

Charity Number: 1143103
Company Registration Number: 7710669

London School of Economics Students' Union

(Limited by guarantee)

Annual Report and Accounts

For the Year Ended 31 July 2014

**London School of Economics Students' Union
Annual Report and Accounts
for the Year Ended 31 July 2014**

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Administrative Information

Charitable Status

The London School of Economics Students' Union (LSESU) is an incorporated charity (limited by guarantee). The charity registration number is 1143103. The company registration number is 7710669.

It was originally established under the Education Act 1994 and was registered with the Charity Commission on 26 July 2011, when Students' Unions connected with exempt higher/further education institutions were removed by section 11(9), Charities Act 2006, from the list of exempt charities in Schedule 2 to the Charities Act 1993.

Principal address

London School of Economics and Political Science (LSE)
Houghton Street
London
WC2A 2AE

Charity Trustees (who are also Company Directors for the purposes of the Companies Act)

From July 2013 (unless stated)

Jay Stoll*
Hannah Richmond*
Anneessa Mahmood*
Rosie Coleman*
John Ward
Mehak Adil
Diva Vaish
Chris Wood* (from October 2014)
Musty Kamal (to March 2014)

From July 2014 (unless stated)

Nona Buckley- Irvine*
Thomas Maksymiw*
Sebastian Bruhn*
Alistair Duncan*
Rahat Siddique
Indo Vickerson
Varot Senopitak
Ingvlid Lockert
Mahamid Ahmed* (from October 2014)
Scott Gammon (from October 2014)
Stella Michael (from October 2014)

**Paid Sabbatical Officers.*

Auditors

Crowe Clark Whitehill
Aquis House
49-51 Blagrove Street
Reading
Berks
RG1 1PL

Bankers

Natwest
Connaught House
65 Aldwych
London WC2B 4DS

Solicitors

Bates Wells and Braithwaite
2-6 Cannon Street
London
EC4M 6YH

LSESU employs a Director to work closely with the Executive Officers and ensure effective management of the charity as head of a senior management team as follows:

Director
Deputy Director
Director of Membership

Pari Dhillon
Jarlath O'Hara
Dave Lewis

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The Executive Committee present their Annual Report for the year ended 31 July 2014, which includes the administrative information set out on page 1, together with the audited accounts for that year.

Structure, governance and management

LSESU is constituted under the Education Act 1994 as a charitable company limited by guarantee (see page 1) with internal regulations or Rules approved by the governing body of the London School of Economics (the School). LSESU's charitable Objects under the Act, to advance the School's educational purposes by providing representation and support for LSE students, are supplemented by the further Object of helping members to develop their own charitable activities as active participants in civil society.

LSESU was administered by its Trustee Board of 11 members comprising of five Sabbatical Trustees; and six Student Trustees.

The sabbatical officers, together with the part-time, non-sabbatical officers, are elected annually by a cross-campus secret ballot of the LSESU membership.

The four posts of General Secretary, Activities and Development Officer, Community Welfare Officer, and Education Officer, are full time posts and the Post Graduate Officer is part time, remunerated as authorised by the Education Act and cannot exceed two years duration for each holder.

LSESU operates on democratic principles, working for and with our members, the students of the London School of Economics and Political Science (LSE). The voice of students is represented by the Union Executive, run and elected by members of LSE. The Union also holds weekly Union General Meetings through which students are able to propose and vote on motions. The Union also supports a range of assemblies to ensure that the diversity of the student body is heard.

The Trustee Board, assisted by sub-committees, where appropriate has delegated the day-to-day running of the Union to the Director. As charity Trustees, all Trustees receive a comprehensive training programme into their legal and administrative responsibilities at the start of their term of office, with ongoing guidance as and when required for issues arising during their term.

The Trustee Board meets six times per year to receive reports from sub-committees, Officers, Senior Management and the Director, to review the Union's performance and administration generally and to agree policy issues arising. The Union also employs a number of non-student core staff to provide continuity, consistency and knowledge in the management of its many activities. The staff team are accountable to the Director for the performance of their duties.

The Union has a Memorandum and Articles of Association which sets out its governance structure.

Relationship with London School of Economics

The Union receives a block grant from the School, and occupies spaces in School owned buildings. The occupation and use of these spaces is set out in the Memorandum of Understanding between LSESU and the university. This MOU and the lease within it will be reviewed in the coming year in preparation for the New Student Centre.

In addition to the provision of space, the School also pays for utilities, caretaking and cleaning staff. This support is intrinsic to the relationship between the School and LSESU. As recommended by the Charities SORP, which has been adopted for this and future financial years for due compliance with the requirements of Students' Unions provided for in the Charities Act 2011, an estimated value to LSESU for this free serviced accommodation has been included in the accounts for the first time based on an

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calculation based on market rates which was provided by the School. Although LSESU continues to generate supplementary funding from various mutual trading activities, it will always be dependent on the School's support.

There is no reason to believe that this or equivalent support from the School will not continue for the foreseeable future, as the Education Act 1994 imposes a duty on the University to ensure the financial viability of its student representative body.

Risk Management

The Trustee Board has examined the major strategic, business and operational risks faced by LSESU. A risk register has been established and is updated at least annually. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. Budgetary and internal control risks are minimised by the implementation of procedures for the authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers and participants on all activities organised by the Union. These procedures are periodically reviewed to ensure that they continue to meet the needs of the charity.

Aims, Objectives and Activities

The objects of the Union are the advancement of education of Students at LSE for the public benefit by:

- Promoting the interests and welfare of students at London School of Economics during their course of study and representing, supporting and advising students;
- Being the recognised representative channel between students and London School of Economics and any other external bodies; and
- Providing social, cultural, sporting and recreational activities and forums for discussions and debate for the personal development of its students.

In pursuit of these aims for the public benefit, LSESU will ensure the diversity of its membership is recognised, valued and supported and as such has established student support and development departments and quality services for use by its members, to support its work with the School and other organisations on behalf of students. These include Advice and Welfare; Communications and Operations; Engagement; Orientation; Student Activities (including clubs and societies); bar, catering, gym and retail services.

LSESU continues to represent the students on relevant local, national and international issues. On a local level, SU Officers continue to attend many School committees and working groups to enhance the student experience at LSE and ensure that the student voice is heard and responded to at all levels of the School.

To further enhance the student experience, LSESU attracts a diverse membership to get involved in the Union, the university and the local community by actively promoting the benefits of volunteering in student-led activities.

When reviewing our objectives and planning our activities, LSESU gives due consideration to the Charity Commission's general and relevant supplementary guidance on public benefit.

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Achievements and Performance

We have had a year that will not be repeated for at least a generation. Given the move of the majority of our services, at the end of the first term, to a new building whilst sustaining levels of membership and service quality we were delighted that our members continued to achieve so much because of us.

It is five years since we went through significant upheaval due to poor financial, operational and strategic management, yet we have an organisation today which was unimaginable to those seeking change in 2009. We have some of the most talented individuals in society studying at LSE, and it is due to our ability to facilitate them that we're now sector leading in so many ways.

The last year provides us with the opportunity to finish one book on the Union's history and start another. We now have the facilities and infrastructure to meet the aspirations of our members, and what we will now achieve will be extraordinary.

Our New Building

We left the decrepit and deficient East Building in December, moving into the Saw Swee Hock Centre in January.

Since the School announced in 2009 it would build a new student centre on campus, the first new building it had commissioned in over 40 years, excitement about the move, and the possibilities that a new space would provide us, had dominated strategic thinking about the sort of organisation we would be able to be.

The building has won a number of awards, was shortlisted for the RIBA Stirling Prize and has completely remodelled campus, but more importantly than that, it has allowed the Union to be a different organisation and have a different relationship with our members.

Until we moved there was no disabled access to our main office. Until we moved the main social space available to us was designed in the 1970s, was a thoroughfare to the gym and regularly had mice spotted running around. Until we moved we had a staff and officer team spread around the building in spaces reclaimed from store rooms, a photocopying room and a retail outlet. It was not obvious where students would physically visit to get answers or their queries resolved, and we looked to our new building to completely change the way in which we did things.

The spaces are better than we've ever had, more opportunities for students to run events and activities in locations that are prioritised for them, cafes that students actually want to sit in and do work, a media centre which brings all of the media groups together, a welcoming space that brings campaigners, sports clubs, elected officers and societies together. All of these physical changes happened in January although it won't be until 2014/15 that we will begin to feel the full effect.

Planning for the move and the decisions associated with making it successfully operational dominated management-level discussions for a number of months, with different functions prioritised to ensure we were ready as an organisation to take ownership of the space in January. There were a small number of teething problems, and we took action on the ones which had the greatest impact on student use of the building.

Feedback from students, School staff and other stakeholders has been overwhelmingly positive. They recognise its architectural importance whilst commenting the spaces are a significant improvement,

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that it is easier to access services and that it's more reflective of the sort of Union building they would expect at LSE. 87% (n. =939) of students in our annual survey said the building was an improvement on the East Building and we have seen significant levels of footfall in the gym in particular.

However, given the turnover of students studying at LSE (c.60% are new every year) we will soon have no members who remember our old spaces – and therefore there will not be a honeymoon period for our members and will not tolerate us reminiscing about what an improvement the new building is. Already in the annual survey it demonstrated areas of improvement – with students telling us that we needed to “make the space less cold and sterile” and “have more study spaces”.

The provision of space on campus continues to be an issue we press the School about. We welcome the purchase of the 44 Lincoln's Inn Fields and we are hopeful that this is used as an opportunity to introduce a Sports Hall on campus. This is even more pressing given the squash courts in the East Building will be demolished as the new centre buildings are constructed, and we want to see more sport facilities on campus – not fewer.

The provision of study spaces dominates any discussion with our members about what they want to see improved on campus, and over the next year we must demonstrate how we are practically changing the School to reflect this.

Over the next year we will also consolidate our two retail outlets (currently in the East Building and on Houghton Street) into one, new, site – situated next to Parish Hall.

Enabling students to Influence the School to improve their education

We continue to challenge the status quo of the School's representative structures, which leads to significant disconnects between students across the School and to the Union. We appreciate the efforts of some departments to work together with us on the representative scheme – providing contact details and facilitating improvements to how students can shape their education, but this approach is not consistent across the School. Students in different parts of the School have significantly different opportunities to influence decision making.

With only 57% of students able to identify their course rep (n. =939), let alone a change that happened through the scheme, it is clear that this will remain an area we will need to introduce new activities, with or without support from the School.

Following consultation and the receipt of a successful funding bid from NUS – a number of major changes to the Teaching Awards were made. Students have been involved at every stage; from the introduction of award categories for the first time ever, to setting the criteria and judging the winners.

Up until 2013/14 the Awards have been reserved for professors, lecturers and class-teachers. Yet our students felt that this limited understanding of 'teaching' has excluded many staff members who offer crucial guidance and teaching services and who play a major role in shaping the learning experiences of LSE students. The new award categories were chosen therefore to maximise the inclusion of all types of staff and their different teaching roles; from class-leader to PhD supervisor, Academic Advisor, language teacher and departmental administrators.

It also became clear that the vital work done across the institution in offering Pastoral Support and Professional Mentoring should be acknowledged. The introduction of the LSESU Award for Excellent Welfare and Pastoral Support and the LSESU Award for Professional Mentoring and Personal

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Development were very important additions to this year's Awards and the heart-felt words submitted by students show the life-changing impact these two roles can have when done exceptionally well.

We have had much higher engagement from students across the school and far more personal comments submitted in support of staff. We are delighted with the overwhelming response – with 993 individual submissions and over 450 members of staff nominated.

Alongside this, we held successful Course Rep congresses, which looked at a number of policy themes and decisions within the School.

A Healthy & Strong Democracy

We continue to be at historic highs for voter turnout in elections. Just fewer than 3585 students voted at least once in the year, with 1398 students voting in both Michaelmas and Lent terms. Lent term elections turnout was 2842 students. In total, 49.3% of undergraduates voted during the course of the year – and if we had a proportion of postgraduates compared to other universities we would have the national record for turnout.

A number of projects were delivered which aimed to increase engagement from under-involved groups; these included work on BME students, Chinese students and women students. We had Chinese students stand for elections where there had been no previous record; we ran workshops for BME students and identified how these could be expanded during 2014/15.

We changed the voting mechanism for UGMs at the start of the year – allowing more students to participate in the vote. This led to more policy being passed and, therefore, more opportunities for students to directly change the Union through democratic means.

Expanding our Ability to Improve the Postgraduate Student Experience

There are c.5750 postgraduates on campus, including c.1000 research students and c.4750 taught students. Despite being 55% of the student population, postgraduates are underrepresented in the activities of the Union. Although at record levels – we would like to see an increase from 40% of postgraduates involved in societies, and 10% of postgraduates in sports clubs.

The second directly elected Research Officer, elected in Michaelmas Term 2013, was supported to increase social provision for research students and contributed to research about their experience.

With 165 research students completing some research concerning their study experience on campus, we were able to direct resources towards the activities which had the greatest response. Due to this research we were able to demonstrate the need to make improvements to departmental-level study spaces for research students.

Due to the nature of Graduate Teaching Assistants (GTAs) who are both members of our Union and are staff within the School so can join the trade union (UCU) we worked closely with UCU representatives and the NUS to publish a guide to research students about their representation and their rights.

We ran the, successful, postgraduate festival in late June with support from the Annual Fund.

Developing students' skills through social & political activities

We have a record number of students participating in our clubs and societies. Over 6000 students joined at least one society whilst over 2000 students joined a sports club. This is sector leading.

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We continued to support the roll out of the Personal Development Aide Memoire (PDAM), which captures many of the extra-curricular activities that students are involved in. This was the second year of the PDAM, and following a successful bid in 2012/13 we delivered the first year of the skills development framework. This included workshops on improving the management of your society and how to network effectively.

Through the support of our alumni and the Annual Fund, we were able to support over 50 student-led projects worth £250,000. This included a summit (London 2030) which brought together leaders of tomorrow, the Polish Economic Forum with over 500 attendees discussing the future of Polish business, equipment for a range of sports clubs and investments for the music society.

Campaigning for change

The Union has to have a developed and mature approach to campaigning. Our elected representatives use their roles within committees and the School more generally to lobby for change whilst there are moments we will disagree with the School more publically through more vocal, vibrant campaigns.

Our part-time officers were the most active and visible yet, partly due to changes in how we support them and resource their activities. Each officer engaged with at least 300 students either online or physically. Some engaged far greater numbers such as the LGBT officer and Anti-racism officer who have engaged closer to 1000 students in their projects and activities. Some of their greatest achievements have included a nail bar event which over 100 students attended, a successful time to talk campaign targeted for students to talk about mental health issues and a Black Assent talk as part of black history month which had over 100 attendees.

The School undertook a major review of teaching, and we took an active stance in seeking to influence the outcomes. We supported changes to the academic calendar (the introduction of a reading week) but resisted attempts to increase class sizes. Over 2,500 students directly contributed to the research that demonstrated that smaller class sizes were part of the LSE teaching experience.

After two years of research and campaigning, Student Action for Refugees (STAR) society successfully lobbied the School to change their policy on asylum seekers. LSE have launched a new award for asylum seekers and have set aside £20,000 per year in financial support. We supported LSE Divest, aiming to get LSE divest from fossil fuels within five years and LSE and successfully got Public Events to begin to increase the number of women speaking on panels at LSE.

Commercial services for students

We run a number of services within the School to provide services to members and an additional income stream, thereby reducing our reliance on the income we receive directly from the School. The figures elsewhere in the accounts demonstrate the products, offers and cost control initiated, and given the transitional nature of the year actual comparisons year to year will be difficult.

However, the gym has been fantastically financially successful and the catering and bar performed as we had expected given the move into the new building. We regularly listen to student feedback about our commercial services and have already enacted a number of changes for the start of 2014/15 including a wider range of products in the first floor cafe and more social events through the week.

Relationship with the School

We have a productive relationship with the School, which is stronger than many other students' unions but not as good as others. We are increasing the levels of trust in us from the School because of our ability to represent the diversity of students, managing our finances effectively and to deliver excellent

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services that students want. As our relationship grows and matures, it will be students that gain through a well-resourced, relevant, union, joined up services on campus and more effective ways to influence and change their learning environment.

Things we cannot plan for

Our strategic plan provides us with the planning basis of the year ahead, but there will be particular events or activities that we must respond to. That is why within both the staffing and officer team we must adapt and be flexible to the changing context in which we operate. We continued to deal with the fallout of the BBC's extraordinary activities in which they took a number of our students to North Korea without informing the School or ourselves, and we were at the centre of a debate about freedom of speech following the actions of a society in their representation of the Prophet.

How Students Think We Are Doing

There are a number of ways in which we seek to understand what our members think about the organisation, identifying opportunities to expand activity considered excellent and stop activity considered irrelevant or poor. One of the main mechanisms used is the annual survey, which takes place in summer term, and had over 1,100 students complete.

The results told us that

- 63% of respondents would not consider themselves to be involved with the SU, compared to 31% who would describe themselves as involved
- Open text comments to the question 'when you think of LSESU, what comes to mind?' focused on the SU being a space for Undergraduates and British students, a cliquy organisation dominated by 'future politicians', compared to students answering that the SU organises activities and contributes to a sense of community of campus
- The top three words currently associated with LSESU are societies, sports and campaigns. This has remained constant for a number of years.
- More students are proud to be part of LSE than of LSESU
- The overwhelming majority of respondents answered that their course gave them a sense of belonging (616), followed by a society (386) and LSE events programme (293).
- 63% of students who filled out the survey responded that the SU has had a positive impact on their experience. This is compared to 23% who said no, and 13% who did not answer.
- On a scale of 1 - 5, with 1 being 'not at all' and 5 being 'fully', students rated the SU at an average of 4.16 student-led and 3.8 student-focused
- 38% of students say their view on the SU is 'indifferent'
- The vast majority of students had heard of sports, societies, the SU shop and bars, events, elections and the gym.
- More people had used the SU shop than any other service, at 810.

British undergraduates are over-represented in this sample, but we still believe there are important conclusions that can be drawn from the results. These include

1. Although a (large) minority of students describe themselves as being involved with the SU, the majority feel it is fully student-led and student-focused and that it has had a positive impact on their student experience.
2. There is a gap between how students currently perceive the SU (cliquy, sports, societies) and how they want to describe the SU (supportive, inclusive, fun).
3. In general, students are more likely to be aware of the different services and activities that the SU offers but choose not to engage with them (i.e. UGMs, skills sessions, campaigns) than they are unaware of them. This suggests that the focus should be on explaining why different activities are relevant and tailoring them to suit different groups of students. The services that

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students are most aware of are sports clubs, societies and club nights and they engage most with these.

4. Students felt that our communication has largely improved, and that we give them information through the media that they prefer, although were quite critical of the length of our communications, preferring shorter, more focused and better targeted emails.
5. Students largely feel that we should do about the same amount of campaigning, however more students indicated that we should increase the amount of campaigning compared to the number who said we should decrease this. They feel our campaigns are relevant, but they do not have enough information about them.
6. Students want us to focus on LSE specific campaigns/events/activities, particularly academic issues such as study space, exam structure and feedback.
7. They lack knowledge of who the Exec are and how to influence them. They also feel they have very little influence over their course, department, or the School in general.
8. Students agree that the SSH is a much better space than the East Building and want to spend time in it, but have lots of suggestions about how to improve the space.
9. Answers from Postgraduates and Chinese/International students differed far less than expected

This was the third year in which the National Student Survey included the results of a question about student perceptions of the Union. The survey is only of undergraduate students, and has a smaller sample size than our annual survey. Students are asked: *Thinking of all the services, including support, activities and academic representation provided by the Students' Union (Association or Guild) at your institution, to what extent do you agree with the following statement: 'I am satisfied with the Students' Union (Association or Guild) at my institution'.*

The results from spring 2012 identified that 59% of students agreed with the statement, with the figure being 56% from spring 2013, and 58% in spring 2014. This compares with a national average across all institutions that 68% of students agree with the statement. The results for the organisation further demonstrating disconnect between levels of involvement and levels of satisfaction.

It is too early to establish the extent to which there is a causal link between the new building and increasing student satisfaction with the Union, but we hope that a combination of improved communications and a new building to contribute to improved perceptions of the students' union amongst our members.

Future Plans

After a significant period of operational change, we will take the opportunity over the coming months to reflect about the sort of Union our members want over the next three to five years. The School is nearing the end of its strategic review, and we will be better able to understand how this will affect us in due course.

The five year strategic plan of 2011 is nearing the end of its relevance and usefulness, and we will finalise a new plan, following a review, over the coming months. The outgoing plan has certainly provided strategic focus and structure to our work, identifying areas of growth, reduction and collaboration, so our next plan will determine how we get to excellence in all areas.

This is an exciting time for our organisation and following a year of improvement and new activities we have a strong position in which the Union will get closer to being the standard for students' unions.

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Financial Review

LSESU's total income was £5,721,403 during the year. This included annual grant from the University (totalling £909,728), other grants including a space grant from the University totalling £873,780, Annual Fund income of £198,249, a capital grant from the University in respect of gym equipment (£254,008) and an estimated value of the space which is granted by the University (valued at £222,676) and income from commercial venues.

Total expenditure of £5,276,333 on the wide-ranging student benefits we provide, as well as on the modest fundraising and other revenue-generating activities we undertake, resulted in a general fund surplus of £100,131, a balance on the Capital Fund (representing remaining depreciation on gym equipment purchases) of £222,257 and balances carried forward on restricted funds of £285,299 (represented by club and society balances of £245,977, as well as annual fund items of £39,322).

The impact of the general fund surplus was to increase the Union's unrestricted reserves from £98,751 to £198,882 and free reserves (represented by net current assets) of £204,821. Having budgeted at the start of the year to achieve a surplus of £49,000, the Union has designated the 'additional' surplus of £51,131 to a new designated reserve to help finance the future costs of replacement of gym equipment from the Union's own funds. The intention is to build this up to approximately £150,000 over five years. Gym equipment purchases were financed through support from the School this year, and accounted for as a Capital Fund which is reduced in line with an annual depreciation charge.

The Union's General Fund reserves were £147,751 after this transfer to designated funds. The Union has a strategy to build up its general fund balances over the medium term with a longer term target of £250,000 - a figure which takes into account the recent increase in activity following the move to the Saw Swee Hock Centre - having been set by Trustees. The purpose of this reserve is to ensure that the Union would be able to cope with any unexpected downturn in funding or additional calls on our resources without immediately curtailing activities.

Following the move to Saw Swee Hock Centre in December 2013, the Union has also incurred rent charges but is reimbursed for these costs by the School, with amounts due/payable at year-end shown within debtors and creditors in these accounts.

Funds

Income and expenditure relating to clubs and societies are classified as restricted funds. All other funds have been classified as general funds, which are unrestricted in nature.

Funds Held as Custodian Trustee

In addition to the grant-support funds it disburses to Clubs and Societies, LSESU acts as custodian for funds raised by the students' many Clubs and Societies themselves. Club and Society funds are treated as restricted funds, which are included in restricted funds in the accounts. Material individual fund balances are disclosed in Note 12 to the accounts. The holding of club and society balances is subject to the same safeguards as balances belonging to the Union, but their funds are accounted for separately to ensure that balances are appropriately protected.

Future Funding

The Board confirms that LSESU has sufficient funds to meet all its obligations. The Block Grant for 2014/15 has been confirmed at £864,821. Commercial activities are also expected to generate a significant contribution to Union funds.

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the charitable company for the purpose of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the trustees must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the charitable company and of its net incoming resources for that Year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

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

Disclosure of Information to Auditors

Insofar as each of the Trustees of the charitable company at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charitable company's auditor is unaware. Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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General Secretary

Date: 3 December 2014

Independent Auditor's Report to the Members of the London School of Economics Students' Union

We have audited the financial statements of the London School of Economics Students' Union for the year ended 31 July 2014 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet and the related notes set out on pages 14 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable 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 charitable 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 charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2014 and of its incoming resources and application of resources, including its income and expenditure, 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the trustees' annual report.

Janette Joyce
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Reading

Date:.....

London School of Economics Students' Union
Annual Report and Accounts
for the Year Ended 31 July 2014

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an income and expenditure account)

	Note	<u>General Funds</u> £	<u>Capital Fund</u> £	<u>Restricted Funds</u> £	<u>2014 Total</u> £	2013 <u>Total</u> £
<u>INCOMING RESOURCES</u>						
Voluntary income						
University Grant		909,728	-	-	909,728	833,385
Capital Grant		-	254,008	-	254,008	-
Other Grants		128,981	-	69,268	198,249	184,810
Space Grant		873,780	-	-	873,780	-
Space Grant in Kind		222,676	-	-	222,676	668,027
Activities for generating funds						
Media Sales		66,923	-	-	66,923	59,286
Interest Income		2,265	-	-	2,265	1,348
Other Income		25,069	-	-	25,069	79,177
Charitable activities						
Commercial Activities		1,736,935	-	-	1,736,935	1,554,642
Clubs and Societies		-	-	1,431,770	1,431,770	1,193,770
		3,966,357	254,008	1,501,038	5,721,403	4,574,445
<u>RESOURCES EXPENDED</u>						
Cost of generating funds						
Fundraising and marketing costs		80,353	-	-	80,353	61,354
Charitable Activities						
Commercial Activities		2,133,498	31,751	-	2,165,249	1,827,046
Student Activities		492,400	-	29,946	522,346	445,373
Student Engagement		888,592	-	-	888,592	670,644
Student Support		257,983	-	-	257,983	221,602
Clubs and Societies		-	-	1,348,410	1,348,410	1,274,943
Governance						
		13,400	-	-	13,400	13,100
TOTAL RESOURCES EXPENDED	2	3,866,226	31,751	1,378,356	5,276,333	4,514,062
NET INCOMING RESOURCES						
		100,131	222,257	122,682	445,070	60,383
Funds brought forward		98,751	-	162,617	261,368	200,985
Funds carried forward	10	198,882	222,257	285,299	706,438	261,368

The statement of financial activities includes all gains and losses recognised in the period. All incoming resources and resources expended derive from continuing activities.

The notes on pages 16 to 23 form part of these accounts.

**London School of Economics Students' Union
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BALANCE SHEET

Company registration number 7710669

	Notes	As at 31-Jul-14 £	As at 31-Jul-13 £
<u>TANGIBLE FIXED ASSETS</u>			
Tangible fixed assets	5	226,351	17,498
Investments	6	<u>-</u>	<u>1,260</u>
		226,351	18,758
<u>CURRENT ASSETS</u>			
Stock		120,636	85,404
Debtors and Prepayments	7	491,361	93,736
Cash at Bank and in Hand		<u>393,369</u>	<u>335,667</u>
		1,005,366	514,807
<u>CURRENT LIABILITIES</u>			
Amounts falling due within one year	8	<u>(515,246)</u>	<u>(245,286)</u>
		(515,246)	(245,286)
NET CURRENT ASSETS		490,120	269,521
Provisions	9	(10,033)	(26,911)
NET ASSETS		<u>706,438</u>	<u>261,368</u>
 <u>Financed by:</u>			
<u>Funds</u>			
Restricted Funds		285,299	162,617
<i>Unrestricted Funds:</i>			
General Funds		147,751	98,751
Designated Gym Equipment Fund		<u>51,131</u>	<u>-</u>
		198,882	98,751
Capital Fund		222,257	-
	10,11	<u>706,438</u>	<u>261,368</u>

Approved and authorised for issue on behalf of the London School of Economics Students' Union by the Board of Trustees on 3 December 2014 :

..... **General Secretary**

..... **Trustee**

The notes on pages 16 to 23 form part of these accounts.

**London School of Economics Students' Union
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NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Accounting Convention

These accounts are prepared under the Charities Act 2011 on the historical cost convention in accordance with the Statement of Recommended Practice: 'Accounting and Reporting by Charities' published in March 2005 (SORP 2005) and with applicable UK Accounting & Financial Reporting Standards.

Under FRS 1 the Company is exempt from the requirement to prepare a Cashflow Statement on the grounds of its size

Going Concern

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Executive Committee's Responsibilities as disclosed in the Annual Report.

Incoming resources

All income and capital resources are recognised in the accounts when the Union is legally entitled to the income and the amount can be quantified with reasonable certainty.

The University grant of free serviced accommodation is accounted for as income and expenditure of the period at an estimated value to the Union by reference to alternatives available on the commercial market.

Resources expended

Expenditure includes irrecoverable VAT.

- i) Charitable expenditure and costs of generating funds - comprises the direct and indirect costs of delivering public benefit.
- ii) Governance costs - those incurred for compliance and statutory requirements, such as the annual audit, annual elections and training for sabbatical officers.
- iii) Space grant - the value of free serviced campus accommodation is apportioned on estimated floor space occupied.
- iv) Other central overhead costs - are apportioned to charitable and other projects / activities on a usage basis, pro rata to the total costs of each project or activity undertaken.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Assets are not capitalised below £3,000 cost per item/set. Equipment, fixtures and fittings are included at cost. Depreciation is provided at the following annual rates in order to write the cost of assets off over their estimated useful lives:-

Fixtures and fittings	25% per annum on cost
Computer and Office Equipment	25% per annum on cost
Improvements to Buildings	10% per annum on cost

Investments

The Union's fixed asset investments are valued at cost, as these assets are not readily saleable and a reliable market value is not readily ascertainable.

**London School of Economics Students' Union
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NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES (CONTINUED)

Pension Costs

The Union participates in the Students' Union Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The fund is valued at least every three periods by a professionally qualified independent actuary with the rates of contribution payable being determined by the trustees on the advice of the actuary. The Scheme operates as a pooled arrangement, with contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to the Union. Under the terms of FRS17, in these circumstances contributions are accounted for as if the scheme were a defined contribution scheme based on actual contributions paid through the year.

The Union now operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leased assets

Rentals payable under operating leases are charged as expenditure on a straight line basis over the period of the lease.

Stock

Stock is valued at the lower of cost and net realisable value.

Liabilities

Liabilities are recognised when the entity has an obligation to transfer economic benefits as a result of past transactions or events.

Fund accounting

The Union administers and accounts for a number of funds, as follows:

- i) Unrestricted funds representing unspent income which may be used for any activity/ purpose at the Executive Committee's own discretion.
- ii) Restricted funds raised and administered by the Union for specific purposes as determined by students such as Club and Societies' accounts, as well as revenue received for purposes specified by the donor and also (if not material enough to require a separate column in the SoFA) any small capital grants received from the University.
- iii) Custodian Funds entrusted to the Union for safekeeping, but not under its management control, e.g. Clubs & Societies' funds. Such custodian activities are disclosed in the Annual Report, but as the funds are not managed by the Union they cannot be included in the accounts.
- iv) A Capital Fund, which relates to grant provided by the School for equipment which is released to general funds in line with the associated depreciation of related assets.
- v) A designated reserve for the eventual replacement of gym equipment which the Union anticipates needing to cover from its own funds.

**London School of Economics Students' Union
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 CHARITABLE ACTIVITIES FOR STUDENTS

	Cost of Sales £	Staff Costs £	Other Costs £	Total £
Cost of generating funds				
Fundraising and marketing costs	-	12,204	68,149	80,353
Charitable Activities				
Commercial Activities	783,711	562,564	787,223	2,133,498
Student Activities	-	157,487	334,913	492,400
Student Engagement	-	410,607	477,985	888,592
Student Support	-	73,194	184,789	257,983
Governance				
Governance	-	-	13,400	13,400
	783,711	1,216,056	1,866,459	3,866,226

Included in governance costs above is the annual audit fee of £13,400 (2012/13: £13,100).

3 CENTRAL OVERHEAD COSTS INCLUDED IN NOTE 2

	%	Staff £	Rent £	Other £	Total £
Cost of generating funds					
Fundraising and marketing costs	5	12,204	52,663	15,486	80,353
Charitable Activities					
Commercial Activities	42	102,518	442,371	130,088	674,977
Student Activities	13	31,732	136,924	40,265	208,921
Student Engagement	28	68,345	294,915	86,724	449,984
Student Support	12	29,291	126,392	37,169	192,852
	100	244,090	1,053,265	309,732	1,607,087

Other costs comprised:

Irrecoverable VAT	67,258
Equipment Hire	46,474
Bank Charges	34,243
Provision for relocation costs	19,098
Accountancy Support	25,006
Insurance	21,650
Training and Development	19,530
Artist Fees	11,450
Telephone	7,535
Consultancy and Professional Fees	6,323
Depreciation (overhead element)	3,753
Sundry Costs	47,412
	309,732

Other costs have been allocated across activities based on each cost centre's usage of resources.

**London School of Economics Students' Union
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NOTES TO THE FINANCIAL STATEMENTS

4 STAFF COSTS

	2014	2013
	£	£
Wages and salaries (Full Time Staff)	920,784	780,540
Wages and salaries (Part Time Staff)	153,336	146,572
Social security	83,018	69,573
Pension Costs	44,806	48,284
Other Staff Costs	14,112	37,244
	<u>1,216,056</u>	<u>1,082,213</u>

Pension costs includes £41,789 (2012/13: £40,722) relating to deficit contributions made in the period.

No employee earned over £60,000 in either period.

The staffing was as follows:

	Number	Prior Year
Full time	47	39
Students - term time only	60	41
	<u>107</u>	<u>80</u>

Sabbatical officers are paid as authorised in the Union's governing document, for the representation, campaigning and support work they undertake as distinct from their trustee responsibilities. This work included voicing student opinion with the University and local community, defending and extending the rights of students through petitions etc. and also organising and supporting student volunteers and service provision for them. The total salary and social security costs for the 5 (2012/13: 5) sabbatical officers amounted to £124,748 (2013: £131,571). Sabbatical officers in post were paid £24,367 for 11 months of the year whilst the new Sabbatical officers were paid £1,943 for one month of the year, with the Postgraduate Officer, Chris Wood, being paid for a part-time role paid on a pro-rata basis.

Trustees were reimbursed a total of £661 in connection with their duties during the period.

**London School of Economics Students' Union
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 TANGIBLE FIXED ASSETS	Union Shop	Bar Fixtures and Fittings	Gym Equipment	Other fixtures, fittings and equipment	Total £
	£	£	£	£	£
COST					
At 1 August 2013	229,541	472,754	-	908,315	1,610,610
Additions	-	-	241,452	4,841	246,293
Disposals	(229,541)	(472,754)	-	(890,417)	(1,592,712)
At 31 July 2014	-	-	241,452	22,739	264,191
DEPRECIATION					
At 1 August 2013	229,541	472,754	-	890,817	1,593,112
Charge for the Period	-	-	30,181	7,259	37,440
Disposals	(229,541)	(472,754)	-	(890,417)	(1,592,712)
At 31 July 2014	-	-	30,181	7,659	37,840
NET BOOK VALUE					
At 31 July 2014	-	-	211,271	15,080	226,351
At 31 July 2013	-	-	-	17,498	17,498
6 INVESTMENTS		2014		2013	
		£		£	
At cost - 1 August 2013 and 31 July 2014		<u>-</u>		<u>1,260</u>	
Shares were transferred back to NUSL at no profit/loss.					
7 DEBTORS				£	
Trade Debtors		130,304		90,491	
Tax and Social Security		125,592		-	
Other Debtors		14,709		1,382	
Prepayments and Accrued Income		220,756		1,863	
		491,361		<u>93,736</u>	
8 CREDITORS: Amounts falling due within one year				£	
Trade Creditors		115,939		119,586	
Social Security and other taxes		19,286		45,956	
Accruals and deferred income		339,679		71,299	
Other creditors		40,342		8,445	
		515,246		<u>245,286</u>	
9 PROVISIONS				£	
Photocopier leases		10,033		<u>26,911</u>	
		10,033		<u>26,911</u>	

At 31 July 2014 the Union had commitments under non-cancellable operating leases which the Trustees consider to be onerous leases as they no longer have a need for the printing equipment involved. These lease expire over the coming 2 years and the anticipated net cost to the Union is estimated as £10,033 (2012/13: £26,911).

**London School of Economics Students' Union
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 FUNDS

	01-Aug 2013 £	Incoming Resources £	Outgoing Resources £	Transfers £	31-Jul 2014 £
Restricted Funds:					
Club and Society Funds	162,617	1,431,770	1,348,410	-	245,977
Annual Fund Items	-	69,268	29,946	-	39,322
	162,617	1,501,038	1,378,356	-	285,299
Capital Fund	-	254,008	31,751	-	222,257
Unrestricted Funds:					
General Funds	98,751	3,966,357	3,866,226	(51,131)	147,751
Designated Funds	-	-	-	51,131	51,131
	98,751	3,966,357	3,866,226	-	198,882
Total Funds	261,368	5,721,403	5,276,333	-	706,438

Designated funds relate to amounts set aside to help finance the future costs of replacing gym equipment.

11 ANALYSIS OF NET ASSETS BETWEEN

	Unrestricted Funds £	Capital Fund £	Restricted Funds £	Total Funds £
Fixed assets	4,094	222,257	-	226,351
Net current assets	204,821	-	285,299	490,120
Provisions	(10,033)	-	-	(10,033)
	198,882	222,257	285,299	706,438

12 STUDENT SOCIETY/CLUB MATERIAL FUNDS HELD WERE:

	Prior Year £	Net Income £	Closing Balance £
Alternative Investments Society	25,331	(11,353)	13,978
Business Society	28,353	(2,738)	25,615
Finance Society	17,994	(7,728)	10,266
Women in Business	24,039	2,707	26,746
Society for the Promotion of Indian Culture	8,635	2,772	11,407
	104,352	(16,340)	88,012

Societies' funds represent amounts raised by the clubs and societies of the Union for their own use.

**London School of Economics Students' Union
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 COMMITMENTS UNDER OPERATING LEASES

At 31 July 2014 the Union had annual commitments under non-cancellable operating leases as detailed below:	2014	2013
	£	£
<u>Plant and Machinery:</u>		
Due within 1 year	15,853	46,212
Due 2-5 years	31,160	50,948
	<hr/>	<hr/>

14 CONTROL RELATIONSHIP

Ultimate control of the Union rests with its membership, represented by the Board of Trustees.

15 RELATED PARTY TRANSACTIONS

The London School of Economics provides the Union with an annual grant as shown in the Statement of Financial Activities. The London School of Economics provides the Union with accommodation and a range of support services for which no actual charge is made, however the value of this support has been recognised in the accounts as a benefit in kind.

Net amounts due from the London School of Economics as at the year end amounted to £78,078 (2012/13: £59,560).

**London School of Economics Students' Union
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 PENSIONS

The Union participates in the Students' Union Superannuation Scheme (SUSS), which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 onwards accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the Scheme closed to future accrual.

The most recent valuation of the scheme was carried out as at 30 June 2013 and showed that the market value of the scheme's assets was £80,910,623 with these assets representing 52% of the benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £73,849,000.

The assumptions which have the most significant effect upon the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

The following assumptions applied at 31 June 2013:-

- i) The investment return would be 6.1% per annum before retirement and 4.1% per annum after retirement.
- ii) Pensions accruing on the CARE basis would revalue at 3.6% per annum.
- iii) Present and future pensions would increase at rates specified by scheme rules with appropriate assumptions where these are dependent on inflation.

The 2013 valuation recommended a monthly contribution requirement by each participating 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. These contributions also include an allowance for cost of the ongoing administrative and operational expenses of running the Scheme. These rates applied with effect from 1 October 2014 and will be formally reviewed following completion of the next valuation due with an effective date of 30 June 2016. Surpluses or deficits which arise at future valuations will also impact on the Union's future contribution commitment. In addition to the above contributions, the Union also pays its share of the Scheme's levy to the Pension Protection Fund.

The total contributions paid into the scheme by the Union in respect of eligible employees for the period ended 31 July 2014 amounted to £39,360 (2013: £40,722).

Defined Contribution Pension Scheme

Since 1 October 2011, all participating employees have been included in a new defined contribution pension scheme with Scottish Widows. Contributions are at the rate of 3% for the employer and 3% for the employee. The Union's cost of contribution in the year amounted to £5,446 (2013: £7,526).