of Students' Unions for the benefit of the public including promoting the efficiency and effectiveness of Students' Unions and building the capacity of the Students' Union section by:

- Providing training, conferences and seminars on subjects relevant to the efficiency of Students' Unions;
- Identifying needs in Students' Unions and establishing projects or policies to address them;
- Providing services such as legal, accountancy and management advice services to Students' Unions; and
- Providing advice and information on fund-raising techniques appropriate for Students' Unions.

The Charity recorded incoming resources of £4.5m in the year and net outgoings of £71k compared to net outgoings of £163k in the previous year. Total funds at 30 June 2017 stand at £515k, some of which are restricted.

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FOR THE YEAR ENDED 30 JUNE 2017

NUS Scotland Charitable Services ("the Scottish Charity") is a Scottish Charitable Incorporated Organisation and is governed by a constitution with a membership that is run by the Members and the Board of Trustees.

The Scottish Charity's purposes are:

- To advance education;
- To advance health;
- To advance citizenship;
- To promote equality and diversity; and
- To advance environmental protection

The Scottish Charity recorded incoming resources of £313k in the year and net incoming resources of £55k compared to outgoings of £6k in the previous year. Total funds at 30 June 2017 stand at £232k.

It is envisaged that the activities carried out as part of NUS Scotland Charitable Services will be brought into NUS Students' Union Charitable Services. Work is underway to register NUS Students' Union Charitable Services with OSCR and future funding will be applied through NUS Students' Union Charitable Services.

It is expected that NUS Scotland Charitable Services will become dormant and cease operating as a charity during 2017/18.

Vision, Mission and values

Vision

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

NUS Mission

To make this vision a reality, NUS will:

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

NUS Values

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

Equality - We believe there should be equality of opportunity for everyone to participate fully in a society that celebrates diversity.

Democracy - Our policies and priorities must be student led and students' union focused through building open, transparent and accessible democratic structures that increase performance and strengthen accountability.

Collectivism - Students and students' unions are more effective when they organise together locally, nationally and internationally: unity is our strength.

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

Principal Activities

The primary aims and objectives of NUS are to:

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

Overview

NUS 100

In July 2017, NUS launched its five year strategic plan, NUS100, which will run until NUS's 100th anniversary in 2022. Work is being planned over this period to deliver the key themes:

- Everyone can access and excel in post-16 education
- The learner voice creates change in education
- Wellbeing and welfare are central to the student experience
- Students should be confident to engage in civic life
- Supporting excellence in students' unions
- Developing a strong and influential collective voice
- Putting data, evidence and digital at the heart of our movement
- Attracting and retaining outstanding people

Over the year, we have continued the project to ensure our corporate governance makes us as effective and efficient as possible and proposals have been agreed by the NUS UK Board and NUS National Conference to reduce the number of entities within the Group from the current 7 to 3 (NUS UK, NUS Students' Union Charitable Services and NUS Services Limited). Work will continue over the next few years to implement this.

A task and finish group was established by the NUS UK Board to develop proposals to ensure our democratic engagement is as inclusive and accessible as possible. These proposals were discussed and agreed by the Board and NUS National Conference. During the forthcoming year, work will continue to revise the articles of association with a view to seeking their adoption through NUS Conference and a Company Law meeting in 2018.

Institutional Racism Review

Following a complaint from the Black Students Officer in 2015, the Runnymede Trust were commissioned to determine whether NUS was institutionally racist. Although they could not definitively say that NUS was institutionally racist, they did find that there were serious failings by NUS in the treatment of our Black, Jewish and Muslim staff, officers and volunteers. The NUS Race Equity Plan has been developed following the publication of the Runnymede Report and agreed by the Board. It has been a significant undertaking involving consultation and collaboration with colleagues across and outwith NUS. Delivery of this Plan is a long term project that will be an organisational priority for as long as it takes to deliver the outcomes. To date most staff,

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GROUP STRATEGIC REPORT (CONTINUED)
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officers and volunteers have been trained in Creating Equity at Work and almost everyone has been to a Race Equity Briefing. Racial justice training will take place in the autumn term.

Campaigns & Influencing

This year has seen significant campaigning and influencing activity with the publication of both Higher and Further Education bills in Parliament. Significant changes were made to the bills as a result of lobbying by NUS and students' unions to ensure that there is student representation on the Board of the new Office for Students, student voter registration is made the responsibility of institutions and data on the attainment gaps of students from different backgrounds will now be published.

A further round of Further Education College area reviews was undertaken, and we worked with students and students' unions to ensure that student interests were considered during the consultations. Our #FEUnplugged campaign won a £500m investment into further education, to fund 900 extra hours of teaching for the new T-Levels.

After many years of NUS lobbying and working in partnership with women's and children's charities, the Government introduced statutory sex and relationship education.

Thousands of students from 100 Students' Unions attended the United for Education National Demonstration in London on 19 November 2016.

In December, students' unions voted to create a full time elected Trans Officer position to defend and lobby for Trans students rights. NUS is the first organisation in Europe to have such a role.

Following the Prime Minister's calling of a snap General Election for 8 June 2017, NUS and students' unions worked tirelessly to register over a million 18-24 year olds to vote. Our 'get out the vote' campaign resulted in a significant increase in young people's turnout in the General Election.

Principal risks and uncertainties

All the organisations in the group take part in the wider NUS Group risk management processes to ensure consistency of management. As part of the annual business planning process, the major strategic and operational risks that NUS UK faces and the ways in which they are being monitored, managed and mitigated, were assessed by the Board and the Audit and Risk Committee.

The Board has assessed the main risks facing the Group as:

- on-going changes in Higher Education,
- potential government spending cuts and their impact on student's unions,
- continued competition from both the high street and supermarkets resulting in continuing steady decline in licensed trade sales,
- together with the risk of certain students' unions ceasing to run their commercial services.

One of the main areas of risk facing NUS Group is the Student Union Superannuation Scheme ("SUSS"). NUS UK 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 last valuation being done in June 2016. The 2016 valuation recommended a monthly contribution requirement by each Union 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 will result 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.

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These rates applied with effect from 1 October 2017 and will be formally reviewed following completion of the next valuation due with an effective date of 30 June 2019. Surpluses or deficits which arise at future valuations will also impact on the Students' Union future contribution commitment. In addition to the above contributions, the Students' Union 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 £424,863. This is set to increase by 20% for next year followed by an annual increase of 5% per annum.

Whilst the closure of the scheme to future accrual goes some way to mitigate the risk it does not eliminate it. The Company is required to make deficit contributions until June 2033, which at current rates represents a liability of £9.6million. 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.

Key performance indicators

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

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

Strengthening our financial performance

To provide greater benefits to our members we have worked hard to increase the stability and sustainability of the organisation. In the last three years we have increased our revenues and streamlined our operation in order to start to redress the deficit situation of prior years. The 4% rise in income, over prior year, is largely driven by those diversified revenues.

Overall Performance

The consolidated accounts show a £3.6m loss for the financial year. The change from the prior year being driven predominantly by the revaluation of the legacy pension deficit scheme.

The overall net asset position remains relatively static at £22million, before the pension deficit.

Diversifying our income streams

We have made great strides over the last seven years to diversify our revenue streams. From a zero start, the NUS extra card now accounts for 40% of our revenues. Last year NUS extra generated just under £3.0 million for students' unions, while over 900,000 students benefited from a vast range of exclusive discounts.

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

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

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

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GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

Key performance indicators (continued)

Reducing the proportion of our revenue from affiliation fees

In the year affiliation fees represented 17% of our total income.

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

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

During the year the Union continued its heavy investment in the development of the online platform students' unions and has successfully managed to distribute the platform to 50 students' unions. UnionCloud is a unique opportunity to create a campaigning force of 7 million voices, to transform digital capacity within students' unions and deliver vital new income to the movement.

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

Shakira Martin
Director
Date:


28 FEB 2018

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

Directors

The directors who served during the year were:

Chair	Malia Bouattia (elected 2016)
Officer	James Elliott (elected 2016)
Trustees	Noorulann Shahid (elected 2016)
	Mostafa Rajaai (elected 2016)
	Melantha Chittenden (elected 2016)
Student Trustees	Brian Alcorn (elected 2015)
	Andrea Campos-Vigouroux (elected 2015)
	Mariam Guled (elected 2015)
	Jack Mably (elected 2016)
	Tom Phipps (elected 2016)
	Ruth Titmuss (elected 2016)
Lay Trustees	Andrew Westwood (appointed 2015)
	Kate McKenzie (appointed 2013)
	Dianne Nelmes (appointed 2012)
	Alistair Wilson (appointed 2012)

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £3,523,202 (2016 - loss £1,408,197).

Future developments

NUS UK will continue to actively campaign to promote and extend student rights. The subsidiaries and entities under NUS' control will play their role in strengthening student's unions through: generating income; strengthening organisational capacity and infrastructure.

As part of the governance review, there is a desire to streamline the organisations within the NUS Group. It is envisaged that the activities carried out as part of NUS Media will be brought into NUS Services following the strategic partnership with Arrk.

In addition the activities carried out as part of NUS Scotland Charitable Services will be brought into NUS Students' Union Charitable Services. Work is underway to register NUS Students' Union Charitable Services with OSCR and future funding will be applied through NUS Students' Union Charitable Services.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

Financial instruments

NUS UK does not hold any financial instruments. One of its subsidiaries enters into forward contracts for the purchase of dollars to hedge against unfavourable movements in the dollar between the time of order of the goods and delivery of the same. NUS UK does not, nor do its subsidiaries, undertake any speculative financial positions.

Disclosure of information to auditor

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 and the Group's auditor is 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 and the Group's auditor is aware of that information.

Post balance sheet events

NUS Media have announced the partnership with Arrk, coming together to form OneVoice Digital.

Proposals have been brought forward for the activities of Epona to be wound down by the end of December 2017. With poor sales during the year and a large stock write off, it is clear that there is uncertainty over Epona's future. The Directors will need to consider the proposals, which will be taken to the Board meetings of Epona and NUS Services. The preferred option is to find a buyer for the business but if that is not possible a closure will be considered.

Auditor

Under section 487(2) of the Companies Act 2006, Crowe Clark Whitehill LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

Shakira Martin
Director

Date: **28 FEB 2018**

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

Opinion

We have audited the financial statements of National Union of Students (United Kingdom) for the year ended 30 June 2017, set out on pages 14 to 48. 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2017 and of the Group's loss 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 Group 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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion

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

on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 9, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

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



Michael Jayson (Senior statutory auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

The Lexicon
Mount Street
Manchester
M2 5NT

Date: **28 FEB 2018**

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 £	2016 £
Turnover	4	24,141,537	24,336,724
Cost of sales		(15,152,303)	(12,612,650)
Gross profit		8,989,234	11,724,074
Administrative expenses		(9,280,992)	(11,620,465)
Exceptional administrative expenses		(549,284)	(1,496,129)
Other operating income		42,250	-
Fair value movements		58,823	38,756
Operating loss	6	(739,969)	(1,353,764)
Income from fixed assets investments		816,111	814,604
Interest receivable and similar income	11	9,064	16,145
Interest payable and expenses	12	(3,642,907)	(669,311)
Loss before taxation		(3,557,701)	(1,192,326)
Tax on loss	13	(39,123)	(174,461)
Loss for the financial year		(3,596,824)	(1,366,787)
(Loss) for the year attributable to:			
Non-controlling interests		(73,622)	41,410
Owners of the parent Company		(3,523,202)	(1,408,197)
		(3,596,824)	(1,366,787)

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

The notes on pages 21 to 48 form part of these financial statements.

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NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)
REGISTERED NUMBER: 08015198

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2017**

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	16	27,000	373,683
Tangible assets	17	8,218,925	8,363,319
Investments	18	13,755,813	13,696,990
		<u>22,001,738</u>	<u>22,433,992</u>
Current assets			
Stocks	19	174,869	695,210
Debtors: amounts falling due within one year	20	4,946,410	3,868,530
Current asset investments	21	1,477	1,445
Cash at bank and in hand	22	5,161,224	3,349,159
		<u>10,283,980</u>	<u>7,914,344</u>
Creditors: amounts falling due within one year	23	(10,450,818)	(9,722,551)
Net current liabilities		<u>(166,838)</u>	<u>(1,808,207)</u>
Total assets less current liabilities		<u>21,834,900</u>	<u>20,625,785</u>
Creditors: amounts falling due after more than one year	24	(14,002,609)	(9,196,670)
Net assets		<u><u>7,832,291</u></u>	<u><u>11,429,115</u></u>
Capital and reserves			
Profit and loss account		7,841,858	11,365,060
Equity attributable to owners of the parent Company		<u>7,841,858</u>	<u>11,365,060</u>
Non-controlling interests		(9,567)	64,055
		<u><u>7,832,291</u></u>	<u><u>11,429,115</u></u>

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

Shakira Martin
Director

Date: **28 FEB 2018**



NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)
REGISTERED NUMBER: 08015198

COMPANY BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	17	90,231	87,383
Investments	18	13,327,146	13,327,146
		<u>13,417,377</u>	<u>13,414,529</u>
Current assets			
Debtors: amounts falling due within one year	20	791,313	3,680,313
Cash at bank and in hand	22	83,371	537,873
		<u>874,684</u>	<u>4,218,186</u>
Creditors: amounts falling due within one year	23	(1,815,181)	(2,113,995)
Net current (liabilities)/assets		<u>(940,497)</u>	<u>2,104,191</u>
Total assets less current liabilities		<u>12,476,880</u>	<u>15,518,720</u>
Creditors: amounts falling due after more than one year	24	(9,614,667)	(7,219,981)
Net assets		<u><u>2,862,213</u></u>	<u><u>8,298,739</u></u>
Capital and reserves			
Profit and loss account		2,862,213	8,298,739
		<u><u>2,862,213</u></u>	<u><u>8,298,739</u></u>

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

Shakira Martin
Director



Date: **28 FEB 2018**

The notes on pages 21 to 48 form part of these financial statements.

The loss for the financial year dealt with in the financial statements of the parent company was £5,436,526 (2016 - loss £49,718).

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 July 2015	12,773,257	12,773,257	22,645	12,795,902
Comprehensive income for the year				
Loss for the year	(1,408,197)	(1,408,197)	41,410	(1,366,787)
Total comprehensive income for the year	(1,408,197)	(1,408,197)	41,410	(1,366,787)
At 1 July 2016	11,365,060	11,365,060	64,055	11,429,115
Comprehensive income for the year				
Loss for the year	(3,523,202)	(3,523,202)	(73,622)	(3,596,824)
Total comprehensive income for the year	(3,523,202)	(3,523,202)	(73,622)	(3,596,824)
At 30 June 2017	7,841,858	7,841,858	(9,567)	7,832,291

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NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Profit and loss account £	Total equity £
At 1 July 2015	8,348,457	8,348,457
Comprehensive income for the year		
Loss for the year	(49,718)	(49,718)
	<u>(49,718)</u>	<u>(49,718)</u>
Total comprehensive income for the year		
At 1 July 2016	8,298,739	8,298,739
Comprehensive income for the year		
Loss for the year	(5,436,526)	(5,436,526)
	<u>(5,436,526)</u>	<u>(5,436,526)</u>
Total comprehensive income for the year		
At 30 June 2017	<u>2,862,213</u>	<u>2,862,213</u>

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	(3,596,824)	(1,366,787)
Adjustments for:		
Amortisation of intangible assets	108,151	466,622
Depreciation of tangible assets	693,553	665,815
Impairments of fixed assets	491,409	1,496,129
Loss on disposal of tangible assets	-	313
Interest paid	3,642,908	669,311
Interest received	(825,175)	(830,749)
Taxation charge	39,123	174,461
Decrease/(increase) in stocks	520,341	(263,326)
(Increase)/decrease in debtors	(1,087,489)	47,214
Increase/(decrease) in creditors	2,172,983	(130,075)
Net fair value (gains) recognised in P&L	(58,823)	(38,864)
Corporation tax (paid)/received	(31,900)	-
Net cash generated from operating activities	2,068,257	890,064
Cash flows from investing activities		
Purchase of intangible fixed assets	(252,877)	(750,071)
Purchase of tangible fixed assets	(590,259)	(932,771)
Sale of tangible fixed assets	41,100	148,299
Interest received	9,032	16,145
HP interest paid	(3,019)	-
Dividends received	816,111	814,604
Net cash from investing activities	20,088	(703,794)

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

	2017 £	2016 £
Cash flows from financing activities		
Repayment of loans	(147,017)	(217,568)
Repayment of other loans	-	(3,841)
Repayment of/new finance leases	(48,024)	(48,023)
Interest paid	(73,762)	(669,311)
Net cash used in financing activities	(268,803)	(938,743)
Net increase/(decrease) in cash and cash equivalents	1,819,542	(752,473)
Cash and cash equivalents at beginning of year	3,341,682	4,094,155
Cash and cash equivalents at the end of year	5,161,224	3,341,682
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,161,224	3,349,159
Bank overdrafts	-	(7,477)
	5,161,224	3,341,682

The notes on pages 21 to 48 form part of these financial statements.

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. General information

National Union of Students (United Kingdom) (the "Company") is a company limited by guarantee and confederal association of students' unions, guilds, junior common rooms and representative councils of students involved in post sixteen education and training in the United Kingdom.

The Company is incorporated in England. The registered office and principal place of business is Ian King House, Snape Road, Macclesfield, Cheshire, SK10 2NZ. The registered number is 08015198.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 July 2014.

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Going concern

The financial statements have been prepared on a going concern basis. The £3.6m loss during the year ended 30 June 2017 was due to the exceptional costs incurred during the year relating to the impairment of the goodwill relating to Epona Limited, plus the revaluation of the pension scheme liability. The effect of these non-cash adjustments has resulted in the the reserves of the Group being significantly reduced in the current year. The Board has no concerns over the future of the Group and anticipates that the Group will make a surplus in the next financial year.

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 Group 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:

Membership income is recognised rateably over the period to which it relates.

Income from the sale of single-year NUS Extra cards is recognised at the point of sale, not over the period of the card, as there are no subsequent direct costs to the Union of providing the card. Income from the sale of multi-year cards is deferred and recognised during the future periods.

Commission income is recognised on a monthly basis once it has been confirmed as being due.

Contract income and revenue grants are recognised as income in the period in which the performance criteria are met. Deferred income is classified as "Creditors amounts falling due within one year" and includes contract and grant income received in advance. These contracts and grants represent funds that have been received for specific purposes and are potentially refundable if the conditions of the contract or grant are not satisfied. Contract and grant income received in the year but which remains unspent at the year end is, with the agreement of the funder, carried over into the following year.

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	5 years
Goodwill	-	5 years
Negative goodwill	-	1 - 3.5 years apportioned between relevant assets

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Leasehold property	- 33% straight line or period of lease
improvements	
Computer equipment & furniture	- 20%-33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive income.

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 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.

2.13 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.14 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares:

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)

2.14 Financial instruments (continued)

financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.15 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.

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 the Consolidated statement of comprehensive income 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 Consolidated statement of comprehensive income in the same period as the related expenditure.

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.17 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.

2.18 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income 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.

2.19 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)

2.20 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and loss account 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 Group in independently administered funds.

Multi-Employer Defined Benefit Pension Plan

The Group participates in the Student Union Superannuation Scheme; a multi-employer defined benefit pension scheme. Where it is not possible for the Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme, it accounts for the scheme as a defined contribution scheme.

Where the scheme is in deficit and where the Group has agreed, with the scheme, to participate in a deficit funding arrangement the Group recognises a liability for this obligation. The amount recognised is the net present value of the contributions payable under the agreement that relate to the deficit. This amount is expensed in profit or loss. The unwinding of the discount is recognised as a finance cost.

A valuation of the scheme is carried out triennially. It is the policy to account for the impact of the revaluation in the year where the results of the calculation are published. The last valuation was June 2016 and results published February 2017.

2.21 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.22 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.24 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, 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 and the Group operate and generate 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 Group 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.

2.25 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

NATIONAL UNION OF STUDENTS (UNITED KINGDOM)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgments in applying the Company's accounting policies

(i) Multi-employer defined benefit pension scheme

The Group participated in the Student Union Superannuation Scheme, a multi-employer defined benefit pension scheme with other Student Union organisations. In the judgment of the directors, the Group 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, see note 29 for further details.

(b) Key accounting estimates and assumptions

The Group 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.

(i) Measurement of multi-employer pension liability

The Group must measure its defined benefit obligation on a discounted present value basis. The Group 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.

(ii) Impairment of investment in subsidiaries

The Group considers whether its investments are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

4. Turnover

All turnover arose within the United Kingdom.

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
NUS Extra	9,832,025	9,581,441
Membership income	4,137,009	4,001,907
Charitable activities	2,720,443	2,985,915
Trading support	3,008,468	2,506,068
Rental and service charge income	376,532	1,392,135
Clothing sales	777,107	1,027,721
Business development	946,760	823,975
Software licence fees	928,890	766,859
Commissions	500,200	501,600
Other	914,103	749,103
	<u>24,141,537</u>	<u>24,336,724</u>

5. Other operating income

	2017 £	2016 £
R&D tax credits	42,250	-
	<u>42,250</u>	<u>-</u>

6. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	693,553	665,817
Amortisation of intangible assets, including goodwill	108,151	466,622
Impairment of intangible assets	491,409	1,496,129
Exchange differences	32,060	(63)
Other operating lease rentals	62,675	50,847
Defined contribution pension cost	<u>306,907</u>	<u>329,663</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

7. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	8,450	8,300
	<u>8,450</u>	<u>8,300</u>
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	24,850	24,550
Other services relating to taxation	5,445	5,105
All other services	8,100	7,950
	<u>38,395</u>	<u>37,605</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	7,793,182	7,529,174
Social security costs	694,433	1,136,240
Cost of defined contribution scheme	306,907	335,334
	<u>8,794,522</u>	<u>9,000,748</u>

Key management personnel remuneration

During the year the key management of the Group received remuneration totalling £417,781 (2016 - £646,221).

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

	2017 No.	2016 No.
Office and Administration	241	226

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Salary bandings

During the year the number of employees across the Group, including the directors, were paid in the following salary ranges:

	2017 No.	2016 No.
£0 - £10,000	13	-
£10,001 - £20,000	40	50
£20,001 - £30,000	93	108
£30,001 - £40,000	45	39
£40,001 - £50,000	10	11
£50,001 - £60,000	5	2
£60,001 - £70,000	4	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£100,001 +	-	-

Our remuneration policy is based on the principles of aligning remuneration outcomes with our strategy, and of encouraging employees to adhere to our values, while achieving simplicity and transparency in the design and communication of remuneration arrangements.

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	136,090	103,299
	<u>136,090</u>	<u>103,299</u>

During the year retirement benefits were accruing to 4 directors (2016 - NIL) in respect of defined contribution pension schemes.

The salary of the highest paid director of NUS UK during the year was £23,919 (2016 - £26,136) inclusive of inner London weighting. There were no pension payments made on behalf of the directors during the year and none of the directors were members of the SUSS. The directors of NUS are not the executives of NUS.

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10. Income from investments

	2017 £	2016 £
Income from current asset investments	(23,253)	(22,604)
Dividends received from unlisted investments	(792,858)	(792,000)
	<u>(792,858)</u>	<u>(792,000)</u>

11. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>9,064</u>	<u>16,145</u>

12. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	16,750	18,228
Mortgage interest payable	57,012	65,048
Finance leases and hire purchase contracts	3,019	2,324
Other interest payable	3,566,126	583,711
	<u>3,642,907</u>	<u>669,311</u>

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13. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	-	82,921
Adjustments in respect of previous periods	29,514	-
Total current tax	<u>29,514</u>	<u>82,921</u>
Deferred tax		
Origination and reversal of timing differences	(10,759)	26,570
Changes to tax rates	20,368	64,970
Total deferred tax	<u>9,609</u>	<u>91,540</u>
Taxation on profit on ordinary activities	<u><u>39,123</u></u>	<u><u>174,461</u></u>

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13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.75% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>(3,557,702)</u>	<u>(1,192,326)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 - 20%)	(702,646)	(238,465)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	(12,504)	281,131
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	118,954	29,801
Adjustments to tax charge in respect of prior periods	29,514	-
Short term timing difference leading to an increase (decrease) in taxation	(4,575)	37,614
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	318,379	6,732
Adjustment to deferred tax for losses no longer considered recoverable	191,498	-
Unrelieved tax losses carried forward	38,637	-
Research and development tax credit	(8,344)	-
Fixed asset differences	70,210	(7,322)
Change in rate leading to an increase in the tax charge	-	64,970
Total tax charge for the year	<u><u>39,123</u></u>	<u><u>174,461</u></u>

Factors that may affect future tax charges

Across the Group there are tax losses to carry forward against future trading profits totalling £2.2m (2016: £2.0m). A deferred tax asset has not been recognised as explained in note 27 due to the uncertainty over the timing of taxable profits in the future.

14. Exceptional items

	2017 £	2016 £
Impairment of intangible fixed assets - development costs	<u><u>549,284</u></u>	<u><u>1,496,129</u></u>

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15. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £5,436,526 (2016 - loss £49,718).

16. Intangible assets

Group and Company

	Develop- ment £	Goodwill £	Negative goodwill £	Total £
Cost				
At 1 July 2016	3,133,810	274,349	(416,015)	2,992,144
Additions	252,877	-	-	252,877
At 30 June 2017	3,386,687	274,349	(416,015)	3,245,021
Amortisation				
At 1 July 2016	2,696,815	159,140	(237,494)	2,618,461
Charge for the year	113,588	54,070	(59,507)	108,151
Impairment charge	549,284	61,139	(119,014)	491,409
At 30 June 2017	3,359,687	274,349	(416,015)	3,218,021
Net book value				
At 30 June 2017	27,000	-	-	27,000
At 30 June 2016	436,995	115,209	(178,521)	373,683

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17. Tangible fixed assets

Group

	Freehold property £	Computer equipment & furniture £	Total £
Cost or valuation			
At 1 July 2016	7,951,006	2,246,897	10,197,903
Additions	85,523	504,736	590,259
Disposals	-	(712,991)	(712,991)
At 30 June 2017	<u>8,036,529</u>	<u>2,038,642</u>	<u>10,075,171</u>
Depreciation			
At 1 July 2016	468,201	1,366,383	1,834,584
Charge for the year on owned assets	204,560	441,476	646,036
Charge for the year on financed assets	-	47,517	47,517
Disposals	-	(671,891)	(671,891)
At 30 June 2017	<u>672,761</u>	<u>1,183,485</u>	<u>1,856,246</u>
Net book value			
At 30 June 2017	<u>7,363,768</u>	<u>855,157</u>	<u>8,218,925</u>
At 30 June 2016	<u>7,482,805</u>	<u>880,514</u>	<u>8,363,319</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Computer equipment & furniture	25,979	73,496
	<u>25,979</u>	<u>73,496</u>

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17. Tangible fixed assets (continued)

Company

	Computer equipment £
Cost or valuation	
At 1 July 2016	200,365
Additions	72,800
	<hr/>
At 30 June 2017	273,165
	<hr/>
Depreciation	
At 1 July 2016	112,982
Charge for the year on owned assets	69,952
	<hr/>
At 30 June 2017	182,934
	<hr/>
Net book value	
At 30 June 2017	90,231
	<hr/> <hr/>
At 30 June 2016	87,383
	<hr/> <hr/>

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18. Fixed asset investments

Group

	Investments in associates £	Listed investments £	Unlisted investments £	Total £
Cost or valuation				
At 1 July 2016	29,999	459,847	13,207,144	13,696,990
Revaluations	-	58,823	-	58,823
At 30 June 2017	29,999	518,670	13,207,144	13,755,813
Net book value				
At 30 June 2017	29,999	518,670	13,207,144	13,755,813
At 30 June 2016	29,999	459,847	13,207,144	13,696,990

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
NUS Holdings Limited	Ordinary	100.0 %	Ownership of property and provision of property management services
NUS Services Limited	Ordinary A	94.1 %	Develop and maximise income opportunities for the student movement and deliver a strong national infrastructure
NUS Services Limited	Ordinary B	96.8 %	Provision on an online platform for the student movement
NUS Media Limited	Ordinary	100.0 %	Supporting the development of students' unions throughout the United Kingdom
NUS Students' Union Charitable Services	n/a	100.0 %	Supporting the development of students' unions in Scotland
NUS Scotland Charitable Services	n/a	100.0 %	

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Epona Limited	Ordinary	100.0 %	Fairtrade clothing supplier to the student market

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18. Fixed asset investments (continued)

The registered office of all direct and indirect subsidiaries is the same as the Company, being: Ian King House, Snape Road, Macclesfield, Cheshire, SK10 2NZ.

Listed investments

The fair value of the listed investments at 30 June 2017 was £518,670 (2016 - £459,847).

Participating interests

Associates

Name	Registered office	Class of shares	Holding	Principal activity
Student Discounts Cards Limited	England	Ordinary B	47.6%	Provision of identity cards to students, youths and teachers

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 July 2016	120,002	13,207,144	13,327,146
At 30 June 2017	120,002	13,207,144	13,327,146
Net book value			
At 30 June 2017	120,002	13,207,144	13,327,146
At 30 June 2016	120,002	13,207,144	13,327,146

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19. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Finished goods and goods for resale	174,869	695,210	-	-
	<u>174,869</u>	<u>695,210</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £360,637 (2016 - £466,092).

During the course of the year, stock was written off to the value of £635,420 (2016 - £nil). This has been recognised in the consolidated profit and loss.

20. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	2,089,050	1,902,986	269,925	76,109
Amounts owed by group undertakings	-	-	-	3,080,039
Other debtors	374,102	228,613	26,187	30,801
Prepayments and accrued income	1,934,746	1,178,810	495,201	493,364
Deferred taxation	548,512	558,121	-	-
	<u>4,946,410</u>	<u>3,868,530</u>	<u>791,313</u>	<u>3,680,313</u>

21. Current asset investments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Unlisted investments	1,477	1,445	-	-
	<u>1,477</u>	<u>1,445</u>	<u>-</u>	<u>-</u>

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22. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	5,161,224	3,349,159	83,371	537,873
Less: bank overdrafts	-	(7,477)	-	-
	<u>5,161,224</u>	<u>3,341,682</u>	<u>83,371</u>	<u>537,873</u>

23. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	-	7,477	-	-
Bank loans	152,761	2,055,415	-	-
Payments received on account	1,046,650	1,177,506	-	-
Trade creditors	1,696,390	2,382,586	299,242	234,015
Amounts owed to group undertakings	-	-	1,093,677	1,758,681
Corporation tax	80,535	82,921	-	-
Other taxation and social security	463,958	498,063	-	10,468
Obligations under finance lease and hire purchase contracts	24,690	72,714	-	-
Other creditors	557,130	103,053	-	1,360
Accruals and deferred income	6,428,704	3,342,816	422,262	109,471
	<u>10,450,818</u>	<u>9,722,551</u>	<u>1,815,181</u>	<u>2,113,995</u>

Net obligations under finance leases and hire purchase contracts are secured against the assets concerned.

Payments received on account represent amounts held for redistribution to members of the purchasing consortium for retrospective volume related payments.

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	1,755,637	-	-	-
Defined benefit pension liability	12,246,972	9,196,670	9,614,667	7,219,981
	<u>14,002,609</u>	<u>9,196,670</u>	<u>9,614,667</u>	<u>7,219,981</u>

25. Loans

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts falling due within one year				
Bank loans	152,761	2,055,415	-	-
Amounts falling due 1-2 years				
Bank loans	157,344	-	-	-
Amounts falling due 2-5 years				
Bank loans	1,598,293	-	-	-
	<u>1,908,398</u>	<u>2,055,415</u>	<u>-</u>	<u>-</u>

The total balance of bank loans consist of a mortgage with repayment terms spread over 15 years to May 2028. The initial loan term is for a period of 7 years to May 2020. At this point the residual balance will become payable. It is anticipated that the loan will be refinanced prior to this date.

The bank loans are secured by a floating charge due to Co-operative Bank plc over the property and assets at Gray's Inn Road, London.

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26. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at fair value through profit or loss	520,147	458,800	-	-
Financial assets that are debt instruments measured at amortised cost	3,198,261	2,171,692	724,379	3,156,947
Financial assets that are equity instruments measured at cost less impairment	13,237,143	13,237,143	13,237,146	13,237,146
	<u>16,955,551</u>	<u>15,867,635</u>	<u>13,961,525</u>	<u>16,394,093</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(17,762,294)	(16,979,673)	(11,414,847)	(9,323,508)
	<u>(17,762,294)</u>	<u>(16,979,673)</u>	<u>(11,414,847)</u>	<u>(9,323,508)</u>

Financial assets measured at fair value through profit or loss comprise listed investments whose market value can be reliably determined.

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income and amounts owed by group undertakings.

Financial assets that are equity instruments measured at cost less impairment comprise investments in subsidiary undertakings.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, obligations under finance lease or hire purchase, other creditors and accruals.

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27. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	558,121	649,661
Charged to profit or loss	(9,609)	(91,540)
At end of year	548,512	558,121

The deferred tax asset is made up as follows:

	Group 2017 £	Group 2016 £
Accelerated capital allowances	62,376	41,776
Tax losses carried forward	-	193,216
Pension surplus	447,492	355,804
Short term timing differences	38,644	(32,675)
	548,512	558,121

No provision has been made in the consolidated financial statements for the potential net deferred tax asset of £373,835 (2016 - £343,000) relating to tax losses carried forward due to the uncertainty over the timescale in which it can be utilised.

28. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £10 towards the assets of the company in the event of liquidation.

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29. Pension commitments

Defined contribution scheme

The Group participates in a defined contribution pension scheme where the Group 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 Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £306,907 (2016 - £329,663). Contributions totalling £nil (2016 - £nil) were payable to the fund at the balance sheet date.

Multi-employer pension scheme

NUS UK offered membership of SUSS, a defined benefit pension scheme, to all employees until 30th 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 2016. 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 will result 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.

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 2.5% (2016 - 2.8%):

	2017 £	2016 £
Multi employer pension liability at 1 July	9,196,670	9,447,551
Movement on net present value calculation	3,050,302	(250,881)
Multi-employer pension liability at 30 June	12,246,972	9,196,670

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30. Commitments under operating leases

At 30 June 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Land and buildings		
Not later than 1 year	102,584	102,584
Later than 1 year and not later than 5 years	284,933	326,077
Later than 5 years	123,000	184,500
	<u>510,517</u>	<u>613,161</u>
	Group 2017 £	Group 2016 £
Other		
Not later than 1 year	76,680	76,680
Later than 1 year and not later than 5 years	107,948	107,948
Later than 5 years	155,175	182,162
	<u>339,803</u>	<u>366,790</u>

31. Related party transactions

During the year the group earned commission amounting to £500,000 (2016 - £500,000) from Endsleigh Limited, in whose parent company the group holds an investment. The amounts outstanding from Endsleigh Limited at the balance sheet date were £396,000 (2016 - 396,000), disclosed as accrued income.

32. Post balance sheet events

NUS Media have announced the partnership with Arrk, coming together to form OneVoice Digital.

Proposals have been brought forward for the activities of Epona to be wound down by the end of December 2017. With poor sales during the year and a large stock write off, it is clear that there is uncertainty over Epona's future. The Directors will need to consider the proposals, which will be taken to the Board meetings of Epona and NUS Services. The preferred option is to find a buyer for the business but if that is not possible a closure will be considered.