



FINANCIAL STATEMENTS

31 JULY 2006

UNIVERSITY OF ESSEX STUDENTS' UNION

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

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UNIVERSITY OF ESSEX STUDENTS' UNION

EXECUTIVE COMMITTEE AND UNION INFORMATION

EXECUTIVE COMMITTEE

2006 - 2007

Hannah McFaull – President
Gareth Barrett – VP Finance & Services
Phill Pearson – VP Student Development
Niké Akinde – VP Academic & Welfare
Dave Savage – VP Sports & Societies
James Ray – Non-Portfolio Officer
Lindsay-Anne Lovell – Campaigns Officer
Sam Cox – Equal Opportunities Officer
Karim Mijal – International Students Officer
Richard Doughty – Ethics & Environment Officer
Gary Scott – Mature Students Officer
Charli Stockdale – Post Graduate Officer

2005 – 2006

Siobhan Kinealy – President
Gareth Barrett – VP Finance & Services
Richard Brabner – VP Student Development
Bhavini Patel – VP Academic & Welfare
Stephen Tighe – VP Sports & Societies
Sam Rozati – Non-Portfolio Officer
Matthew Excell – Campaigns Officer
Niké Akinde – Equal Opportunities Officer
Phillip Pearson – Postgraduate Officer
Karim Mijal – International Students Officer
Hannah McFaull – Ethics & Environment Officer
Benjamin Whitehead – Mature Students Officer

GENERAL MANAGER

Antony Blackshaw

MAIN ADDRESS

Wivenhoe Park
Colchester
Essex
CO4 3SQ

AUDITORS

Horwath Clark Whitehill LLP
Chartered Accountants
& Registered Auditors
Arkwright House
Parsonage Gardens
Manchester
M3 2HP

BANKERS

Lloyds TSB Bank plc
27 High Street
Colchester
CO1 1DU

UNIVERSITY OF ESSEX STUDENTS' UNION

REPORT OF THE VP FINANCE AND SERVICES

YEAR ENDED 31 JULY 2006

2005/6 saw the Union record one of its poorest annual out-turns (-£137k) following a year where the Union reported a modest surplus (£12k), this is obviously a concern to the Trustees.

As reported in the 2004/5 accounts, the Union has had one of the lowest proportional block grants in the sector, with a freeze on increases for a period of six years up to 2001. Discussions this year, against the background of the worsening financial picture, were successful with further funding secured that will see the grant increase by £175k over the next three years.

Costs have increased considerably, however the majority were in key support areas of the Union, with new roles in training and communications to deliver improved services to our members. The ever-increasing success of our sports clubs, something we take pride in, perversely increased costs considerably especially travel costs as more teams played more matches.

The accounts include a depreciation charge of £210k in the period, which together with debt servicing costs put a considerable strain on the accounts.

There were some additional one-off costs which out-turn. For example, long-term staff illness resulted in some £30k spent on agency staff in the year. The Union's affiliation fee to NUS also returned to full cost after two years of negotiated discount. The Union has made efforts to save money or seek contributions towards the provision of additional services requested by the University, for example the Advice Centre now receives a grant to provide additional services for administering visa applications on behalf on the University.

An analysis of the income and expenditure account reveals that the commercial services continued to deliver strongly for the Union, albeit at a slightly reduced level (following a record year in 2004/5), delivering the second highest surplus ever. In addition, the Union acquired Top Bar during in August 2005 which out-performed expectations, contributing some £45k to the surplus, a significant improvement against the previous year.

The commercial services were budgeted to raise a further £100k (due in part to Top Bar, but also to the opportunities presented by the new licensing regime in place from November 2005), however these assumptions proved optimistic against national declines throughout the licensed trade industry, 6% down year-on-year. The Union has long managed to buck these national trends, due mainly to significant investment in premises, and whilst sales levels were maintained in the year, the Union was unable to stimulate growth as anticipated.

The long-planned and anticipated work on the Underground started in June. The project was completed in September 2006 on time and on budget, concluding the programme of investment within the Union's estate, some £3million over 5 years. Servicing the interest bearing element of the project debt (£950k of £1.25m total debt) will add to the financial burden of the Union and bring greater pressure on the Management to keep costs under control in the future. It has been clear for sometime that the un-developed Underground was beginning to have a detrimental impact on our financial performance.

Despite all efforts to maintain the financial position of the Union, it is quite apparent that the commercial environment remains challenging with pressure to deliver ever greater surpluses to fund re-investment and membership services, despite equal pressure from students to keep prices down and the prospect of static or declining student numbers in the immediate future.

UNIVERSITY OF ESSEX STUDENTS' UNION

REPORT OF THE VP FINANCE AND SERVICES

YEAR ENDED 31 JULY 2006

We continue to work hard for the students at Essex and despite the disappointing out-turn we believe that the SU here continues to have some of the very best facilities, participation and activity anywhere in the country. It is through this combination of strengths that I am confident that solutions will be found to ensure the continued development of the Union into the future.

Gareth Barrett

VP Finance and Services

22 January 2007

UNIVERSITY OF ESSEX STUDENTS' UNION

EXECUTIVE RESPONSIBILITIES

YEAR ENDED 31 JULY 2006

Charity law requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Union and of the surplus or deficit for that year.

In preparing the financial statements the Executive Committee is required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Executive Committee must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Union will continue to operate.

The Executive Committee is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Union. It is also responsible for safeguarding the assets of the Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Risk Management

The Executive Committee has undertaken to examine the major risks that the Union faces. That review is an integral part of the annual planning cycle. The Union has, and continues to develop, systems to monitor and control these risks in order to manage any impact that they have on the Union and its operations.

UNIVERSITY OF ESSEX STUDENTS' UNION
INDEPENDENT AUDITORS REPORT TO THE MEMBERS
YEAR ENDED 31 JULY 2006

We have audited the financial statements of University of Essex Students' Union for the year ended 31 July 2006 (the "financial statements") which comprise the Income and Expenditure Account, the Balance Sheet, and the related notes set out on pages 8 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Union's members as a body. Our audit work has been undertaken so that we might state to the Union'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 permissible by law, we do not accept or assume responsibility to anyone other than the Union and the Union's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

The Union's Executive Committee is responsible for preparing the Executive' Report and the financial statements.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared. We also report to you if, in our opinion, the Executive Report is not consistent with the financial statements, if the Union has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Union's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the Union's affairs as at 31 July 2006 and of its Income and Expenditure for the year then ended.

Arkwright House
Parsonage Gardens
Manchester
M3 2HP

HORWATH CLARK WHITEHILL LLP
Chartered Accountants & Registered Auditors

22 January 2007

UNIVERSITY OF ESSEX STUDENTS' UNION

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 JULY 2006

		2006	2005
		£	£
INCOME			
Block grant	2	363,050	354,300
Net trading income	3	507,273	523,162
Other income	4	95,149	82,846
Summer ball	5	24,818	22,352
Freshers' fayre		(5,992)	9,143
		<u>984,298</u>	<u>991,803</u>
EXPENDITURE			
Central services	6	715,384	625,361
Clubs and societies	7	85,195	99,661
Subscriptions and affiliations	8	25,953	19,323
Volunteering	9	-	-
Communications	10	100,590	63,025
Representation	11	86,098	75,358
Welfare and advice centre	12	108,474	104,603
		<u>1,121,694</u>	<u>987,331</u>
(DEFICIT) / SURPLUS FOR THE YEAR BEFORE TRANSFERS		(137,396)	4,472
Transfer from Sports Reserve		-	7,781
(DEFICIT) / SURPLUS FOR THE YEAR TO INCOME & EXPENDITURE ACCOUNT		<u>(137,396)</u>	<u>12,253</u>

The notes on pages 8 to 17 form part of these financial statements.

UNIVERSITY OF ESSEX STUDENTS' UNION

BALANCE SHEET

31 JULY 2006

		2006		2005	
	Note	£	£	£	£
Fixed Assets					
Tangible fixed assets	13		1,670,850		1,373,948
Investments	14		<u>1,860</u>		<u>1,860</u>
			1,672,710		1,375,808
Current assets					
Stock	15	97,628		115,229	
Debtors	16	140,130		131,587	
Cash at bank and in hand		<u>69,054</u>		<u>152,064</u>	
		306,812		398,880	
Creditors: amounts falling due within one year	17	<u>(697,818)</u>		(702,145)	
Net current liabilities			<u>(391,006)</u>		<u>(303,265)</u>
Total assets less current liabilities			1,281,704		1,072,543
Creditors: amounts falling due after more than one year	18		(941,790)		(572,755)
			<u>339,914</u>		<u>499,788</u>
Reserves					
Sports equipment reserve			7,715		2,475
Sports reserve			35,310		35,310
Capital grants			138,590		166,308
Income and expenditure account			158,299		295,695
			<u>339,914</u>		<u>499,788</u>

These financial statements were approved by the Executive Committee on 22 January 2007 and are signed on their behalf by:

GARETH BARRETT
VP Finance and Services

ANTONY BLACKSHAW
General Manager

The notes on pages 8 to 17 form part of these financial statements.

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The Executive Committee has taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Bars	- 10% per annum straight line
Shops	- 20% per annum straight line
Motor vehicles	- 25% per annum straight line
Furniture and equipment	- 33% per annum straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The Union operates a defined benefit pension scheme for certain employees through membership of the University Superannuation Scheme (USS), Local Government Pension Scheme (LGPS) and University of Essex Pension Scheme (UEPS). Under the schemes, pensions are based on final pensionable salary. Contributions are based on final salary. The Union's contributions to the schemes are charged to the Income and Expenditure account so as to spread the cost of pensions over the expected service lives of the employees who are the members of the schemes within participating employers.

Investments

Investments are stated at cost less any provision for diminution in value.

Accounting and reporting by charities - Statement of Recommended Practice (SORP)

As a result of its exempt charitable status the Union is not required to adopt the SORP in the presentation of the Financial Statements. However, in accordance with the establishment of best practice, where appropriate the Union will make disclosures in accordance with the broader principles of the SORP.

Taxation

No provision is made in these accounts for corporation tax as the Union is exempt from such taxes as a result of having derived its charitable status from its parent governing body, University of Essex.

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

2. GRANTS RECEIVABLE

	2006 £	2005 £
Block grant	<u>363,050</u>	<u>354,300</u>

3. NET TRADING INCOME

	2006		2005	
	Turnover £	Surplus/ (Deficit) £	Turnover £	Surplus/ (Deficit) £
Retail operations	3,377,201	561,234	3,092,705	509,565
Other trading activities	<u>368,401</u>	<u>(53,961)</u>	<u>344,467</u>	<u>13,597</u>
	<u>3,745,602</u>	<u>507,273</u>	<u>3,437,172</u>	<u>523,162</u>

4. OTHER INCOME

	2006 £	2005 £
Bank interest receivable	8,642	5,300
Income from non-commercial departments	44,493	38,691
Other income	10,987	11,705
Management fees	26,777	17,900
Conference trade and other rental income	<u>4,250</u>	<u>9,250</u>
	<u>95,149</u>	<u>82,846</u>

5. SUMMER BALL

	2006 £	2005 £
Formal ball income	139,834	143,068
Formal ball expenses	<u>(115,016)</u>	<u>(120,716)</u>
	<u>24,818</u>	<u>22,352</u>

6. CENTRAL SERVICES

	2006 £	2005 £
Administrative staff salaries	450,315	395,980
Telephones and similar costs	22,314	24,001
Finance expenses and bad debt provision	30,478	8,884
Audit and accountancy	15,645	22,772
Other professional fees	5,936	5,831
Insurance	32,290	29,545
Depreciation	9,481	-
Other administration costs	8,324	9,098
Property and equipment	34,369	34,839
Student staff	41,396	31,577
Training and recruitment	63,172	56,490
Travel and motor expenses	<u>1,664</u>	<u>6,344</u>
	<u>715,384</u>	<u>625,361</u>

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

7. CLUBS AND SOCIETIES

	2006 £	2005 £
Administration and support costs		
Telephones and similar costs	466	342
Depreciation	1,000	3,280
General overheads	6,886	7,331
Grants to clubs and societies	16,309	20,107
Membership income	(20,117)	(9,673)
Permanent staff salaries	39,111	31,866
Property and equipment	677	444
Sports Federation/BUSA costs	13,064	15,797
Sports' social events	(14,005)	102
Travel and conferences	40,505	29,025
Student staff	635	-
Volunteer expenses	664	1,040
	<u>85,195</u>	<u>99,661</u>

8. SUBSCRIPTIONS AND AFFILIATIONS

	2006 £	2005 £
AMSU	625	600
NUS	24,089	17,980
National Postgraduate Committee	939	503
UKCOSA	300	240
	<u>25,953</u>	<u>19,323</u>

9. VOLUNTEERING

	2006 £	2005 £
Administration expenses	7,120	6,904
Telephone and similar costs	996	109
Grants receivable	(72,945)	(41,268)
Permanent staff salaries	51,863	27,788
Property and equipment	928	60
Student staff	1,310	681
Training and recruitment	916	1,063
Travel and motor expenses	283	250
Volunteer expenses	9,529	4,413
	<u>-</u>	<u>-</u>

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

10. COMMUNICATIONS

	2006 £	2005 £
Advertising income	(12,901)	(4,030)
Depreciation	816	816
Direct media costs	42,824	15,748
Finance expenses	1,079	1,089
Freshers' income	(13,901)	(6,664)
General expenses	3,379	8,326
Miscellaneous income	(12,170)	(7,308)
Student staff	3,292	4,839
Training and recruitment	342	63
Travel and motor expenses	1	348
Permanent staff salaries	87,483	47,932
Volunteer expenses	346	1,866
	<u>100,590</u>	<u>63,025</u>

11. REPRESENTATION

	2006 £	2005 £
Administration expenses	4,783	5,122
Campaigns	1,512	2,084
Elections	3,252	1,982
Printing, stationery and postage	2,176	993
Property and equipment	621	586
Training and recruitment	3,032	2,225
Travel	6,679	3,353
Permanent staff salaries	63,542	58,456
Volunteer expenses	501	557
	<u>86,098</u>	<u>75,358</u>

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

12. WELFARE AND ADVICE CENTRE

	2006		2005	
	£	£	£	£
Advice centre				
Affiliations	875		1,202	
Campaigns	279		-	
Income	(5,000)		-	
Telephone and similar costs	1,043		848	
Depreciation	4,440		4,440	
General expenses	(700)		780	
Property and equipment	-		341	
Student staff	2,936		554	
Training and equipment	34		-	
Travel and motor expenses	-		22	
Permanent staff salaries	72,540		69,085	
Volunteer expenses	746		991	
		77,192		78,263
Minibus				
Telephone and similar costs	-		17	
Income	(15,195)		(16,107)	
Property and equipment	8,490		8,500	
Student staff	-		814	
Training and recruitment	94		-	
Travel and motor expenses	20,567		19,205	
Permanent staff salaries	17,327		13,911	
		31,282		26,340
		<u>108,474</u>		<u>104,603</u>

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

13. TANGIBLE FIXED ASSETS

	Redevelopment Bars £	Shops £	Union £	Motor vehicles £	Furniture and equipment £	Entertainment	Assets under Construction	Total £
COST								
At 1 Aug 2005	1,849,559	77,205	41,773	15,000	267,089	-	-	2,250,626
Additions	-	-	-	-	87,280	5,750	413,658	506,688
At 31 Jul 2006	1,849,559	77,205	41,773	15,000	354,369	5,750	413,658	2,757,314
DEPRECIATION								
At 1 Aug 2005	588,391	30,441	4,440	15,000	238,406	-	-	876,678
Charge for the Year	145,149	15,000	13,740	-	35,514	383	-	209,786
At 31 Jul 2006	733,540	45,441	18,180	15,000	273,920	383	-	1,086,464
NET BOOK VALUE								
At 31 July 2006	1,116,019	31,764	23,593	-	80,449	5,367	413,658	1,670,850
At 31 July 2005	1,261,168	46,764	37,333	-	28,683	-	-	1,373,948

Capital commitments

	2006 £	2005 £
Contracted but not provided for in the financial statements	1,205,515	-

14. INVESTMENTS

	£
COST:	
At 1 August 2005 and 31 July 2006	1,860
NET BOOK VALUE:	
At 31 July 2006	1,860
At 31 July 2005	1,860

At 31 July 2006 the Union held investments in the following companies which are incorporated in the United Kingdom.

Name of Company	Main Trading Activity	Equity Held
NUS Services Limited	Purchasing Services	
A Shares		0.33%
B Shares		0.41%

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

15. STOCKS

	2006 £	2005 £
Bars	27,927	25,436
Catering	1,324	5,304
Shops	66,227	84,489
Vending	2,150	-
	<u>97,628</u>	<u>115,229</u>

16. DEBTORS

	2006 £	2005 £
Trade debtors	57,276	69,847
Other debtors	18,220	27,284
Prepayments and accrued income	39,502	34,456
VAT reclaimable	25,132	-
	<u>140,130</u>	<u>131,587</u>

17. CREDITORS: Amounts falling due within one year

	2006		2005	
	£	£	£	£
Trade creditors		459,723		278,745
University loans		132,245		132,245
HP and Finance leases		4,174		-
Other creditors including taxation and social security:				
PAYE and social security	1,464		1,761	
VAT	-		37,124	
Other creditors	39,153		206,913	
Accruals and deferred income	61,059		45,357	
		<u>101,676</u>		<u>291,155</u>
		<u>697,818</u>		<u>702,145</u>

18. CREDITORS: Amounts falling due after more than one year

	2006 £	2005 £
Bank loan	200,000	-
University loans	740,511	572,755
Hire purchase and finance leases	1,279	-
	<u>941,790</u>	<u>572,755</u>

Included within creditors falling due after more than one year is an amount of £183,333 (2005 - £nil) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

19. PENSIONS

The Students' Union has three principal pension schemes for employees. These are the Universities Superannuation Scheme (USS), the Local Government Pension Scheme (LGPS), and the University of Essex Pension Scheme (UEPS). The assets of the schemes are held in separate trustee-administered funds. All three schemes are defined benefit schemes and contracted out of the State Earnings-Related Pension Scheme.

The LGPS became a closed scheme in August 1997. The UEPS became a closed scheme in March 2004. Subsequently, all staff who are not members of a pension scheme may join the USS.

Universities Superannuation Scheme

This is a defined benefit scheme which is externally funded and is valued every three years by a professionally qualified independent actuary using the projected unit method, with the rates of contribution being determined by the trustees upon the advice of the actuary. In the intervening years the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary based on the latest actuarial valuation of the scheme and are accounted for on the basis of charging the cost of providing pensions over the period during which the institutions benefit from the employees' services.

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the Income and Expenditure Account is therefore equal to the contributions payable to the scheme for the year.

The latest complete actuarial valuation of the scheme was at 31 March 2005. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum and pensions would increase by 2.9% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.02% per annum.

At the valuation date, the market value of the assets of the whole scheme was £21,740 million and the value of the past service liabilities was £28,308 million leaving a deficit of assets of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increase in earnings.

The total pension cost for the Students' Union was £44,033 (2005 - £36,083).

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

19. PENSIONS (continued)

Local Government Pension Scheme

The Students' Union participates in a defined benefit scheme operated by Essex County Council.

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the Income and Expenditure Account is therefore equal to the contributions payable to the scheme for the year.

The Essex County Council LGPS is a funded defined benefit scheme with the assets held in separate trustee administered funds. The contribution rates covering both future service and deficiency payments was 24.10% for the Union. Employees contributed 6% throughout the period.

The pensions cost is assessed every three years in accordance with the advice of a qualified actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Last actuarial valuation	31 March 2004
Actuarial method	Projected Unit
Investment returns per annum	7.1% per annum
Pension increases per annum	2.8% per annum
Salary scale increase per annum	4.3% per annum
Market value of assets at date of last valuation (whole fund)	£1,916 million

Proportion of members accrued benefits covered by the actuarial value of assets (whole fund) 71.4%.

Employer's pension contributions charged during the year amounted to £40,095 (2005 - £38,212).

University of Essex Pension Scheme (UEPS)

The Students' Union participates in a defined benefit scheme operated by the University of Essex. The contributions are determined by independent qualified actuaries, on the basis of triennial valuations.

Although the scheme is a defined benefit scheme, because the Students' Union is grouped together with the University itself, it is not possible to separately identify its share of the underlying assets and liabilities and it is therefore accounted for as a defined contribution scheme.

With effect from 1 August 2005, the rate increased to 18%.

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2006

19. PENSIONS (continued)

The pension costs is assessed every three years in accordance with the advice of a qualified actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Last actuarial valuation	1 August 2004
Actuarial method	Projected Unit
Investment returns per annum	6.5% per annum
Pension increases per annum	2.9% per annum
Salary scale increase per annum	4.4% per annum
Market value of assets at date of last valuation (whole fund)	£3,324,164

Proportion of members' accrued benefits covered by the actuarial value of assets 93%

Employer's pension contributions paid by the Students' Union during the year amounted to £33,284 (2005 - £18,843).

20. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2005 the Students' Union had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2006	2005
	£	£
Operating leases which expire:		
Within 1 year	26,132	-
Within 2 to 5 years	5,133	19,701
	<u> </u>	<u> </u>

21. RELATED PARTY TRANSACTIONS

The Union is an exempt charity for the purposes of the Charities Act 1993 deriving charitable status from its governing parent body, the University of Essex. The Union is in receipt of a recurrent grant from the parent body of £363,050 (2005 £354,300).

In addition the Union occupies its building on a rent free basis under an informal licence subject to the Union maintaining the building in a good state of repair.