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# FORM AR21

Trade Union and Labour Relations (Consolidation) Act 1992

## ANNUAL RETURN FOR A TRADE UNION

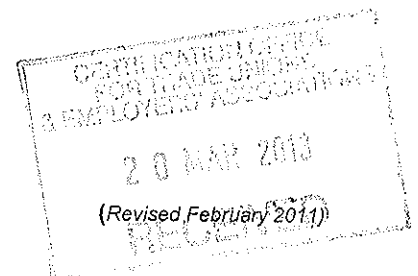
Name of Trade Union:	University & College Union
Year ended:	31 <sup>st</sup> August 2012
List no:	792T
Head or Main Office:	Carlow Street London NW1 7LH
Website address (if available)	www.ucu.org.uk
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Click the appropriate box)
General Secretary:	Sally Hunt
Telephone Number:	020 7756 2500
Contact name for queries regarding	David Hales
Telephone Number:	020 7756 2500
E-mail:	DHales@ucu.org.uk

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.  
Any difficulties or problems in the completion of this return should be directed to the Certification Officer as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Unions based in England and Wales:  
Certification Office for Trade Unions and Employers' Associations  
22<sup>nd</sup> Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Unions based in Scotland:  
Certification Office for Trade Unions and Employers' Associations  
Melrose House, 69a George Street, Edinburgh EH2 2JG



# RETURN OF MEMBERS

(see notes 10 and 11)

	NUMBER OF MEMBERS AT THE END OF THE YEAR				
	Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
MALE	56,938	1,846	5	39	<b>58,828</b>
FEMALE	56,295	1,892	13	11	<b>58,211</b>
TOTAL	113,233	3,738	18	50	<b>A 117,039</b>

Number of members included in totals box 'A' above for whom no home or authorised address is held:

518

Number of members at end of year contributing to the General Fund

104,853

## OFFICERS IN POST

(see note 12)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

## RETURN OF CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date
President	Mr Terry Hoad	Mrs Kathy Taylor	10.6.12
President-Elect	Mrs Kathy Taylor	Mr Simon Renton	10.6.12
Vice-President	Mr Simon Renton	Mr John McCormack	10.6.12
Immediate Past President	Mr Alan Whitaker	Mr Terry Hoad	10.6.12

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other union:

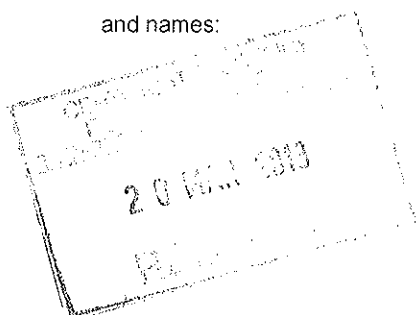
b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated unions:

and names:



## OFFICERS OF THE UNIVERSITY AND COLLEGE UNION - 2011/2012

Officers of the Union at 31<sup>st</sup> August 2011:

President.	Mr Terry Hoad
President Elect	Mrs Kathy Taylor
Vice-president.	Mr Simon Renton
Vice-president.	Mr Alan Whitaker (Immediate past president)
Honorary Treasurer	Mr. Alan Carr

Officers of the Union at 31<sup>st</sup> August 2012:

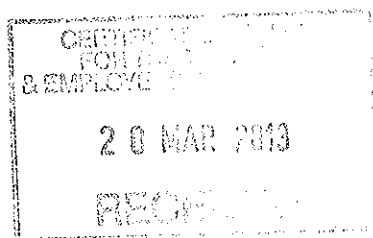
Mrs Kathy Taylor
Mr Simon Renton
Mr John McCormack
Mr Terry Hoad (Immediate past president)
Mr. Alan Carr

Members of the National Executive Committee from 1<sup>st</sup> September 2011 and at 10 June 2012 (until the end of Congress):

Honorary Treasurer

President

General Secretary  
Trustee



Trustee

Vice President

Mr David Armstrong  
Mr Alan Barker  
Dr Gargi Bhattacharyya  
Dr Sue Blackwell  
Ms Ann Blair  
Mr Ben Boydell  
Dr Roger Brooks  
Ms Isabel Brotherston  
Mr Mark Campbell  
Mr Alan Carr  
Dr Steve Clark  
Ms Pauline Collins  
Ms Jean Crocker  
Dr Joanna de Groot  
Mr James Donaghey  
Mr James Eaden  
Ms Karen Evans  
Mr David Gibson  
Mr Joe Gluza  
Mrs Monica B Goligher  
Ms Caroline Gray  
Professor Jane Hardy  
Dr Marion Hersh  
Mr Tom Hickey  
Mr Terry Hoad  
Ms Patricia Hulme  
Ms Sally Hunt  
Mr Fawzi Ibrahim  
Ms Mary Jennings  
Mrs Lesley Kane  
Ms Veronica Killen  
Ms Angela Lamb  
Miss Maeve Landman  
Dr Bob Langridge  
Ms Dominique Lauterburg  
Dr Elizabeth H Lawrence  
Mr Craig Lewis  
Mr David Limb  
Ms Alison Lord  
Mr John McCormack  
Mr Richard McEwan  
Dr Lesley McIntosh  
Professor Neil MacFarlane  
Mr Keith Mallinson  
Mr Ronald Mendel  
Ms Laura Miles  
Ms Loraine Monk  
Mr David O'Toole  
Professor Malcolm J W Povey  
Dr Catherine Prendergast  
Ms Jenny Prideaux (from 29/09/2011)  
Dr Gavin D Reid  
Mr Simon Renton  
Mrs Patricia Roche

	Dr Angela Roger
	Mr Douglas Rouxel
Trustee	Mr Paul Russell
	Dr Stephen Sangwine
	Mr Guy Stoate
Vice President	Ms Kathy Taylor
	Mr Jim Thakoordin
	Ms Eileen Tilley
	Mr Darren Tolliday
	Mr Sean Vernell
	Mrs Christine Vié
	Mr Roger Walden
	Mr Roger Walters
	Mr Gordon Watson
Immediate Past President	Mr Alan Whitaker
	Mr James Wolfreys
	Professor Cecile Wright
Trustee	Dr Dennis J Wright

Members of the National Executive Committee from 10 June 2012 (after end of Congress) and at 31<sup>st</sup> August 2012:

	Mr David Armstrong
	Mr Alan Barker
	Dr Gargi Bhattacharyya
	Ms Ann Blair
	Ms Margaret Boyd
	Professor Harriet Bradley
	Mr Ben Boydell
	Dr Roger Brooks
Trustee	Ms Isabel Brotherston
	Mr Philip Burgess
	Mr Mark Campbell
Honorary Treasurer	Mr Alan Carr
	Dr Steve Clark
	Ms Pauline Collins
	Ms Jean Crocker
	Dr Joanna de Groot
	Mr James Donaghey
	Mr James Eaden
	Ms Karen Evans
	Mr Joe Gluza
	Mrs Monica B Goligher
	Mr David Goode
	Mr Rob Goodfellow
	Ms Caroline Gray
	Professor Jane Hardy
	Ms Catherine Hepburn
	Mr Tom Hickey
Immediate Past President	Mr Terry Hoad
	Mr John Holden
	Ms Annie Holder
	Ms Patricia Hulme
General Secretary	Ms Sally Hunt
Trustee	Dr Alastair Hunter
	Ms Mary Jennings
	Mrs Lesley Kane
	Ms Veronica Killen
	Ms Vicky Knight
	Ms Angela Lamb
	Dr Bob Langridge
	Ms Dominique Lauterburg
	Dr Elizabeth H Lawrence
	Dr Martin Levy
	Mr David Limb
Vice President	Mr John McCormack
	Mr Richard McEwan

Trustee	Ms Lesley McGorrigan Dr Lesley C McIntosh Professor Neil Macfarlane Mr Graham Mawdsley Mr Ronald Mendel Professor Susan Michie Ms Laura Miles Ms Loraine Monk Ms Regine Pilling Professor Malcolm J W Povey Dr Catherine Prendergast
Vice President	Ms Jenny Prideaux Mr Simon Renton Mrs Patricia Roche Dr Angela Roger
Trustee	Mr Paul Russell Dr Stephen Sangwine Mr Andy Sellers Mr Guy Stoate Ms Jenny Sutton
President	Mrs Kathy Taylor Mr Jim Thakoordin Dr Jelena Timotijevic Mr Darren Tolliday Dr Suzanne Trill Mr Sean Vernell Mr Roger Walden Mr Roger Walters Mr Gordon Watson Mr Christopher Whyley
Trustee	Professor Cecile Wright Dr Dennis J Wright

## GENERAL FUND

(see notes 13 to 18)

	£	£
<b>INCOME</b>		
From Members: Contributions and Subscriptions		17,907,620
From Members: Other income from members (specify)		
Donations	14,187	
<b>Total other income from members</b>		14,187
<b>Total of all income from members</b>		17,921,807
<b>Investment income (as at page 12)</b>		17,762
<b>Other Income</b>		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)	241,422	
<b>Total of other income (as at page 4)</b>		241,422
		<b>TOTAL INCOME</b>
		18,180,991
<b>EXPENDITURE</b>		
Benefits to members (as at page 5)		618,511
Administrative expenses (as at page 10)		16,685,908
Federation and other bodies (specify)		
Subscriptions to TUC	228,222	
Subscriptions to Education International	137,172	
Other subscriptions	76,157	
<b>Total expenditure Federation and other bodies</b>		441,551
<b>Transfer to Pension Fund (Fund 3)</b>		113,000
		<b>TOTAL EXPENDITURE</b>
		17,858,970
Surplus (deficit) for year		322,021
Amount of general fund at beginning of year		7,428,146
Amount of general fund at end of year		7,750,167

# ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£	£
Federation and other bodies		
<b>TOTAL FEDERATION AND OTHER BODIES</b>		
<b>Other income</b>		
Insurance income	207,425	
Miscellaneous	1,473	
Donations from non-members	4,032	
University subventions	7,976	
Profit on sale of fixed assets	20,516	
<b>TOTAL OTHER INCOME</b>		241,422
<b>TOTAL OF ALL OTHER INCOME</b>		241,422

## ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£		£
Representation – Employment Related Issues	335,128	<b>brought forward</b>	360,657
		Education and Training services	169,869
Representation – Non Employment Related Issues	21,669		
		Negotiated Discount Services	
Communications Publications	3,860		
		Salary Costs	
Advisory Services			
		Other Benefits and Grants (specify)	
Dispute Benefits		Equality, health & safety and pensions events	75,078
		Other	12,907
Other Cash Payments			
<b>carried forward</b>	<b>360,657</b>	<b>Total (should agree with figure in General Fund)</b>	<b>618,511</b>



(See notes 24 and 25)

FUND 2		Fund Account	
Name:	Fighting Fund	£	£
<b>Income</b>			
	From members		259,553
	Investment income (as at page 12)		1
	Other income (specify)		
	Donations received	4,486	
	<b>Total other income as specified</b>		4,486
	<b>Total Income</b>		264,040
<b>Expenditure</b>			
	Benefits to members		1,730
	Administrative expenses and other expenditure (as at page 10)		69,939
	<b>Total Expenditure</b>		71,669
	<b>Surplus (Deficit) for the year</b>		192,371
	<b>Amount of fund at beginning of year</b>		1,155,077
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		1,347,448
	<b>Number of members contributing at end of year</b>		104,853

FUND 3		Fund Account	
Name:	Pension Fund	£	£
<b>Income</b>			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Pension contributions received in the year	488,000	
	<b>Total other income as specified</b>		488,000
	<b>Total Income</b>		488,000
<b>Expenditure</b>			
	Pension financial costs	375,000	
	Actuarial loss on pension scheme net assets	1,409,000	
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		1,784,000
	<b>Surplus (Deficit) for the year</b>		(1,296,000)
	<b>Amount of fund at beginning of year</b>		(6,815,000)
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		(8,111,000)
	<b>Number of members contributing at end of year</b>		104,853





(see notes 26 to 31)

POLITICAL FUND ACCOUNT 1		To be completed by trade unions which maintain their own fund		
		£	£	
Income	Members contributions and levies		145,684	
	Investment income (as at page 12)			
	Other income (specify)			
		Total other income as specified		
		Total income	145,684	
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)			
	Administration expenses in connection with political objects (specify)			
	Conferences & lobbying	17,372		
	Parliament & assembly costs	28,828		
	Subscription to TUC	88,204		
	Non-political expenditure	13,357		
			Total expenditure	147,761
			Surplus (deficit) for year	(2,077)
			Amount of political fund at beginning of year	10,349
			Amount of political fund at the end of year (as Balance Sheet)	8,272
		Number of members at end of year contributing to the political fund	96,409	
		Number of members at end of the year not contributing to the political fund	20,630	
		Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund	17,646	

POLITICAL FUND ACCOUNT 2		To be completed by trade unions which act as components of a central trade union		
		£	£	
Income	Contributions and levies collected from members on behalf of central political fund			
	Funds received back from central political fund			
	Other income (specify)			
		Total other income as specified		
		Total income		
Expenditure	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)			
	Administration expenses in connection with political objects (specify)			
	Non-political expenditure			
			Total expenditure	
			Surplus (deficit) for year	
			Amount held on behalf of trade union political fund at beginning of year	
			Amount remitted to central political fund	
			Amount held on behalf of central political fund at end of year	
			Number of members at end of year contributing to the political fund	
			Number of members at end of the year not contributing to the political fund	
		Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		

## ANALYSIS OF ADMINISTRATIVE EXPENSES AND OTHER OUTGOINGS EXCLUDING AMOUNTS CHARGED TO POLITICAL FUND ACCOUNTS

(see notes 32 and 33)

		£
<b>Administrative Expenses</b>		
Remuneration and expenses of staff		9,933,964
Salaries and Wages included in above	£7,862,449	
Auditors' fees		32,515
Legal and Professional fees		601,139
Occupancy costs		1,648,383
Stationery, printing, postage, telephone, etc.		446,065
Expenses of Executive Committee (Head Office)		269,475
Expenses of conferences		580,000
Other administrative expenses (specify)		
Equipment & systems maintenance		810,747
Campaigns, organising, recruitment, training & communications		441,525
Public affairs & press		7,395
Policy		57,277
Higher & further education		283,859
Ballot		212,840
Miscellaneous		106,366
<b>Other Outgoings</b>		
Interest payable:		
Bank loans (including overdrafts)		1,365
Bridging loan		190,364
Mortgages		23,096
Other loans		275
Depreciation		657,347
Taxation		(12,762)
Outgoings on land and buildings (specify)		
Other outgoings (specify)		
Payments to charities		3,325
Other donations		86,287
Pension scheme		375,000
	<b>Total</b>	16,755,847
Charged to:	General Fund (Page 3)	16,685,908
	Fighting Fund (Account 2)	69,939
	Fund (Account )	
	Fund (Account )	
	Fund (Account )	
	<b>Total</b>	16,755,847



## ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £	Other Fund(s) £
Rent from land and buildings		
Dividends (gross) from:		
Equities (e.g. shares)		12,653
Interest (gross) from:		
Government securities (Gilts)		272
Mortgages		
Local Authority Bonds		
Bank and Building Societies		4,838
Other investment income (specify)		
Total investment income		17,763
Credited to:		
General Fund (Page 3)		17,762
Fighting Fund (Account 2)		1
Fund (Account )		
Fund (Account )		
Fund (Account )		
Fund (Account )		
Political Fund		
Total Investment Income		17,763

**BALANCE SHEET as at** 31<sup>st</sup> August 2012

(see notes 47 to 50)

Previous Year		£	£
18,595,820	<b>Fixed Assets</b> (at page 14)		18,107,164
	<b>Investments</b> (as per analysis on page 15)		
64,714	Quoted (Market value £ 740,243)	64,714	
50,000	Unquoted	50,000	
114,714	<b>Total Investments</b>		114,714
	<b>Other Assets</b>		
	Loans to other trade unions		
1,013,916	Sundry debtors	898,032	
2,935,578	Cash at bank and in hand	3,460,184	
	Income tax to be recovered		
	Stocks of goods		
50	Others (specify) Deposits with building societies	50	
3,949,544	<b>Total of other assets</b>		4,358,266
22,660,078	<b>TOTAL ASSETS</b>		22,580,144
7,428,146	General Fund (Account 1)		7,750,167
1,155,077	Fighting Fund (Account 2)		1,347,448
(6,815,000)	Pension Fund (Account 3)		(8,111,000)
	Superannuation Fund (Account )		
10,349	Political Fund (Account 1)		8,272
	Revaluation Reserve		
	<b>LIABILITIES</b>		
	Amount held on behalf of central trade union political fund		
6,815,000	Pension liability	8,111,000	
1,171,837	USS Pension liability	718,223	
	Loans: From other trade unions		
11,115,452	Loans: Other - Bank	10,967,271	
15,371	HP & finance lease		
	Bank overdraft		
	Tax payable		
1,763,846	Sundry creditors	1,788,763	
	Accrued expenses		
	Provisions		
	Other liabilities		
20,881,506	<b>TOTAL LIABILITIES</b>		21,585,257
22,660,078	<b>TOTAL ASSETS</b>		22,580,144



## FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold £	Leaseh'ld £				
<b>Cost or Valuation</b>						
At start of year	20,740,918	167,013	2,228,524	181,797		23,318,252
Additions			188,256			188,256
Disposals			(8,950)	(165,933)		(174,883)
Revaluation/Transfers						
At end of year	20,740,918	167,013	2,407,830	15,864		23,331,625
<b>Accumulated Depreciation</b>						
At start of year	2,828,710	48,167	1,689,041	156,514		4,722,432
Charges for year	414,818	3,341	237,171	5,749		661,079
Disposals			(8,950)	(150,100)		(159,050)
Revaluation/Transfers						
At end of year	3,243,528	51,508	1,917,262	12,163		5,224,461
<b>Net book value at end of year</b>	17,497,390	115,505	490,568	3,701		18,107,164
<b>Net book value at end of previous year</b>	17,912,208	118,846	539,483	25,283		18,595,820

## ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £	Political Fund  £
Equities (e.g. Shares)	62,214	
Government Securities (Gilts)	2,500	
Other quoted securities (to be specified)		
TOTAL QUOTED (as Balance Sheet)	64,714	
Market Value of Quoted Investment	740,243	
UNQUOTED Equities	50,000	
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies		
Other unquoted investments (to be specified)		
TOTAL UNQUOTED (as Balance Sheet)	50,000	
Market Value of Unquoted Investments	50,000	

## ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 58 and 59)

Does the union, or any constituent part of the union, have a controlling interest in any limited company?		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
Are the shares which are controlled by the union registered in the names of the union's trustees?		YES <input type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the union are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

## SUMMARY SHEET

(see notes 60 to 71)

	All funds except Political Funds £	Political Funds £	Total Funds £
<b>INCOME</b>			
From Members	18,181,360	145,684	18,327,044
From Investments	17,763		17,763
Other Income (including increases by revaluation of assets)	733,908		733,908
<b>Total Income</b>	18,933,031	145,684	19,078,715
<b>EXPENDITURE</b> (including decreases by revaluation of assets)			
<b>Total Expenditure</b>	19,714,639	147,761	19,862,400
<b>Funds at beginning of year</b> (including reserves)	1,768,223	10,349	1,778,572
<b>Funds at end of year</b> (including reserves)	986,615	8,272	994,887
<b>ASSETS</b>			
Fixed Assets			18,107,164
Investment Assets			114,714
Other Assets			4,358,266
		<b>Total Assets</b>	22,580,144
<b>LIABILITIES</b>			
		<b>Total Liabilities</b>	21,585,257
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			994,887

## **NOTES TO THE ACCOUNTS**

(see notes 72 and 73)

All notes to the accounts must be entered on or attached to this part of the return.

**SEE ATTACHED**

**UNIVERSITY AND COLLEGE UNION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2012**

**STATEMENT OF RESPONSIBILITIES OF THE  
UNION AND MEMBERS OF THE NATIONAL EXECUTIVE COMMITTEE**

The National Executive Committee is the principal executive committee of the Union and consists of the Officers of the Union (Vice-President; President-elect; President; Immediate Past-President; Honorary Treasurer), the General Secretary and the ordinary members of the Committee elected for constituencies defined in the Union's Rules.

Trade Union law requires the Union and members of the National Executive Committee to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Union and of the surplus or deficit of the Union for that period. In preparing those financial statements the Union and members of the National Executive Committee are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Union will continue in operation.

The Union and members of the National Executive Committee are responsible for keeping proper accounting records such as are necessary to give a true and fair view of the state of affairs of the Union and to explain its transactions. The Union and members of the National Executive Committee must also establish and maintain a satisfactory system of control of its accounting records, its cash holdings and all its receipts and remittances and hence are responsible for safeguarding the assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2012**

**1. Taxation**

**Analysis of charge in year**

	<b>Year ended 31.8.2012</b>	<b>Year ended 31.8.2011</b>
	£	£
<b>Current tax</b>		
Provision for UK corporation tax on surplus for the year.	--	--
Adjustments in respect of previous provision.	2,705	--
Total current tax charge / (credit).	<u>2,705</u>	<u>--</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences.	(15,467)	3,353
Effect of reduced tax rate on opening asset.	--	709
Total deferred tax charge.	<u>(15,467)</u>	<u>4,062</u>
Total tax (credit) / charge	<u>£(12,762)</u>	<u>£4,062</u>

**Factors affecting the tax charge for the year**

	<b>Year ended 31.8.2012</b>	<b>Year ended 31.8.2011</b>
	£	£
Surplus on accumulated funds before taxation.	<u>£587,904</u>	<u>£1,462,560</u>
Surplus on accumulated funds before taxation multiplied by the small companies rate of UK corporation tax at 20% (2011- 20.581%).	117,581	301,009
Effects of:		
Income not chargeable to taxation.	(3,670,814)	(3,836,479)
Expenses not deductible for tax purposes.	3,537,687	3,539,161
Adjustments in respect of previous periods.	2,784	--
Rollover relief.	--	--
Tax losses carried forward.	15,467	(3,691)
Current tax charge / (credit).	<u>£2,705</u>	<u>£ --</u>

**Provision for deferred taxation**

	<b>Year ended 31.8.2012</b>	<b>Year ended 31.8.2011</b>
	£	£
In respect of tax losses carried forward.	<u>£(10,572)</u>	<u>£(10,572)</u>
Provision at 1.9.2011.	(10,572)	(14,634)
Deferred tax charge in income and expenditure account for the year.	<u>(15,467)</u>	<u>4,062</u>
Deferred tax asset at 31.8.2012.	<u>£(26,039)</u>	<u>£(10,572)</u>

**UNIVERSITY AND COLLEGE UNION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2012  
(continued)**

**2. Actuarial Losses on NATFHE Pension and Life Assurance Scheme**

Actuarial losses on the NATFHE Pension and Life Assurance Scheme from 1st September 2011 to 31st August 2012 of £1,409,000 are recognised in the Pension Fund Account (Fund 3) (2011 - gains £1,714,000).

Analysis of actuarial gain / (loss) on Pension Scheme Net Assets.	Year ended 31.8.2012		Year to
	Pension Fund £	Total £	31.8.2011 Total £
Actual return less expected return on pension scheme assets.	1,663,000	1,663,000	(18,000)
Experience gain arising on the scheme liabilities.	129,000	129,000	85,000
Changes in assumptions underlying the present value of the scheme's liabilities.	(3,201,000)	(3,201,000)	1,647,000
Actuarial (loss) / gain on Pension Scheme Net Assets.	<u>£(1,409,000)</u>	<u>£(1,409,000)</u>	<u>£1,714,000</u>

**3. Pension Schemes**

At the time of admission to the USS the deficit in the AUT Pension Fund was evaluated as £3,170,000. In consideration of the transfer of assets and liabilities of the AUT Pension Fund to the USS it was agreed that additional contributions would be payable to USS over a nine year period from 1 March 2005 and that the cost of those contributions would be payable by way of an annuity with interest at 5.35%. The total cost of the additional contributions payable under the annuity amounted to £4,050,340 and was to be paid by 10 equal amounts annually in advance. The AUT paid the first instalment under the annuity of £405,034 on 1st March 2005. From 1 March 2006 the payments were rescheduled over the remaining eight years of the annuity period to be paid by equal monthly instalments in advance of £38,019. The additional cost of rescheduling the annuity was £21,410 and this amount was added to the principal annuity sum.

The deficit disclosed in these financial statements in respect of the NATFHE Pension and Life Assurance Scheme was evaluated by the scheme's actuary at 31 August 2011 as £6,815,000 and at 31 August 2012 as £8,111,000.

The former NATFHE agreed to pay an additional contribution of £15,820 per month for a period of 15 years from 1 June 2006. These additional amounts are payable in accordance with a schedule of contributions agreed between the Trustees of the NATFHE Pension and Life Assurance Scheme and the Employer (NATFHE). The UCU continued these payments from 1 June 2006. The payments were revised from 1 July 2009 as part of a recovery plan agreed between the Trustees of the NATFHE Pension and Life Assurance Scheme and UCU and the revised payments are £20,000 per month from 1 July 2009 to 31 January 2010, £42,800 per month from 1 February 2010 to 30 June 2012 and £87,000 per month from 1 July 2012 to 30 June 2019.

Following the completion of the triennial valuation of the NATFHE Pension and Life Assurance Scheme on 1 April, 2011 a revised recovery plan was agreed between the Trustees of the NATFHE Pension and Life Assurance Scheme and the University and College Union on 26 June 2012. The payments due in accordance with the plan are due to be paid as £30,000 per month from 1 July 2012 to 30 June 2014, £55,000 per month from 1 July 2014 to 30 June 2017 and £90,000 per month from 1 July 2017 to 30 September 2020.

The future accrual of benefits under the NATFHE Pension and Life Assurance Scheme ceased from 1st November 2006.

From 1st November 2006 the former employees of NATFHE commenced payment of contributions to the USS and ceased to make contributions to the NATFHE Pension and Life Assurance Scheme.

**USS INSTITUTIONS - ACTUARIAL VALUATION AS AT 31 MARCH 2011  
FR517 - RETIREMENT BENEFITS**

The University and College Union participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected unit method. 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), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

**UNIVERSITY AND COLLEGE UNION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2012  
(continued).**

**3. Pension Schemes (continued)**

Standard mortality tables were used as follows:

Male member's mortality:	S1NA ("light") YoB tables (no age rating)
Female member's mortality:	S1NA ("light") YoB tables (rated down one year)

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates the CMI 2009 projections with 1.25% pa long term rates were also adopted. The assumed life expectations on retirement at age 65 are:

	At age 65 years.	At age 45 years.
Males	23.7 years	25.5 years
Females	25.6 years	27.6 years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets were therefore sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was approximately 82%.

As part of this valuation, the trustee has determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is due as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011.

**New entrants:**

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

**Normal pension age:**

The Normal pension age was increased for future service and new entrants, to age 65.

**Flexible Retirement:**

Flexible retirement options were introduced.

**Member contributions increased:**

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

**Cost sharing:**

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

**Pension increase cap:**

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using a AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.



**UNIVERSITY AND COLLEGE UNION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2012  
(continued).**

**3. Pension Schemes (continued)**

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

Assumption	Change in assumption	Impact on shortfall
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1.0 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 Year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers.

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimizing the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2014 and the contribution rate will be reviewed as part of the valuation and may be reviewed more frequently.

At 31 March 2012, USS had over 145,000 active members and the UCU had 194 active contributing members participating in the scheme.

The pension cost charged to the income and expenditure account in respect of contributions paid to USS is £1,065,243 (2011 - £1,015,542).

**NATFHE PENSION AND LIFE ASSURANCE SCHEME  
FRS17 - RETIREMENT BENEFITS**

The University and College Union "the employer" operates the NATFHE Pension and Life Assurance Scheme which is governed by a Trust Deed dated 1 April 1974, as subsequently amended, and is administered by Trustees, nominated by the former NATFHE and by members of the scheme. The scheme is a defined benefit scheme. The scheme is closed to new members.

The NATFHE Pension and Life Assurance Scheme is subject to triennial valuations and the last triennial valuation was carried out on 1 April 2011.

The scheme's actuary was asked to provide figures relevant to the scheme as at 31 August 2011 and 31 August 2012 for the purposes of complying with FRS17 "Retirement benefits".

The figures provided in these financial statements are based on the following assumptions:

		<b>At 31.8.2012</b>	<b>At 31.8.2011</b>
Discount rate		4.20% pa	5.70% pa
Inflation assumption		2.90% pa	3.60% pa
Rate of increase in salaries	Years from 1.4.2011		2% pa above inflation
	0 - 2	RPI less 2% pa 0.90% pa	)
	3 - 5	RPI less 1% pa 1.90% pa	) 5.60% pa
	6 +	RPI plus 0.25% 3.15% pa	)
Long term rates of return expected on scheme's assets net of scheme expenses*		4.50% pa	5.70% pa
Pension increases:			
Rate of increase in pensions in payment - 5% pa fixed pension increases		5.00% pa	5.00% pa
Rate of increase in pensions in payment - RPI pension increases		2.90% pa	3.60% pa
Rate of increase in pensions revaluation in deferment		2.90% pa	3.60% pa
Standard mortality tables were used as follows:	Post retirement mortality	SINA	PCAO
		CMI 2011 projection based on individual year of birth, minimum 1.5% pa long term improvement **	Long cohort projection based on individual year of birth, minimum 1.2% pa improvement
		No allowance	No allowance

\* The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. Equity returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on government bonds. Bond returns are selected by reference to the yields on government and corporate debt as appropriate to the Scheme's holdings of these instruments.

\*\* CMI - Continuous Mortality Investigation into the mortality of Self-Administered Pension Schemes.

**UNIVERSITY AND COLLEGE UNION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2012  
(continued).**

**3. Pension Schemes (continued)**

Under the mortality tables and projections adopted, the assumed future life expectancy at age 65 is as follows:

Male currently aged 45	23.6 years	26.6 years
Female currently aged 45	26.2 years	28.9 years
Male currently aged 65	22.3 years	24.1 years
Female currently aged 65	24.6 years	26.6 years

The assets in the scheme and the expected rates of return were:	Major asset categories as a proportion of total assets at:		Long-term rate of return expected at 31.8.2012.	Value at 31.8.2012.	Long-term rate of return expected at 31.8.2011.	Value at 31.8.2011.
	31.8.2012.	31.8.2011.				
				£'000		£'000
Equities	42.79%	44.77%	5.80% pa	9,909	6.70% pa	9,196
Bonds	30.85%	30.84%	4.20% pa	7,144	5.70% pa	6,335
Gilts	25.88%	23.88%	2.80% pa	5,992	3.70% pa	4,905
Cash (* negligible rate of return)	0.48%	0.51%	0.00% pa *	111	0.00% pa *	105
Fair value of assets				23,156		20,541
Present value of funded obligations				(31,267)		(27,356)
Deficit in scheme and net pension liability				£(8,111)		£(6,815)

The actual return on the Scheme's assets net of expenses over the year to the Review Date was £2,828,000.

The assets do not include any investment in the Employer.

Reconciliation of Assets and Funded Obligations:	£'000
Fair value of assets at 1st September 2011	20,541
Expected return on assets	1,165
Contributions from employer *	488
Benefits paid	(701)
Actuarial gain on assets	1,663
Fair value of assets at 31st August 2012	£23,156

\* The Employer expects to contribute £360,000 to the Scheme during the year to 31 August 2013.

Funded obligations at 1st September 2011	(27,356)
Past service cost	--
Interest cost	(1,540)
Benefits paid	701
Actuarial loss	(3,072)
Present value of Defined Benefit obligations at 31st August 2012	£(31,267)

Analysis of the amount charged to staff costs in the Income and Expenditure Account:	Year ended 31.8.2012 £'000	Year ended 31.8.2011 £'000
Past service cost	--	--
Total operating charge	--	--

Analysis of the amount charged to financial expenses in the Income and Expenditure Account:	Year ended 31.8.2012 £'000	Year ended 31.8.2011 £'000
Expected return on pension scheme assets	1,165	1,077
Interest on pension scheme liabilities	(1,540)	(1,452)
Net financial expense	£(375)	£(375)

The projected financial expense for the year to 31st August 2013 amounts to £264,000 (2012 - £372,000). The expected return on pension scheme assets is projected to be £1,034,000 (2012 - £1,171,000) and interest on pension scheme liabilities is projected to be £1,298,000 (2012 - £1,543,000). This projection is based on the assumption that cashflows to and from the Scheme are broadly unchanged from the current year's figures and that there have been no events (other than those already notified to the Scheme's actuaries) that would give rise to a settlement, curtailment or past service cost.

**UNIVERSITY AND COLLEGE UNION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2012  
(continued).**

**3. Pension Schemes (continued)**

<b>Analysis of actuarial gain / (loss) on Pension Scheme Net Assets:</b>	<b>Year ended <u>31.8.2012</u> £'000</b>	<b>Year ended <u>31.8.2011</u> £'000</b>
Actual return less expected return on pension scheme assets	1,663	(18)
Experience gain arising on the scheme liabilities	129	85
Changes in assumptions underlying the present value of the scheme's liabilities	<u>(3,201)</u>	<u>1,647</u>
Actuarial (loss) / gain on Pension Scheme Net Assets.	<u>£(1,409)</u>	<u>£1,714</u>
<b>Movement in scheme deficit during the year:</b>	<b>Year ended <u>31.8.2012</u> £'000</b>	<b>Year ended <u>31.8.2011</u> £'000</b>
Deficit in scheme at 1 September 2011	(6,815)	(8,668)
Movement in year:		
Contributions received from Employer	488	514
Past service cost	--	--
Net financial (expense)	(375)	(375)
Actuarial (loss) / gain	<u>(1,409)</u>	<u>1,714</u>
Deficit in scheme at 31 August 2012	<u>£(8,111)</u>	<u>£(6,815)</u>
<b>Details of experience gains and losses for the year:</b>	<b>Year ended <u>31.8.2012</u> £'000</b>	<b>Year ended <u>31.8.2011</u> £'000</b>
<b>Difference between the expected and actual return on the scheme assets:</b>		
Amount (£ thousand)	£(1,540)	£(1,452)
Percentage of scheme assets	7%	7%
<b>Experience gains and losses on scheme liabilities:</b>		
Amount (£ thousand)	£1,663	£(18)
Percentage of the present value of the scheme liabilities	5%	(0%)
<b>Total amount recognised in the Pension Fund Account (Fund 3):</b>		
Amount (£ thousand)	£(1,409)	£1,714
Percentage of the present value of the scheme liabilities	5%	(6%)

The inflation assumption of 2.9% pa (2011 - 3.6% pa) has been determined by looking at market implied rates of future inflation – taken as the difference between the yields on fixed interest and index-linked bonds using Bank of England data which looks at the differences in yields for fixed interest and index-linked gilts and then calculates the implied differences.

No allowance was made for withdrawals from active service before normal retirement date. 90% of members were assumed to be married when they die with husbands being three years older than their wives.

Members retiring between their 60th and 65th birthdays with accrued service arising before 1 April 2003 will receive an un-reduced pension in respect of that service. Members with pension service accrued after 1 April 2003 will receive a reduced pension derived from the scheme's early retirement factors. The figures provided in these financial statements assume that those members with pre 1 April 2003 service still employed by UCU will retire at age 62 years. Deferred members with pre 1 April 2003 service are assumed to retire at age 60 years. Members who joined the scheme after 1 April 2003 are assumed to retire at age 65.

The asset values are the bid values of the funds invested with Legal & General Investment Management. The cash value represents the balance held on the Trustees bank account and has been taken as an approximate value for the other net assets of the scheme.

The next formal triennial actuarial valuation of the NATFHE Pension and Life Assurance Scheme is due as at 1 April 2014.

No allowance for deferred taxation has been made.

No allowance has been made in these figures for possible effects of the cost that might be incurred in respect of the scheme's liability to pay the Pension Protection Fund Levy.

**UNIVERSITY AND COLLEGE UNION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 2012  
(continued).**

**4. Operating Leasing Commitments**

The operating lease rentals charged in the income and expenditure account were:

	Year ended <u>31.8.2012</u>	Year ended <u>31.8.2011</u>
	£	£
Land and buildings.	183,211	160,774
Other leases - Plant and machinery.	423,581	323,265
	<u>£606,792</u>	<u>£484,039</u>

**4. Operating Leasing Commitments (continued)**

At 31st August, 2012 the University and College Union had annual commitments under non-cancellable operating leases which expire as follows:

	Land and buildings		Other	
	31.8.2012	31.08.2011	31.8.2012	31.08.2011
	£	£	£	£
Within one year	50,500	53,500	58,400	52,800
Within two to five years	104,400	83,700	329,200	169,400
Over five years	89,200	43,500	--	--
	<u>£244,100</u>	<u>£180,700</u>	<u>£387,600</u>	<u>£222,200</u>

**5. Obligations Under Hire Purchase Contracts and Finance Leases**

	31.8.2012		31.08.2011	
	Gross obligations	Future charges	Net obligations	Net obligations
	£	£	£	£
In respect of motor vehicles:				
Within one year	--	--	--	15,371
	<u>£ --</u>	<u>£ --</u>	<u>£ --</u>	<u>£15,371</u>
	2011	£15,609	£238	£15,371

**6. Capital Commitments**

There were no capital commitments contracted for but not provided for at 31 August 2012 (2011 - £nil).

**7. Related Party Transactions**

UCU is a participating institution of the Universities Superannuation Scheme and makes pension contributions to the scheme in respect of the employee members of UCU. As disclosed in note 3, the appointment of directors to the board of the trustee of the Universities Superannuation Scheme is determined by the Company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the management committee.

During the year ended 31st August 2012 employers normal pension contributions payable to USS by UCU were £1,065,243 (2011 - £1,015,542) and the balance payable by UCU to USS at 31st August 2012 was £169,370 (2011 - £131,054).

Members of UCU may make payments via UCU to "Recourse" (formerly the College and University Support Network (CUSN)) at the same time as they pay their subscription payment to the UCU. Recourse is a registered charity (charity registration number 1116382) and was incorporated on 12th July 2006. The charity changed its name to Recourse on 14th July, 2010 following a rebranding exercise. It was established to support staff working in Further and Higher Education, former employees and dependant relatives. It is also a wholly owned subsidiary company of the Teachers Support Network (TSN). Recourse's company registration number is 05874222 and it is a Company Limited by Guarantee. The UCU remits the payments received from members to Recourse on a monthly basis. The payments are made by individual members of UCU as Gift Aid payments. Recourse is governed and administered by the Trustees and National Council of TSN. UCU has the right to appoint five members to the National Council of TSN (preferably from within the National Executive Committee of UCU) and in addition subscribing members of UCU have the right to elect members of the National Council of TSN.

During the year ended 31st August 2012 Gift Aid payments payable to Recourse (formerly CUSN) of £374,533 (2011 - £400,834) were received from members of UCU and the balance payable by UCU to Recourse as at 31st August 2012 was £28,134 (2011 - £60,514).

**8. Events after the Balance Sheet date and Future Developments.**

Despite the simultaneous completion of the sale of the Union's freehold property situated at 27 Britannia Street (London) and the repayment of the loans obtained to purchase the Union's freehold property located at Carlow Street (London) in December 2012, UCU continues to face significant financial challenges to counter the effects of an ongoing decline in membership and increasing costs. In this respect UCU has already started to implement a long term strategy by developing a three year plan involving the active engagement of all parties concerned, including elected representatives of the trade union representing UCU staff.

## ACCOUNTING POLICIES

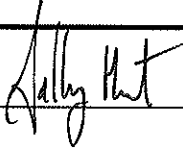
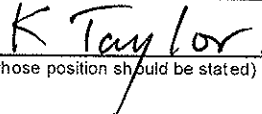
(see notes 74 and 75)

**SEE ATTACHED**

## SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

including the accounts and balance sheet contained in the return.

Secretary's Signature: <u></u>  Name: SALLY HUNT Date: <u>15<sup>th</sup> March 2013</u>	Chairman's Signature: <u></u> <small>(or other official whose position should be stated) (PRESIDENT)</small>  Name: KATHY TAYLOR Date: <u>15<sup>th</sup> March 2013</u>
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## CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? <small>(see Page 2 and Note 12)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? <small>(see Page 2 and Note 12)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? <small>(see Pages 19 and 21 and Notes 76 and 77)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? <small>(see Pages 20 and 21 and Notes 2 and 77)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? <small>(see Notes 8 and 78)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: <small>(see Note 80)</small>	ENCLOSED	<input type="checkbox"/>	TO FOLLOW	<input checked="" type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED <small>(see Page 17 and Notes 7 and 59)</small>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>

**UNIVERSITY AND COLLEGE UNION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST AUGUST 2012**

**1. Principal Accounting Policies**

The financial statements comply with relevant accounting standards. The principal accounting policies, which have been consistently applied throughout the year, are set out below.

(a) **Accounting convention**

The financial statements are prepared in accordance with the historical cost convention and applicable Accounting Standards.

(b) **Branches and Local Associations.**

For the purpose of the Trade Union and Labour Relations (Consolidation) Act 1992 the Union is regarded as a trade union with branches. The "branches" of the Union comprise of Local Associations of UCU or Branches of UCU. The assets, liabilities and transactions of the local associations and branches for the year ended 31st August, 2012 are included in these financial statements.

(c) **Depreciation**

Depreciation is provided on all tangible fixed assets, other than land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold and long leasehold property.	2%.
Fixtures and fittings.	10% or the remaining period of the lease.
Plant and machinery.	25%.
Furniture.	10%.
Office equipment.	20%.
Computer equipment and software.	33%.
Motor vehicles (owned).	20%.
Motor vehicles (leased).	Over the period of the lease.

The rate of depreciation is reduced proportionately in the year of acquisition of an asset.

(d) **Subscriptions**

Subscriptions are accounted for on an accruals basis, although no account is taken of individual members' subscriptions that may be in arrears.

(e) **Pension costs**

The former Association of University Teachers (AUT) became a participating institution of the Universities Superannuation Scheme (USS), a defined benefit scheme, from 1st March 2005. The scheme is externally funded and contracted out of the State Second Pension (S2P). The Assets of the scheme are held in a separate trustee-administered fund. The University and College Union (UCU) became a participating institution of USS on the amalgamation of AUT and NATFHE from 1st June 2006.

The balance sheet in these financial statements reflects the payments due under an annuity to the USS. The movements on the remaining balance payable in respect of that annuity are shown in these financial statements under creditors.

Because of the mutual nature of the USS scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The UCU is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account as a component of employee costs represents the contributions payable to the scheme in respect of the accounting year.

The UCU continued to make payments to the NATFHE Pension and Life Assurance Scheme to reduce the deficit that existed in that scheme from 1st June 2006. FRS 17 requires the sponsoring employer to account for the NATFHE Pension and Life Assurance Scheme deficit as a liability on its balance sheet mirrored by a pension reserve.

Movements on the NATFHE Pension and Life Assurance Scheme's asset or liability, to the extent that they arise from the expected return on pension fund assets net of interest charges on pension fund liabilities, are reflected in the income and expenditure account as a component of financial expenses.

Movements on the NATFHE Pension and Life Assurance Scheme assets and liabilities arising from changes in actuarial assumptions including actual returns on pension fund assets net of expected returns and experience gains and losses arising on Fund liabilities are reflected in these financial statements through the Pension Fund Account (Fund 3).

(f) **Leases**

Assets financed by leasing agreements which give rights approximating to ownership (finance leases) have been capitalised at their fair value and depreciation is provided on the basis of the depreciation policy. The capital elements of future obligations under finance leases are included as liabilities in the Balance Sheet and the current period's interest element is charged to the Income and Expenditure Account on a straight line basis. The annual payments under all other lease arrangements, known as operating leases, are charged to the Income and Expenditure Account as payments to the lessor fall due.

(g) **Investments**

The investments held are managed by professional investment managers and brokers and transactions are undertaken under powers delegated to them.

(h) **Value added tax (VAT)**

The figures included in these financial statements are exclusive of VAT to the extent that input VAT is partially or fully recoverable or output VAT is payable.

(i) **Deferred Tax**

In accordance with FRS 19, deferred tax is provided for on all material reversing timing differences at the rate of corporation tax applicable to the Union's activities.

# AUDITOR'S REPORT

(see notes 81 to 86)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?  
(See section 36(1) and (2) of the 1992 Act and notes 83 and 84)

YES/NO

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
  - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
  - (c) whether the accounts to which the report relates agree with the accounting records?  
(See section 36(3) of the 1992 Act, set out in note 83)

YES/NO

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
  - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.  
(See section 36(4) of the 1992 Act set out in rule 83)

YES/NO

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR21 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.  
(See note 85)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE UNIVERSITY AND COLLEGE UNION**

We have audited the financial statements of the University and College Union for the year ended 31st August 2012 which comprise the Funds Accounts, the Balance Sheet and the related notes. 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 Members, as a body, in accordance with the Union's rules. Our audit work has been undertaken so that we may state to the Union's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Union and its members as a body, for our audit work, for this report or for the opinions we have formed.

## AUDITOR'S REPORT (continued)

### RESPECTIVE RESPONSIBILITIES OF THE MEMBERS OF THE NATIONAL EXECUTIVE COMMITTEE AND AUDITORS

As explained more fully in the Statement of Responsibilities of the Union and members of the National Executive Committee, The National Executive Committee are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, in particular the rules of the Union, the Trade Union and Labour Relations (Consolidation) Act 1992, and International Standards on Auditing (UK and Ireland). These Standards require us to comply with the Auditing Practice's Board (APB's) Ethical Standards for Auditors.

### BASIS OF OPINION

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 misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Union's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Executive Committee, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information disclosed on pages 1 and 2 of the AR21 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 Union's affairs as at 31st August 2012 and of 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 Trade Union and Labour Relations (Consolidation) Act 1992 and the rules of the Union.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- sufficient accounting records have not been kept; or
- the financial statements are not in accordance with the accounting records and returns; or
- a satisfactory system of control has not been maintained over the Union's transactions; or
- we have not received all the information and explanations we require for our audit.

Signature(s) of auditor or auditors:	<i>Knox Cropper</i>	
Name(s):	Knox Cropper	
Profession(s) or Calling(s):	Chartered Accountants & Statutory Auditors	
Address(es):	8/9 Well Court London EC4M 9DN	
Knox Cropper is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.		
Date:	<i>20<sup>th</sup> March 2013</i>	
Contact name and telephone number:	Greg Stevenson 020 7332 6400	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.