



FINANCIAL STATEMENTS

31 JULY 2005

UNIVERSITY OF ESSEX STUDENTS' UNION

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

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UNIVERSITY OF ESSEX STUDENTS' UNION

EXECUTIVE COMMITTEE AND UNION INFORMATION

EXECUTIVE COMMITTEE

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
Olanike Akinde – Equal Opportunities Officer
Phillip Pearson – Postgraduate Officer
Karim Mijal – International Students Officer
Hannah McFaul – Ethics & Environment Officer
Benjamin Whitehead – Mature Students Officer

2004 – 2005

Gareth Oughton – President
Lucy-Michael Sutton – VP Finance & Services
Shruti Dudhia – VP Student Development
Tamoor Ali – VP Academic & Welfare
John Bragaglia – VP Sports & Societies
Joe Edwards – Non-Portfolio Officer
Sam Rozati – Campaigns Officer
Michael Situ – Equal Opportunities Officer
Marilyn Shanks – Postgraduate Officer
Christina-Amalia Kanitsaki – Int'l Students Officer
Siobhan Kinealy – Ethics & Environment 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
High Street
Colchester

UNIVERSITY OF ESSEX STUDENTS' UNION

REPORT OF THE VP FINANCE AND SERVICES

YEAR ENDED 31 JULY 2005

2004/05 saw the Union transform the reported deficit for 2003/04 of £79,883 into a modest surplus of £12,253 in 2004/05. Whilst our block grant remains one of the proportionally lowest nationally, commercial activities continue to provide a healthy contribution, with the net trading income increasing to £523,162 from £411,079.

It has been necessary to restate the 2003/04 comparatives following detailed work by our auditors. The reported deficit has increased by £38,618 following an adjustment for 2004/05 income previously reported in 2002/03 accounts.

During 2004/05 the depreciation policy for structural assets was reviewed and revised to more accurately reflect the expected life of the asset. Following consultation with our auditors, the revised policy was been implemented, resulting in reduction in the depreciation charge in the year.

In addition to the improved trading performance, Communications saw a reduction in year-on-year spending of £26,881 due to a one-off situation whilst still providing good communication coverage. A combination of excellent management and efficiency savings also saw vastly improved results in both Clubs and Societies. These areas allowed us to invest much more heavily in core services whilst still retaining a healthy financial status. Investment increases into Welfare and the Advice Centre of £15,522 were also possible because of a combination of all the noted improvements.

Volunteering was also very successful and thanks to the excellent work by members of the Union's Membership Services Team our volunteers are fully funded from external sources. As a result, volunteering has no impact on the Union's accounts despite the scale of activities. A detailed breakdown of the financing of this area can be found under note 9 of the accounts.

2005/6 will be a challenging year for the Union as it looks to rebuild reserves that have been depleted in recent years as a result of facilities redevelopment.

The Union's continued success in delivering projects in both financial and operational terms has allowed the Union to successfully bid for funding for Phase 3 of the Union's commercial redevelopment. The Underground project is scheduled to commence in June 2006 with the venue opening in October 2006.

The Union will continue to develop its long term financial planning. This in turn will enable long term financial decisions to be made with greater clarity of the funding requirements and the Union's ability to service its debt.

In this vein, the Students' Union has put forward proposals to the University to increase the level of the block grant level in support of our long term financial strategy.

GARETH BARRETT
VP Finance and Services

27 February 2006

UNIVERSITY OF ESSEX STUDENTS' UNION

EXECUTIVE RESPONSIBILITIES

YEAR ENDED 31 JULY 2005

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 7, 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 mitigate 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 2005

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 THE EXECUTIVE COMMITTEE AND THE AUDITORS

As described on page 3, the Union's Executive Committee is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards 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 judgements made by the Executive Committee 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that 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 of the Union's state of affairs as at 31 July 2005 and of its surplus for the year then ended.

Arkwright House
Parsonage Gardens
Manchester
M3 2HP

HORWATH CLARK WHITEHILL LLP
Chartered Accountants & Registered Auditors

27 February 2006

UNIVERSITY OF ESSEX STUDENTS' UNION

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 JULY 2005

	Note	2005 £	2004 (restated) £
INCOME			
Block grant	2	354,300	343,054
Net trading income	3	523,162	411,079
Other income	4	82,846	81,422
Summer ball	5	22,352	27,939
Freshers' fayre		9,143	-
		<u>991,803</u>	<u>863,494</u>
EXPENDITURE			
Central services	6	625,361	579,593
Clubs and societies	7	99,661	109,676
Subscriptions and affiliations	8	19,323	19,262
Volunteering	9	-	-
Communications	10	63,025	89,906
Representation	11	75,358	78,746
Welfare and Advice Centre	12	104,603	89,081
		<u>987,331</u>	<u>966,264</u>
SURPLUS/(DEFICIT) FOR THE YEAR BEFORE TRANSFERS		4,472	(102,770)
Transfer from Sports Reserve		<u>7,781</u>	<u>22,887</u>
SURPLUS / (DEFICIT) FOR THE YEAR TO INCOME AND EXPENDITURE ACCOUNT		<u>12,253</u>	<u>(79,883)</u>

The notes on page 5 form part of these financial statements.

UNIVERSITY OF ESSEX STUDENTS' UNION

BALANCE SHEET

31 JULY 2005

	Note	2005 £	£	2004 (restated) £	£
FIXED ASSETS					
Tangible assets	13		1,373,948		1,478,381
Investments	14		1,860		1,860
			<u>1,375,808</u>		<u>1,480,241</u>
CURRENT ASSETS					
Stocks	15	115,229		110,332	
Debtors	16	131,587		93,912	
Cash at bank		152,064		53,347	
		<u>398,880</u>		<u>257,591</u>	
CREDITORS: Amounts falling due within one year	17	<u>(702,145)</u>		<u>(504,151)</u>	
NET CURRENT LIABILITIES			<u>(303,265)</u>		<u>(246,560)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,072,543		1,233,681
CREDITORS: Amounts falling due after more than one year	18		<u>(572,755)</u>		<u>(713,122)</u>
			<u>499,788</u>		<u>520,559</u>
RESERVES					
Sports equipment reserve	22		2,475		–
Sports reserve			35,310		43,091
Capital grants			166,308		194,026
Income and expenditure account			295,695		283,442
			<u>499,788</u>		<u>520,559</u>

These financial statements were approved by the Executive Committee on 27 February 2006 and are signed on their behalf by:

GARETH BARRETT
VP Finance and Services

ANTONY BLACKSHAW
General Manager

The notes on page 6 form part of these financial statements.

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

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 pensionable 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 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 2005

2. GRANTS RECEIVABLE

	2005 £	2004 £
Block grant	354,300	343,054

3. NET TRADING INCOME

	2005		2004	
	Turnover £	Surplus £	Turnover £	Surplus £
Retail operations	3,092,705	509,564	3,027,891	363,331
Other trading activities	344,467	13,598	465,769	47,748
	<u>3,437,172</u>	<u>523,162</u>	<u>3,493,660</u>	<u>411,079</u>

4. OTHER INCOME

	2005 £	2004 £
Bank interest receivable	5,300	9,674
Income from non-commercial departments	38,691	47,939
Other income	11,705	17,309
Management fees	17,900	–
Conference trade and other rental income	9,250	6,500
	<u>82,846</u>	<u>81,422</u>

5. SUMMER BALL

	2005 £	2004 £
Formal ball income	143,068	169,490
Formal ball expenses	(120,716)	(141,551)
	<u>22,352</u>	<u>27,939</u>

6. CENTRAL SERVICES

	2005 £	2004 (restated) £
Administrative staff salaries	395,980	373,284
Telephones and similar costs	24,001	18,371
Finance expenses and bad debt provision	8,884	10,171
Audit and accountancy	22,772	9,521
Other professional fees	5,831	7,810
Insurance	29,545	39,779
Other administration costs	9,098	8,574
Property and equipment	34,839	27,646
Student staff	31,577	30,143
Training and recruitment	56,490	52,824
Travel and motor expenses	6,344	1,470
	<u>625,361</u>	<u>579,593</u>

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

7. CLUBS AND SOCIETIES

	2005 £	2004 (restated) £
Administration and support costs		
Telephones and similar costs	342	10
Depreciation	3,280	6,667
General overheads	7,433	17,991
Grants to clubs and societies	20,107	17,909
Membership income	(9,673)	(6,885)
Permanent staff	31,866	33,141
Property and equipment	444	–
Sports Federation/BUSA costs	15,797	8,918
Travel and conferences	29,025	31,925
Volunteer expenses	1,040	–
	<u>99,661</u>	<u>109,676</u>

8. SUBSCRIPTIONS AND AFFILIATIONS

	2005 £	2004 £
AMSU	600	550
NUS	17,980	17,980
National Postgraduate Committee	503	458
UKCOSA	240	274
	<u>19,323</u>	<u>19,262</u>

9. VOLUNTEERING

	2005 £	2004 £
Administration expenses	6,904	6,727
Telephone and similar costs	109	–
Grants receivable	(41,268)	(31,735)
Permanent staff	27,788	22,886
Property and equipment	60	724
Student staff	681	420
Training and recruitment	1,063	978
Travel and motor expenses	250	–
Volunteer expenses	4,413	–
	<u>–</u>	<u>–</u>

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

10. COMMUNICATIONS

	2005 £	2004 £
Depreciation	816	158
Direct media costs	15,748	16,718
Finance expenses	1,089	1,924
General expenses	8,326	7,143
Other income	(18,002)	–
Student wages	4,839	3,249
Training and recruitment	63	111
Travel and motor expenses	348	602
Wages and salaries	47,932	60,001
Volunteer expenses	1,866	–
	<u>63,025</u>	<u>89,906</u>

11. REPRESENTATION

	2005 £	2004 £
Administration expenses	5,122	1,974
Campaigns	2,084	1,195
Elections	1,982	2,419
Freshers' fair	–	1,875
Printing, stationery and postage	993	–
Projects	–	517
Property and equipment	586	1,660
Training and recruitment	2,225	2,310
Travel	3,353	2,133
Wages and salaries	58,456	64,663
Volunteer expenses	557	–
	<u>75,358</u>	<u>78,746</u>

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

12. WELFARE AND ADVICE CENTRE

	2005		2004	
	£	£	£	£
Advice centre				
Affiliations	1,202		1,135	
Telephone and similar costs	848		1,134	
Depreciation	4,440		–	
General expenses	780		3,118	
Property and equipment	341		18	
Student staff	554		1,852	
Travel and motor expenses	22		115	
Wages and salaries	69,085		60,167	
Volunteer expenses	991		–	
		78,263		67,539
Minibus				
Telephone and similar costs	17		21	
Income	(16,107)		(21,128)	
Property and equipment	8,500		6,115	
Student staff	814		5,407	
Training and recruitment	–		45	
Travel and motor expenses	19,205		22,490	
Wages and salaries	13,911		8,592	
		26,340		21,542
		<u>104,603</u>		<u>89,081</u>

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

13. TANGIBLE FIXED ASSETS

	Redevelopment Bars (restated) £	Shops £	Union £	Motor vehicles (restated) £	Furniture and equipment (restated) £	Total (restated) £
COST						
At 1 Aug 2004	1,824,437	77,205	–	93,584	237,254	2,232,480
Additions	25,122	–	41,773	–	29,835	96,730
Disposals	–	–	–	(78,584)	–	(78,584)
At 31 Jul 2005	<u>1,849,559</u>	<u>77,205</u>	<u>41,773</u>	<u>15,000</u>	<u>267,089</u>	<u>2,250,626</u>
DEPRECIATION						
At 1 Aug 2004	425,788	15,441	–	93,584	219,286	754,099
Charge for the year	162,603	15,000	4,440	–	19,120	201,163
On disposals	–	–	–	(78,584)	–	(78,584)
At 31 Jul 2005	<u>588,391</u>	<u>30,441</u>	<u>4,440</u>	<u>15,000</u>	<u>238,406</u>	<u>876,678</u>
NET BOOK VALUE						
At 31 Jul 2005	<u>1,261,168</u>	<u>46,764</u>	<u>37,333</u>	<u>–</u>	<u>28,683</u>	<u>1,373,948</u>
At 31 Jul 2004	<u>1,398,649</u>	<u>61,764</u>	<u>–</u>	<u>–</u>	<u>17,968</u>	<u>1,478,381</u>

Capital commitments

	2005 £	2004 £
Contracted but not provided for in the financial statements	<u>–</u>	<u>31,500</u>

14. INVESTMENTS

	£
COST:	
At 1 August 2004 and 31 July 2005	<u>1,860</u>
NET BOOK VALUE:	
At 31 July 2005	<u>1,860</u>
At 31 July 2004	<u>1,860</u>

At 31 July 2005 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 2005

15. STOCKS

	2005 £	2004 £
Bars	25,436	16,566
Catering	5,304	5,402
Shops	84,489	88,364
	<u>115,229</u>	<u>110,332</u>

16. DEBTORS

	2005 £	2004 (restated) £
Trade debtors	69,847	33,848
Other debtors	27,284	56,770
Prepayments and accrued income	34,456	3,294
	<u>131,587</u>	<u>93,912</u>

17. CREDITORS: Amounts falling due within one year

	2005		2004	
	£	£	£	£
Bank loans and overdrafts		–		53,142
Trade creditors		278,745		151,329
University loans		132,245		136,953
Other creditors including taxation and social security:				
PAYE and social security	1,761		–	
VAT	37,124		29,515	
Other creditors	206,913		133,212	
Accruals and deferred income	45,357		–	
		<u>291,155</u>		<u>162,727</u>
		<u>702,145</u>		<u>504,151</u>

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

	2005 £	2004 £
University loans	572,755	705,000
Other creditors	–	8,122
	<u>572,755</u>	<u>713,122</u>

Included within creditors falling due after more than one year is an amount of £Nil (2004 - £176,020) 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 2005

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 2002. 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 5.0% per annum, salary increases would be 8.9% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 8.09% per annum including an additional investment return assumption of 1% per annum. Salary increases would be 8.7% per annum and pensions would increase by 2.7% per annum.

At the valuation date, the market value of the assets of the whole scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% 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 £36,083 (2004 - £20,043).

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

19. PENSIONS (continued)

Local Government Pension Scheme

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

Although the Fund is a defined benefit scheme, because the Student Union, as a Small Admission Body, is grouped together with other similar employers, it is not possible to separately identify its share of the underlying assets and liabilities it is therefore accounted for as a defined contribution scheme.

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 were 19.87% until 31 March 2005 and 24.10% thereafter 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 £38,212 (2004 - £25,063).

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.

The contribution rates for 2004/05 were 14.1% for the Union and 6% for employees. 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 2005

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 £18,843 (2004 - £18,508).

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	
	2005	2004
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>19,701</u>	<u>15,518</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 £354,300 (2004 £343,054).

The Union pays a rent of £5,250 (2004: £5,250) to the University of Essex in relation to the operation of vending machines on the University campus.

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.

UNIVERSITY OF ESSEX STUDENTS' UNION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

22. RESERVES

	Sports Equipment Reserve £	Sports Reserve £	Capital Grants Reserve £	Capital Fund £	Income and Expenditure Account £	Total £
At 1 August 2004 as previously reported	-	-	194,026	257,000	65,060	516,086
Merger with Sports Federation	-	43,091	-	-	-	43,091
Prior year adjustments	-	-	-	(257,000)	218,382	(38,618)
At 1 August 2004 as restated	-	43,091	194,026	-	283,442	520,559
Transfer in year Received / (released) during year	-	(7,781)	-	-	-	(7,781)
Amortised in year	2,475	-	-	-	-	2,475
Retained surplus for year	-	-	(27,718)	-	-	(27,718)
	-	-	-	-	12,253	12,253
At 31 July 2005	<u>2,475</u>	<u>35,310</u>	<u>166,308</u>	<u>-</u>	<u>295,695</u>	<u>499,788</u>

Prior year balances have been adjusted to recognise the capital fund of £257,000 as part of the income and expenditure account, to make provision for bad debts of £5,717 and to correct amounts recognised as income in the wrong period of £32,901.