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FORM AR21

To be used for reporting years starting on or after 6 April 2015

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:	University & College Union
Year ended:	31 st August 2016
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

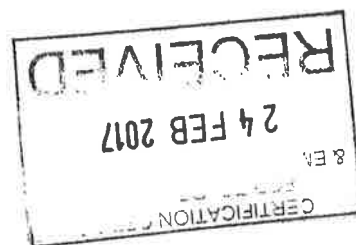
The address to which returns and other documents should be sent are:

For Unions based in England and Wales:

Certification Office for Trade Unions and Employers' Associations
22nd 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



(Revised June 2016)

OFFICERS OF THE UNIVERSITY AND COLLEGE UNION - 2015/2016

Officers of the Union at 31st August 2015:

President	Dr Elizabeth H Lawrence
President Elect	Mr Robin Goodfellow
Vice-president	Dr Joanna de Groot
Honorary Treasurer	Dr Angela Roger
Immediate Past President	N/A

Officers of the Union at 31st August 2016:

Mr Robin Goodfellow
Dr Joanna de Groot
Ms Vicky Knight
Dr Angela Roger
Dr Elizabeth H Lawrence

Members of the National Executive Committee from 1st September 2015 and at 3 June 2016 (until the end of Congress):

Dr Elizabeth H Lawrence (President)
Mr Robin Goodfellow (President Elect)
Dr Joanna de Groot (Vice President)
Dr Angela Roger (Honorary Treasurer)
Mr David Muritu
Ms Dawn Livingston***
Mrs Hilary Kurt**
Ms Emma-Jane Phillips
Ms Mary Jennings
Mr Steve Boyce
Dr Sue Abbott
Ms Patricia Hornby Atkinson
Ms Saira Weiner
Ms Vicky Knight
Ms Sue Whittaker
Ms Vicky Blake
Ms Amy Jowett
Mr Brian Hamilton***
Professor Mike Larkin
Ms Monica Goligher
Dr Douglas Chalmers
Ms Janice Aitken
Mr Chris Jones
Mr Chris Whyley
Professor Paul Blackledge
Dr Martin Levy
Dr Terry Murphy
Ms Cath Hepburn
Mr Lee Short
Ms Xanthe Whittaker
Mr Alan J Ryan
Ms Jacqueline D'Arcy
Mr Simon Bruce-Jones
Ms Ioanna Ioannou
Professor Susan Michie
Dr Steve Sangwine
Mr Sean Wallis
Mr Richard McEwan
Ms Rose Veitch
Ms Jo McNeill
Mr Michael McKrell
Ms Nina Doran
Ms Pauline Collins

Mr Bruce Heil
Dr Patricia McManus
Mr Mick Dawson
Mr Steve Allen
Mr Alan Barker
Ms Mandy Brown
Ms Margot Hill
Mr Michael Howard*
Ms Lyndsey Nicholson*
Ms Jenny Prideaux
Mr Jim Thakoordin
Mr Dave Anderson
Mr Todd Bailey
Professor Andreas Bieler
Professor Harriet Bradley
Dr Roger Brooks
Ms Julia Charlton
Dr Karen Evans
Dr Marion Hersh
Ms Dominique Lauterburg
Ms Lesley McGorrigan
Dr Carlo Morelli

General Secretary

Ms Sally Hunt

Trustees

Mr Philip Burgess
Dr Alastair Hunter
Ms Angela McConnell
Professor Neil Macfarlane
Ms Kathy Taylor

* resigned October 2015

** resigned February 2016

*** elected March 2016

Members of the National Executive Committee from 3 June 2016 (after end of Congress) and at 31st August 2016:

Mr Robin Goodfellow (President)
Dr Joanna de Groot (President Elect)
Dr Angela Roger (Honorary Treasurer)
Ms Vicky Knight (Vice President)
Dr Elizabeth H Lawrence (Immediate Past President)
Ms Dawn Livingston
Mr David Muritu
Ms Emma-Jane Phillips
Ms Mary Jennings
Mr Steve Boyce
Dr Sue Abbott
Ms Ariane Bogain
Dr Victoria Showunmi
Ms Carolyn Campbell
Ms Elaine White

Ms Vicky Blake
Ms Amy Jowett
Dr Renee Prendergast
Mr David Limb
Dr Douglas Chalmers
Ms Janice Aitken
Mr Chris Jones
Mr Chris Whyley
Dr Jeff Fowler
Dr Joan Harvey
Dr Terry Murphy
Ms Cath Hepburn
Ms Xanthe Whittaker
Mr Alan J Ryan
Ms Jacqueline D'Arcy
Mr Simon Bruce-Jones
Professor Sarah Brown
Dr Rachel Cohen
Mr Sean Wallis
Mrs Amanda Williams
Ms Julia Roberts
Mr Sean Vernell
Ms Jo McNeill
Mr Michael McKrell
Ms Nina Doran
Ms Pauline Collins
Mr Bruce Heil
Dr Patricia McManus
Mr Mick Dawson
Mr Steve Allen
Ms Mandy Brown
Mr Brian Hamilton
Ms Margot Hill
Ms Jenny Prideaux
Ms Mel Stouph
Mr Dave Anderson
Mr Todd Bailey
Ms Julia Charlton
Mr Jimmy Donaghey
Mr Paul Errington
Ms Julie Hearn
Dr Marion Hersh
Ms Lesley McGorrigan
Dr Carlo Morelli

General Secretary

Ms Sally Hunt

Trustees

Mr Philip Burgess
Dr Alastair Hunter
Ms Angela McConnell
Professor Neil Macfarlane
Ms Kathy Taylor

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	49,918	1,536	7	74	51,535
FEMALE	51,213	1,710	9	45	52,977
TOTAL	101,131	3,246	16	119	A 104,512

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

85

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

98,774

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	Dr Elizabeth H Lawrence	Mr Robin Goodfellow	3.6.16
President-Elect	Mr Robin Goodfellow	Dr Joanna de Groot	3.6.16
Vice-President	Dr Joanna de Groot	Ms Vicky Knight	3.6.16
Immediate Past President		Dr Elizabeth H Lawrence	3.6.16

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:

GENERAL FUND

(see notes 13 to 18)

	£	£
INCOME		
From Members: Contributions and Subscriptions		19,936,376
From Members: Other income from members (specify)		
Donations	6,479	
Total other income from members		6,479
Total of all income from members		19,942,855
Investment income (as at page 12)		19,052
Other Income		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)	113,676	
Total of other income (as at page 4)		113,676
		TOTAL INCOME
		20,075,583
EXPENDITURE		
Benefits to members (as at page 5)		641,700
Administrative expenses (as at page 10)		15,163,084
Federation and other bodies (specify)		
Subscriptions to TUC	180,466	
Subscriptions to Education International	113,813	
Other subscriptions	66,106	
Total expenditure Federation and other bodies		360,385
Taxation		11,334
Transfer to Pension Fund (Fund 3)		459,000
		TOTAL EXPENDITURE
		16,635,503
		Surplus (deficit) for year
		3,440,080
		Amount of general fund at beginning of year
		26,228,524
		Amount of general fund at end of year
		29,668,604

ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£	£
Federation and other bodies		
TOTAL FEDERATION AND OTHER BODIES		
Other income		
Insurance income	81,723	
Miscellaneous	1,431	
Donations from non-members	2,260	
University subventions & facility fees	28,262	
TOTAL OTHER INCOME		113,676
TOTAL OF ALL OTHER INCOME		113,676

ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£		£
Representation – Employment Related Issues	397,618	brought forward	399,360
		Education and Training services	110,156
Representation – Non Employment Related Issues	1,742	Negotiated Discount Services	
Communications		Salary Costs	
Advisory Services		Other Benefits and Grants (specify)	
		Equity, health & safety and pensions events	92,522
Dispute Benefits		Other	39,662
Other Cash Payments			
carried forward	399,360	Total (should agree with figure in General Fund)	641,700

(See notes 24 and 25)

FUND 2		Fund Account	
Name:	Fighting Fund	£	£
Income			
	From members		240,548
	Investment income (as at page 12)		1
	Other income (specify)		
	Donations received	2,632	
	Total other income as specified		2,632
	Total Income		243,181
Expenditure			
	Benefits to members		675
	Administrative expenses and other expenditure (as at page 10)		89,012
	Total Expenditure		89,687
	Surplus (Deficit) for the year		153,494
	Amount of fund at beginning of year		1,612,197
	Amount of fund at the end of year (as Balance Sheet)		1,765,691
	Number of members contributing at end of year		98,774

FUND 3		Fund Account	
Name:	Pension Fund	£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Pension contributions received in the year	660,000	
	Total other income as specified		660,000
	Total Income		660,000
Expenditure			
	Pension financial costs	201,000	
	Actuarial loss on pension scheme net assets	7,781,000	
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		7,982,000
	Surplus (Deficit) for the year		(7,322,000)
	Amount of fund at beginning of year		(5,484,000)
	Amount of fund at the end of year (as Balance Sheet)		(12,806,000)
	Number of members contributing at end of year		N/A

(See notes 24 and 25)

FUND 4		Fund Account	
Name:	Investment Reserve	£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Revaluation of quoted investments	102,750	
	Total other income as specified		102,750
	Total Income		102,750
Expenditure			
	Deferred taxation	19,409	
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		19,409
	Surplus (Deficit) for the year		83,341
	Amount of fund at beginning of year		616,420
	Amount of fund at the end of year (as Balance Sheet)		699,761
	Number of members contributing at end of year		N/A

FUND 5		Fund Account	
Name:		£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

(See notes 24 and 25)

FUND 6		Fund Account	
Name:		£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

FUND 7		Fund Account	
Name:		£	£
Income			
	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
Expenditure			
	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

(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		167,303
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		167,303
	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)		
	Conferences, lobbying & publicity	14,876	
	Parliament & assembly costs	21,017	
	Subscription to TUC	108,000	
	Non-political expenditure	23,194	
	Total expenditure		167,087
	Surplus (deficit) for year		216
	Amount of political fund at beginning of year		9,322
	Amount of political fund at the end of year (as Balance Sheet)		9,538
	Number of members at end of year contributing to the political fund		94,064
	Number of members at end of the year not contributing to the political fund		10,448
	Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		7,834

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)

		£
Administrative Expenses		
Remuneration and expenses of staff		9,848,869
Salaries and Wages included in above	£7,483,967	
Auditors' fees		36,523
Legal and Professional fees		363,681
Occupancy costs		1,195,860
Stationery, printing, postage, telephone, etc.		373,940
Expenses of Executive Committee (Head Office)		189,729
Expenses of conferences		480,327
Other administrative expenses (specify)		
Equipment & systems maintenance		820,333
Campaigns & policy		426,758
Bargaining & negotiations		100,275
Higher & further education		166,314
Ballot		191,839
Miscellaneous		97,198
Other Outgoings		
Interest payable:		
Bank loans (including overdrafts)		1
Mortgages		13,397
USS Discount unwind		40,063
Depreciation		631,549
Taxation		
Outgoings on land and buildings (specify)		
Other outgoings (specify)		
Payments to charities		1,658
Other donations		72,782
Pension scheme		201,000
	Total	15,252,096
Charged to:	General Fund (Page 3)	15,163,084
	Fighting Fund (Account 2)	89,012
	Fund (Account)	
	Fund (Account)	
	Fund (Account)	
	Total	15,252,096

ANALYSIS OF OFFICIALS SALARIES AND BENEFITS

(see notes 34 to 44 below)

Office held	Gross Salary £	Employers N.I. contributions £	Pension Contributions £	Benefits		Total £
				Description	Other Benefits	
					Value £	
General Secretary	104,440	13,105	17,580	Car benefit	3,557	138,682

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)		15,376
Interest (gross) from:		
Government securities (Gilts)		
Mortgages		
Local Authority Bonds		
Bank and Building Societies		3,677
Other investment income (specify)		
Total investment income		19,053
Credited to:		
General Fund (Page 3)		19,052
Fighting Fund (Account 2)		1
Fund (Account)		
Fund (Account)		
Fund (Account)		
Fund (Account)		
Political Fund		
Total Investment Income		19,053

BALANCE SHEET as at 31st August 2016

(see notes 47 to 50)

Previous Year		£	£
15,641,316	Fixed Assets (at page 14)		15,250,446
	Investments (as per analysis on page 15)		
767,850	Quoted (Market value £ 870,600)	870,600	
50,000	Unquoted	180,000	
817,850	Total Investments		1,050,600
	Other Assets		
	Loans to other trade unions		
856,175	Sundry debtors	812,904	
15,844,093	Cash at bank and in hand	19,812,982	
	Income tax to be recovered		
	Stocks of goods		
50	Others (specify) Deposits with building societies	50	
16,700,318	Total of other assets		20,625,936
33,159,484	TOTAL ASSETS		36,926,982
26,228,524	General Fund (Account 1)		29,668,604
1,612,197	Fighting Fund (Account 2)		1,765,691
(5,484,000)	Pension Fund (Account 3)		(12,806,000)
616,420	Investment Reserve (Account 4)		699,761
9,322	Political Fund (Account 1)		9,538
	Revaluation Reserve		
	LIABILITIES		
	Amount held on behalf of central trade union political fund		
5,484,000	Pension liability		12,806,000
1,907,775	Pension liability – multi employer scheme		2,253,469
984,633	Loans: Other - Bank		821,703
	Bank overdraft		
14,158	Tax payable		11,329
1,697,239	Sundry creditors		1,588,262
	Accrued expenses		
89,216	Provisions – deferred tax		108,625
	Other liabilities		
10,177,021	TOTAL LIABILITIES		17,589,388
33,159,484	TOTAL ASSETS		36,926,982

FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold £	Leasehold £				
Cost or Valuation						
At start of year	17,359,819	89,690	2,223,491			19,673,000
Additions			240,679			240,679
Disposals						
Revaluation/Transfers						
At end of year	17,359,819	89,690	2,464,170			19,913,679
Accumulated Depreciation						
At start of year	2,566,113	31,392	1,434,179			4,031,684
Charges for year	347,196	1,794	282,559			631,549
Disposals						
Revaluation/Transfers						
At end of year	2,913,309	33,186	1,716,738			4,663,233
Net book value at end of year	14,446,510	56,504	747,432			15,250,446
Net book value at end of previous year	14,793,706	58,298	789,312			15,641,316

ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED		All Funds Except Political Funds £	Political Fund £
	Equities (e.g. Shares)	870,600	
	Government Securities (Gilts)		
	Other quoted securities (to be specified)		
	TOTAL QUOTED (as Balance Sheet)	870,600	
	Market Value of Quoted Investment	870,600	
UNQUOTED	Equities	180,000	
	Government Securities (Gilts)		
	Mortgages		
	Bank and Building Societies		
	Other unquoted investments (to be specified)		
	TOTAL UNQUOTED (as Balance Sheet)	180,000	
	Market Value of Unquoted Investments	180,000	

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 £
INCOME			
From Members	20,843,403	167,303	21,010,706
From Investments	19,053		19,053
Other Income (including increases by revaluation of assets)	219,058		219,058
Total Income	21,081,514	167,303	21,248,817
EXPENDITURE (including decreases by revaluation of assets)			
Total Expenditure	24,726,599	167,087	24,893,686
Funds at beginning of year (including reserves as restated – see note 8)	22,973,141	9,322	22,982,463
Funds at end of year (including reserves)	19,328,056	9,538	19,337,594
ASSETS			
	Fixed Assets		15,250,446
	Investment Assets		1,050,600
	Other Assets		20,625,936
		Total Assets	36,926,982
LIABILITIES			
		Total Liabilities	17,589,388
NET ASSETS (Total Assets less Total Liabilities)			19,337,594

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 2016**

**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 responsible for preparing accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). In doing so the National Executive Committee is 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 UK Accounting Standards, comprising FRS 102, 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 2016**

1. Taxation

Analysis of charge in year

	Year ended 31.8.2016	Year ended 31.8.2015
	£	£
Current tax		
Provision for UK corporation tax on surplus for the year.	11,334	14,167
Adjustments in respect of previous provision.	--	(376)
Total current tax charge.	<u>11,334</u>	<u>13,791</u>
Deferred tax	<u>19,409</u>	<u>(18,209)</u>
Total tax charge / (credit).	<u>£30,743</u>	<u>£(4,418)</u>

Factors affecting the tax charge for the year

	Year ended 31.8.2016	Year ended 31.8.2015
	£	£
Surplus on accumulated funds before taxation.	<u>£4,064,124</u>	<u>£4,862,397</u>
Surplus on accumulated funds before taxation multiplied by the rate of UK corporation tax at 20% (2015 - 20%).	812,825	972,479
Effects of:		
Income not chargeable to taxation.	(4,084,016)	(4,125,100)
Expenses not deductible for tax purposes.	<u>3,282,525</u>	<u>3,166,788</u>
Current tax charge.	<u>£11,334</u>	<u>£14,167</u>

Deferred taxation

	Year ended 31.8.2016	Year ended 31.8.2015
	£	£
At 1st September.	89,216	107,425
Movement in year: deferred tax charge / (credit) recognised in Investment Reserve Fund.	19,409	(18,209)
At 31st August.	<u>£108,625</u>	<u>£89,216</u>

The movement in the provision for deferred taxation from 1st September 2015 to 31st August 2016 of £19,409 represents the deferred tax provision on unrealised gains on the revaluation of quoted investments at the year end recognised in Investment Reserve Fund (2015 - credit £18,209).

UNIVERSITY AND COLLEGE UNION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016
(continued)

3. Pension Schemes

Introduction:

The University and College Union participates in the Universities Superannuation Scheme (USS) and also operates a defined benefits scheme, the NATFHE Pension and Life Assurance Scheme. Both schemes are described more fully within this note.

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 2015 as £5,484,000 and at 31 August 2016 as £12,806,000.

The former NATFHE agreed to pay additional contributions per month for a period of 15 years from 1 June 2006. These additional monthly amounts were 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 agreed to continue 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 were £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 were 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 recovery plan payments were amended as a result of the completion of the triennial valuation of the NATFHE Pension and Life Assurance Scheme on 1 April, 2014. A revised recovery plan was agreed between the Trustees of the NATFHE Pension and Life Assurance Scheme and the University and College Union on 5 December, 2014. The payments due in accordance with the plan are currently £55,000 per month from 1 April 2015 to 31 October 2025.

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.

NATFHE PENSION AND LIFE ASSURANCE SCHEME
FRS102 Section 28 - POST-EMPLOYMENT 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 2014.

The scheme's actuary was asked to provide figures relevant to the scheme as at 31 August 2015 and 31 August 2016 for the purposes of complying with FRS102.

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

	<u>At 31.8.2016</u>	<u>At 31.8.2015</u>
Discount rate *	2.10% pa	3.90% pa
Inflation assumption (RPI) **	3.20% pa	3.40% pa
Rate of increase in salaries	3.45% pa	2.40% pa before 1 April 2017 and 3.65% pa afterwards
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	3.20% pa	3.40% pa
Rate of increase in pensions revaluation in deferment	3.20% pa	3.40% pa
Standard mortality tables were used as follows:		
Post-retirement mortality	99% S2NA	99% S2NA
	CMI 2015 projection based on Individual year of birth, 1.0% pa long term improvement ***	CMI 2014 projection based on Individual year of birth, 1.0% pa long term improvement ***
Tax-free cash	No allowance	No allowance

* Under FRS102 the discount rate should be based upon the yield available on a high quality corporate bond of appropriate term and currency. The yield on an index of long-dated corporate bonds has been used to determine the discount rate and is consistent with the method used in 2015. The yield is based on the Merrill Lynch nominal AA corporate bond spot curve at the review date, using a duration of 19 years for the Scheme's liabilities. The discount rate used (2.10%) is significantly lower than that used last year (3.90%) reflecting the significant decrease over the year in future returns available on bonds.

** The inflation assumption of 3.2% pa (2015 - 3.4% pa) is based on the unadjusted difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England. A term of 19 years has been used to set the inflation assumption as this is considered to be an appropriate duration for the Scheme's liabilities and is consistent with the approach adopted in 2015. The rate of inflation is lower than last year, reflecting changes in expectations for future inflation over the period.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016
(continued).

3. Pension Schemes (continued)

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 (known as Special Deferred members) will retire at age 62 years. 90% of deferred members are assumed to be married at retirement. Any other 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.

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

	At 31.8.2016	At 31.8.2015
Male currently aged 45	23.5 years	23.7 years
Female currently aged 45	25.8 years	26.0 years
Male currently aged 65	22.2 years	22.4 years
Female currently aged 65	24.3 years	24.6 years

Major asset categories as a percentage of total assets are as follows:

	At 31.8.2016	At 31.8.2015
Equities	45%	45%
Bonds	34%	35%
Gilts	21%	20%
Cash (negligible)	0%	0%
Total	100%	100%

The actual return on the Scheme's assets net of expenses over the year to the Review Date was £3,796,000 (2015 - £1,541,000).

The assets do not include any investment in the Employer.

Reconciliation of Assets and Defined Benefit Obligation:

	At 31.8.2016	At 31.8.2015
	£'000	£'000
Fair value of assets at 1st September 2015	27,889	26,405
Interest on assets	1,079	1,002
Contributions from employer*	660	800
Benefits paid	(1,119)	(857)
Return on plan assets less interest	2,717	539
Fair value of assets at 31st August 2016	£31,226	£27,889

* The Employer expects to contribute £660,000 to the Scheme during the year to 31 August 2017.

Defined Benefit Obligation at 1st September 2015	(33,373)	(33,793)
Past service cost	--	(120)
Interest cost	(1,280)	(1,270)
Benefits paid	1,119	857
Experience gain on defined benefit obligation	429	393
Changes In demographic assumptions	594	(15)
Changes In financial assumptions	(11,521)	575
Present value of Defined Benefit obligations at 31st August 2016	£(44,032)	£(33,373)

Amounts recognised in the Statement of Financial Position:

Fair value of assets at 31st August 2016	31,226	27,889
Present value of defined benefit obligations at 31st August 2016	(44,032)	(33,373)
(Deficit) and net defined benefit liability at 31st August 2016	£(12,806)	£(5,484)

Analysis of the amount charged to financial expenses in the Income and Expenditure Account:

	Year ended	Year ended
	31.8.2016	31.8.2015
	£'000	£'000
Past service cost	--	(120)
Interest on pension scheme assets	1,079	1,002
Interest on pension scheme liabilities	(1,280)	(1,270)
Net financial expense	£(201)	£(388)

The projected net financial expense for the year to 31st August 2017 amounts to £262,000 (2016 - £201,000). Interest on pension scheme liabilities is projected to be £913,000 (2016 - £1,285,000) and interest on assets is projected to be £651,000 (2016 - £1,084,000).

UNIVERSITY AND COLLEGE UNION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016
(continued).

3. Pension Schemes (continued)

Analysis of amount (charged) or credited in Pension Fund Account (Fund 3) in respect of the actuarial (loss) / gain on the NATFHE Pension and Life Assurance Scheme:	Year ended 31.8.2016 £'000	Year ended 31.8.2015 £'000
Gain on Scheme assets in excess of Interest	2,717	539
Experience gain arising on the scheme liabilities	429	393
(Gains) / losses from changes to demographic assumptions	594	(15)
(Losses) / gains from changes in financial assumptions	<u>(11,521)</u>	<u>575</u>
Actuarial (loss) / gain recognised in the Pension Fund Account (Fund 3)	<u>£(7,781)</u>	<u>£1,492</u>
Movement in scheme deficit during the year:	Year ended 31.8.2016 £'000	Year ended 31.8.2015 £'000
Deficit in scheme at 1 September 2015	(5,484)	(7,388)
Movement in year:		
Contributions received from Employer	660	800
Net financial (expense)	(201)	(388)
Actuarial (loss) / gain	<u>(7,781)</u>	<u>1,492</u>
Deficit in scheme at 31 August 2015	<u>£(12,806)</u>	<u>£(5,484)</u>

The asset values are derived from the bid values of the funds invested.

The next formal triennial actuarial valuation of the NATFHE Pension and Life Assurance Scheme is due as at 1 April 2017.

No allowance for deferred taxation, Incapacity benefits or the effects of any GMP equalisation 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.

USS INSTITUTIONS - ACTUARIAL VALUATION AS AT 31 MARCH 2014
FRS102 Section 28 - POST-EMPLOYMENT BENEFITS

The University and College Union participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which was contracted out of the State Second Pension (S2P) until 5 April 2016. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The University and College Union is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the Union's employees. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice. The employer contribution rate was 16% up until 31 March 2016 and 18% thereafter. The Union is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme in accordance with FRS102.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

The 2014 valuation was the third 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. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.3%	3.3%
Pensionable salary growth	N/A	3.5% in the first year and 4.0% thereafter
Price inflation (CPI)	2.2%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male member's mortality: 98% of S1NA ["light"] YoB tables (no age rating)

Female member's mortality: 99% of S1NA ["light"] YoB tables (rated down one year)

UNIVERSITY AND COLLEGE UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016
(continued).**

3. Pension Schemes (continued)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016		2015	
	At age 65 years.	At age 45 years.	At age 65 years.	At age 45 years.
Males	24.3 years	26.4 years	24.2 years	26.3 years
Females	26.5 years	28.8 years	26.4 years	28.7 years

Existing benefits:

Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85.0%	82.0%

UCU specific rates used in deficit contribution model:

Discount rate	2.1%	3.3%
Salary inflation rate	2.5%	2.5%

Amounts recognised in the Balance Sheet in respect of the pension scheme liability on the multi-employer defined benefit pension scheme

Present value of deficit contributions payable to USS at 1.8.2015.	1,907,775	882,549
Interest payable as contribution deficit unwinds	40,063	29,124
Changes in expected contributions to USS	408,997	1,140,358
Deficit contributions treated as paid to USS	(103,366)	(144,256)
Present value of deficit contributions payable to USS at 31.8.2016.	<u>£2,253,469</u>	<u>£1,907,775</u>

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 2031. The actuarial valuation of the scheme as at 31 March 2014 revealed a shortfall in assets, when measured on the Scheme's technical provisions of £5.3bn after taking account of the impact of changes in the benefit structure effective from 31 March 2016. The scheme's assets were sufficient to cover 89% of its liabilities (known as the funding level of the scheme).

For the period up to 31 March 2016 the employers' deficit funding contributions over this period will amount to 16% of salaries, less the employer's share of the costs of future service benefit accrual and the expenses of administering the Scheme. It is anticipated that contributions payable towards the deficit will equal 0.7% per annum of salaries over the period up to 31 March 2016.

For the period from 1 April 2016 to 31 March 2031 the employers' deficit funding contributions over this period will amount to 18% of salaries, less the sum of: the employer's share of the cost of future service benefit accrual in the Defined Benefit Section, the employer contribution to the Defined Contribution Section and the expenses of administering the Scheme including Pension Protection Fund levies. It is anticipated that contributions payable to the deficit will be equal to 2.5% per annum of salaries over the period from 1 April 2016 to 30 September 2016. The salary threshold and defined contribution section will be introduced from 1 October 2016 and it is anticipated that contributions payable to the deficit will be equal to 2.1% of salaries from 1 October 2016 to 31 March 2031.

The actuary expects the shortfall to be eliminated by 31 March 2031 and that the next actuarial valuation will take place no later than 31 March 2017.

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit method, under which, for the Final Salary section members, the salary increases assumed for each member are projected until that member is assumed to leave active service by death, retirement or withdrawal from service or to 31 March 2016, if earlier.

The key assumptions used in calculating the technical provisions as at 31 March 2014 are:

Investment return	5.2% in year 1, decreasing linearly to 4.7% p.a. over 20 years
Market derived price inflation	3.6% p.a.
Inflation risk premium	0.2% in year 1, decreasing linearly to 0.1% p.a. over 20 years
Price inflation - Retail Prices Index	Market derived price inflation less Inflation risk premium
RPI / CPI gap	0.8% p.a.
Price inflation - Consumer Prices Index	RPI assumption less RPI / CPI
Salary increases:	
- General pay growth	CPI in year 1, CPI+1.0% in year 2 and RPI+1.0% p.a. subsequently:
- Salary scale for past service *	Scale adopted reflecting recent experience
- Salary scale for future service *	Scale adopted reflecting longer term expectations
Pension increases in payment	CPI assumption (for both pre and post 2011 benefits)
Mortality base table	98% of SAPS S1NA "light" YOB unadjusted for males and 99% of SAPS S1NA "light" with a -1 year age adjustment for females
Future improvements to mortality	CMI 2014 with a long term rate of 1.5% p.a.

* Only up to April 2016

UNIVERSITY AND COLLEGE UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016
(continued).**

3. Pension Schemes (continued)

Age related salary scale:

Age	% Increase per annum Males	% Increase per annum Females
35	3.8	3.1
45	2	1.8
55	1.1	1.4

Pension Increases

In particular, at the 31 March 2014 valuation no adjustment has been made for the fact that pension increases on benefits accrued after 30 September 2011 do not fully reflect inflation once CPI exceeds 5% p.a.

Early retirement

The allowance for early retirements will reflect emerging experience of retirements as monitored at each actuarial valuation and any adjustment for future expectations which is considered appropriate. For the 31 March 2014 valuation it has been assumed that for service accrued prior to 1 October 2011, active members will retire from age 62 with no reduction to their benefits. For service accrued after 30 September 2011, it has been assumed that active members will retire at age 65.

Deferred pensioners are assumed to retire at age 60 and allowance is built in for the appropriate reduction for early payment which would apply to each relevant tranche of benefit applicable to members retiring at that age. Allowance has been included for deferred members shown in the valuation data with a Contractual Pension Age prior to age 65 in accordance with the "Contractual Pension Age/Preservation" judgement.

The contributions payable under the recovery plan will be calculated using the same assumptions as those used to calculate the technical provisions, with the exception of the following during the period of the recovery plan:

- The Trustee has agreed to allow for additional investment returns in the recovery plan. As at 31 March 2014 the additional investment was equal to 50% of the excess return between the best estimate assumed return and the return assumed in the technical provisions. For the 31 March 2014 valuation, the best estimate return is assumed to be 2.75% in year 1 and is assumed to reduce linearly to 1.85% p.a. in year 20.

- If, following a review of the Statement of Investment Principles, the investment strategy of the Scheme changes after completion of the valuation then the assumed rate of Investment return may also change at subsequent funding updates to reflect the different expected investment returns from the new asset mix.

- The cost of future accrual for the defined benefit element of the new benefit structure was calculated using the same assumptions as those used to calculate the technical provisions but, once the hybrid scheme has been implemented, with an additional assumption that the salary threshold would increase in line with the CPI assumption.

- For the defined contribution element, once introduced from 1 October 2016, an assumption has been made of an 80% take up rate for the 1% of salary matched contribution.

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's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns, form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers. The trustee remains confident that it can continue to take a long-term view of scheme funding, backed as it is by a robust Higher Education (HE) sector.

At 31 March 2014, USS had over 167,000 active members and the UCU had 173 active contributing members participating in the scheme. At 31 August 2016 UCU had 187 active contributing members (2015 - 185 members).

The pension cost charged to the General Fund in respect of contributions paid to USS is:

	Year ended 31.8.2016	Year ended 31.8.2015
	£	£
Employers normal pension contributions to USS	1,083,326	1,014,546
Changes in expected contributions to USS	408,997	1,140,358
Deficit contributions treated as paid to USS	<u>(103,366)</u>	<u>(144,256)</u>
	<u>£1,388,957</u>	<u>£2,010,648</u>

£151,623 was due to USS in respect of pension contributions payable as at 31st August 2016 (2015 - £54,576).. The contribution rate payable by the University and College Union was 16% of pensionable salaries up until 31 March 2016 and 18% thereafter.

UNIVERSITY AND COLLEGE UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016
(continued).**

4. Operating Leasing Commitments

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

	Year ended 31.8.2016	Year ended 31.8.2015
	£	£
Land and buildings.	241,186	229,089
Other leases - Plant and machinery.	326,427	319,454
	<u>£567,613</u>	<u>£548,543</u>

At 31st August, 2016 the University and College Union's future minimum operating lease commitments payable are analysed over the lease term as follows:

	Land and buildings		Other	
	31.8.2016	31.8.2015	31.8.2016	31.8.2015
	£	£	£	£
Within one year	222,966	229,520	291,775	311,019
Within two to five years	731,237	746,970	620,600	102,274
Over five years	360,100	461,200	48,700	--
	<u>£1,314,303</u>	<u>£1,437,690</u>	<u>£961,075</u>	<u>£413,293</u>

5. Capital Commitments

There were no capital commitments contracted for but not provided for at 31 August 2016 (2015 - £nil).

6. 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. 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 three and a maximum of five are independent 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.

During the year ended 31st August 2016 employers normal pension contributions payable to USS by UCU were £1,082,326 (2015 - £1,014,546) and the balance of contributions payable by UCU to USS as at 31st August 2016 was £151,623 (2015 - £134,964).

Members of UCU make payments as Gift Aid payments via UCU to "Recourse" (formerly the "College and University Support Network" (CUSN)) at the same time as they pay their subscriptions to the UCU. Recourse (formerly CUSN) 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. Recourse is a wholly owned subsidiary company of the Teachers Support Network (TSN). Recourse is also a Company Limited by Guarantee (company registration number 05874222). 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. The Education Sector Support UK (a Company Limited by Guarantee - company registration number 9311354) was incorporated on 14th November 2014. On 31st March, 2015 the activities, assets and liabilities of Recourse and TSN were transferred to Education Sector Support UK (ESSUK) at which point Recourse and TSN effectively became dormant. The company (ESSUK) changed its name to Education Sector Support Partnership (ESP) on 24th July 2015 and was formally launched in September 2015. Members of UCU therefore continue to make Gift Aid payments to ESP (formerly to Recourse) at the same time as they pay their subscriptions to UCU. ESP is a registered charity (charity registration number is 1161436). The objects of the charity are to promote health and wellbeing and to offer benevolent services to the education workforce including those retired from the Education Sector. It also offers a wide range of services to staff working in Further and Higher Education and the education sector in schools. The Treasurer of UCU, Dr. A. Roger, was appointed chair of the Trustees of ESP (formerly ESSUK) from November 2014. Mr. J. Gluza was appointed Honorary Treasurer in November 2014 and Trustee from June 2015. Both Dr. A. Roger and Mr. J. Gluza stepped down from their roles in ESP on 31st March, 2016. The Trustees and Board of ESP are appointed in accordance with the Articles of Association of the company and up to 21 representatives of member organisations form an Advisory Forum to advise the Board of Trustees.

During the year ended 31st August 2016 Gift Aid payments payable to ESP (formerly Recourse and CUSN) were received from members of UCU and amounted to £299,055 (2015 - £313,829). The balance payable by UCU to ESP as at 31st August 2016 was £45,676 (2015 - £23,808).

7. Future Developments.

The union continues to face significant challenges in the Further and Higher Education sectors which have an effect on the membership of UCU and related costs. In this respect UCU has implemented a long term strategy involving the active engagement of all parties concerned, including elected representatives of the trade union representing UCU staff.

UNIVERSITY AND COLLEGE UNION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016
(continued).**

8. Transition to FRS102

The Union transitioned to FRS 102 from previously extant UK GAAP as at 1 September 2014. The Impact from the transition to FRS 102 is as follows:

	Funds at 01.9.2014	Funds at 31.8.2015
	£	£
Restated statement of financial position.		
Total funds as previously stated under UK GAAP	18,236,082	24,391,688
Restatement of investments at market value	793,236	705,636
Provision for accrued holiday pay	(102,213)	(117,870)
Present value of deficit contributions payable to the USS	(882,549)	(1,907,775)
Provision for deferred taxation	(107,425)	(89,216)
Restated total funds under FRS102.	<u>£17,937,131</u>	<u>£22,982,463</u>
Restated statement of income and expenditure.		
	Year ended 31.8.2014	Year ended 31.8.2015
	£	£
Original surplus for the year after taxation (as originally reported)	4,532,279	6,155,606
Movement in provision for accrued holiday pay	(102,213)	(15,657)
Movement in unrealised gain / (loss) on Investments	793,236	(87,600)
Movement in present value of deficit contributions payable to the USS	(882,549)	(996,102)
Movement in provision for deferred taxation	(107,425)	18,209
Interest payable - unwinding of discount used in evaluating the present value of deficit contributions payable to the USS	--	(29,124)
Restated surplus for the year after taxation	<u>£4,233,328</u>	<u>£5,045,332</u>

Funds	Non-distributable					Total
	Accumulated Fund	Investment Reserve	Fighting Fund	Political Fund	Pension Fund	
	£	£	£	£	£	£
Totals at 31.8.2014 (as previously reported)	24,090,607	--	1,524,139	9,336	(7,388,000)	18,236,082
FRS 102 adjustments:						
Unrealised gain on investments	793,236	--	--	--	--	793,236
Unrealised gain on investments transferred to non-distributable investment reserve.	(793,236)	793,236	--	--	--	--
Provision for accrued holiday pay.	(102,213)	--	--	--	--	(102,213)
Provision for deferred taxation.	--	(107,425)	--	--	--	(107,425)
Present value of deficit contributions payable to the USS	(882,549)	--	--	--	--	(882,549)
Totals at 1.9.2014 (as restated)	<u>23,105,845</u>	<u>685,811</u>	<u>1,524,139</u>	<u>9,336</u>	<u>(7,388,000)</u>	<u>17,937,131</u>
Movements in the year ended 31.8.2015.						
Pension costs transferred to Pension Fund / (financial expense)	4,760,562	--	88,058	(14)	--	4,848,606
Actuarial (loss) / gain reflected in Statement of Recognised Gains and Losses	203,000	--	--	--	(203,000)	--
Pension contributions paid in the year	--	--	--	--	1,307,000	1,307,000
	(800,000)	--	--	--	800,000	--
FRS 102 adjustments:						
Movement in unrealised gain on investments (loss)	(87,600)	--	--	--	--	(87,600)
Unrealised loss on investments transferred from non-distributable investment reserve	87,600	(87,600)	--	--	--	--
Movement in provision for accrued holiday pay	(15,657)	--	--	--	--	(15,657)
Movement in provision for deferred taxation	--	18,209	--	--	--	18,209
Movement in present value of deficit contributions payable to the USS	(996,102)	--	--	--	--	(996,102)
Interest payable - unwinding of discount used in evaluating the present value of deficit contributions payable to the USS	(29,124)	--	--	--	--	(29,124)
Totals at 31.8.2015 (as restated)	<u>£26,228,524</u>	<u>£616,420</u>	<u>£1,612,197</u>	<u>£9,322</u>	<u>£(5,484,000)</u>	<u>£22,982,463</u>

ACCOUNTING POLICIES

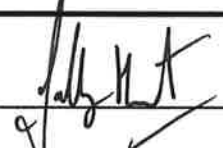
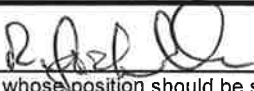
(see notes 74 and 75)

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: 	Chairman's Signature: 
Name: Sally Hunt	Name: Robin Goodfellow
Date: 24 th February 2017	Date: 24 th February 2017

CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 2 and Note 12)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2 and Note 12)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? (see Pages 19 and 21 and Notes 76 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? (see Pages 20 and 21 and Notes 2 and 77)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? (see Notes 8 and 78)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: (see Note 80)	ENCLOSED	<input type="checkbox"/>	TO FOLLOW	<input checked="" type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED (see Page 17 and Notes 7 and 59)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
IS A MEMBERSHIP AUDIT CERTIFICATE PROVIDED (See Pages 23 and 24 and Notes 88 to 94)	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>

UNIVERSITY AND COLLEGE UNION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016

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 applicable accounting standards including FRS 102 "the Financial Reporting Standard" applicable in the UK and Republic of Ireland. The financial statements for the year ended 31 August 2016 are the first financial statements of the Union that comply with FRS 102. The date of transition is 1 September 2014. An explanation of how the transition to FRS 102 has affected the reported financial position is given in note 8. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

(b) **Going Concern**

The Union meets its day-to-day working capital requirements through its bank facilities. The Union's forecasts and projections, taking account of reasonably possible changes in operational performance, show that the Union should be able to operate within the level of its current facilities. After making enquiries, the Executive have a reasonable expectation that the Union has adequate resources to continue in operational existence for the foreseeable future. The Union therefore continues to adopt the going concern basis in preparing its financial statements.

(c) **Critical Accounting Judgements and Key Sources of Uncertainty**

The preparation of the financial statements requires the Union's management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Employee benefits.

The pension scheme liability as at 31st August 2016 in respect of the NATFHE Pension and Life Assurance Scheme has been calculated in accordance with the details provided by the Scheme's actuary and in consideration of the disclosure requirements under FRS102. The Scheme's liabilities have been calculated by updating the valuation calculations carried out for the Scheme's triennial valuation as at 1st April 2014. Any changes in the assumptions used in evaluating the Scheme's liability may have a significant effect on the amount shown in these financial statements.

The deficit contribution liability shown in these financial statements in respect of the Union's share of the contribution funding deficit in the Universities Superannuation Scheme is based on a deficit recovery plan model provided to the USS and made available to participating institutions. The Union's management is required to make appropriate assessments of the rate of salary growth and the discount rate used in determining the Union's share of the deficit contribution liability. Any changes in the parameters used in the model may have a significant effect on the amounts shown in these financial statements in accordance with FRS102 and therefore constitute a material source of uncertainty.

Taxation.

The taxation charge for the year comprises current and deferred tax. An assessment of the provision for deferred taxation is required to be made by the Union's management, taking account of the likely timing and level of future taxable income and expenses in relation to the deferred tax assets and liabilities of the Union.

(d) **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, 2016 are included in these financial statements.

(e) **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% to 12.5%.
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.

(f) **Subscriptions**

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

UNIVERSITY AND COLLEGE UNION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016
(continued)

(g) **Pension costs**

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 required 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 and in this respect the accounting requirements under FRS 102 are unchanged.

The only change that affects the disclosures in relation to the NATFHE Pension and Life Assurance Scheme is that the expected return on assets has been replaced by an interest on assets item calculated using the discount rate (i.e. the returns available on high quality corporate bonds) with no allowance made for any outperformance expected from the Scheme's actual asset holding. As a result an expected return on assets assumption is no longer required.

Movements on the NATFHE Pension and Life Assurance Scheme's asset or liability, to the extent that they relate to the interest 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). The pension scheme liability is shown in the Balance Sheet.

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 was contracted out of the State Second Pension (S2P) until 5th April 2016. 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.

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 accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to Income and Expenditure Account as a component of employee costs represents the contributions payable to the scheme in respect of the accounting year.

Under FRS102 the Union (as a participating institution of the USS) is required to recognise a liability for the contributions payable to the USS because the USS scheme is in deficit and a funding plan has been agreed. FRS102 requires that where an employer participates in a defined benefit multi-employer plan and there is insufficient information available to use defined benefit accounting and there is an obligation to fund past deficits within the scheme, the institution must recognise a liability for the contractual contributions payable to the scheme to the extent that there is a deficit in the scheme, and account for the resulting expense in the Statement of Income and Expenditure. As a result, the amount charged to the Income and Expenditure Account as a component of employee costs represents the discounted fair value of the contractual contributions payable by UCU under the funding plan agreement to the scheme in respect of the accounting year to the extent that they relate to the deficit in the scheme.

The Union's share of the deficit arising in the USS Scheme is based upon a deficit recovery plan model made available to participating institutions via the USS. Movements in the employer's share of the deficit contribution liability due to the USS Scheme are charged or credited to the Income and Expenditure Account as part of the costs of remuneration and expenses of staff. The Union's share of the deficit contribution liability due to the USS Scheme is disclosed in the Balance Sheet as the present value of the contributions payable. As the discount rate used in calculating the present value of the deficit contribution liability unwinds this element is shown as part of the finance costs (interest payable) in the applicable period in the Income and Expenditure Account.

(h) **Operating Leases**

Rental payments under operating leases are charged to the Income and Expenditure Account as payments to the lessor fall due on a straight line basis over the lease term.

(i) **Investments**

Quoted investments held are managed by professional investment managers and brokers and transactions are undertaken under powers delegated to them and they are stated at fair value based on current bid prices where quoted on an active market. Movements in fair value are recorded in Investment Reserve Fund as they occur. On disposal, gains and losses recognised previously in the Investment Reserve Fund are transferred to the Income and Expenditure Account. Unquoted investments are stated at cost as there is no active market available, no reliable basis of valuation is available and other valuation techniques are not considered appropriate.

(j) **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.

(k) **Deferred Tax**

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes. Deferred tax is provided for on all material reversing timing differences at the rate of corporation tax applicable to the Union's activities at the financial statement date.

(l) **Holiday Pay Accrual**

FRS 102 requires short term employee benefits, such as holiday pay, to be charged to the Income and Expenditure Account as the employee service is received. Previously holiday pay accruals were not recognised and were charged to the Income and Expenditure Account as they were paid.

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 2016 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 have been prepared in accordance with applicable law and accounting standards and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with 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). Those Standards require us to comply with the Auditing Practice's Board (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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 the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement 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:		
Name(s):	Knox Cropper	
Profession(s) or Calling(s):	Chartered Accountants & Statutory Auditors	
Address(es):	8/9 Well Court London EC4M 9DN	
Date:	24 th February 2017	
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.

MEMBERSHIP AUDIT CERTIFICATE

(see notes 88 to 94)

made in accordance with section 24ZD of the
Trade Union and Labour Relations (Consolidation) Act 1992.

At the end of the reporting period preceding the one to which this audit relates was the total membership of the trade union greater than 10,000?

YES

If "YES" please complete SECTION ONE below or provide the equivalent information on a separate document to be submitted with the completed AR21.

If "NO" please complete SECTION TWO below or provide the equivalent information on a separate document to be submitted with the completed AR21.

MEMBERSHIP AUDIT CERTIFICATE SECTION ONE

*For a trade union with more than 10,000 members, required by section 24ZB of the 1992 Act to
appoint an independent assurer*

1. In the opinion of the assurer appointed by the trade union was the union's system for compiling and maintaining its register of the names and addresses of its members satisfactory to secure, so far as is reasonably practicable, that the entries in its register were accurate and up-to-date throughout the reporting period?

YES


2. In the opinion of the assurer has he/she obtained the information and explanations necessary for the performance of his/her functions?

YES

If the answer to **either** questions 5 or 6 is "NO" the assurer must:

- (a) set out below the assurer's reasons for stating that
- (b) provide a description of the information or explanation requested or required which has not been obtained
- (c) state whether the assurer required that information or those explanations from the union's officers, or officers of any of its branches or sections under section 24ZE of the 1992 Act
- (d) **send a copy of this certificate to the Certification Officer as soon as is reasonably practicable after it is provided to the union.**

MEMBERSHIP AUDIT CERTIFICATE (continued)

Signature of assurer	
Name	Ian Robinson
Address	Electoral Reform Services Ltd The Election Centre 33 Clarendon Road London N8 0NW
Date	18.11.16
Contact name and telephone number	Ian Robinson, Director and Head of Quality Control 020 8365 8909