



Students' Union Report on Finances

<p><b>Outcome Requested:</b></p>	<p>Finance and Investment Committee is asked to <b>note</b>:</p> <ol style="list-style-type: none"> <li>1. QMSU End of Year Financial performance July 2019.</li> <li>2. Budget 2019 / 2020</li> </ol>
<p><b>Executive Summary:</b></p>	<p><b>Headlines</b></p> <ul style="list-style-type: none"> <li>• External Audit: The exit meeting with the auditors from on-site examination suggested that the process had run smoothly, and at this stage we are not aware of any significant adjustments to the P&amp;L.</li> <li>• End of Year Results July 2019 (appendix 1): <b>Group surplus was £60K</b>, better than budget by 55K, and £108K better than last year. The results are also on track with the revised 5-year financial plan, reviewed with Jo Jones in the spring. The operating surplus and the treatment of the designated funds should improve the general reserve, moving from - £546,228 (2018) to - £218,579 (2019). This is subject to partner review, with a meeting scheduled for 14 November, and then go to the Finance and Risk Committee for consideration.</li> <li>• The subsidiary company surplus is £200K, significantly worse than budget, however broadly in line with end of year forecast. This was in part due to hangover disruption effects of the Godward square capital works. The bottom-line results are £68K better than last year.</li> <li>• The budget for current year (2019/20) forecast is £50K, with a condition that a mid-year reforecast budget would be prepared in December for consideration and approval in January 2020. The financial target for re-calibrated budget forecast for the group is £100k.</li> <li>• The Union has made its <b>final repayment instalment of the Loan to the University</b>, and paid back £1m from debt dating back to circa 2006. Leading up to this period the Union had been reporting operating losses over five consecutive years, representing over £800k, and wiped out reserves, and was the source of the weak balance sheet.</li> </ul>
<p><b>QMUL Strategy: strategic aim ref</b></p>	<p>SA2.2, EA1.2, EA1.7</p>
<p><b>Internal/External regulatory/statutory reference points:</b></p>	<p>The Education Act (1994) requires that “the financial affairs of the Union should be properly conducted and appropriate arrangements should exist for the approval of the Union’s budget and the monitoring of its expenditure, by the governing body.”</p>

	<i>1994 Education Act</i> <i>2006 Charities Act</i> <i>2006 Companies Act</i>
<b>Strategic Risks:</b>	11. Sustainable income streams for activities 12. Cost control, VFM and expenditure
<b>Equality Impact Assessment:</b>	None required
<b>Subject to prior and onward consideration by:</b>	No
<b>Confidential paper</b>	No
<b>Timing:</b>	N/A
<b>Author:</b>	Mike Wojcik, Chief Executive, Students' Union Managing Director, QMSU Services Ltd.
<b>Date:</b>	16 October 2019
<b>Sponsor</b>	Talhah Atcha, President, Students' Union

## 1. Quality Assurance

The **Financial Policies and Procedures** for the Union and Company have been reviewed, and approved. This was a recommendation from the previous external audit, though noted the robust controls in place.

**Internal audit Commercial & Retail business** – Knox Cropper Auditors, September 2019, extract from Exec summary:

*“QMSU has a robust business planning procedure and monitors performance against it regularly. The key decision-making processes and Governance arrangements for each outlet are clear, which ensure good oversight and accountability ... the financial procedures are clearly documented and appear to be followed.” Conclusion in our opinion, the systems and procedures around the Commercial & retail operations are generally effective. We have made some low and medium recommendations (3) to enhance the current structure.”*

Other

- **NUS Green Impact** – Excellent assurance in sustainability.
  - **Best Bar None** – Gold - Best in category award in Tower Hamlets second year in a row.
  - Disability confidence employer.
2. **Budget 2019/20** included maintaining all core charitable services, realistic growth of commercial income averaging around 5%. There were a number of projects also funded which included:
- a. Students’ union signage and Exec officer visibility.
  - b. Tell us campaign
  - c. New on-line student staff training tool.
  - d. New furniture for Drapers Bar and Kitchen, and re-branding.
  - e. New lighting system for the venue.
  - f. New kitchen equipment for Griff Inn and Drapers Bar and Kitchen.
  - g. Tender for new EPOS till system across all outlets.
3. **Early indicators** for income levels at for the start of the new financial year appear to be fine, and I’m fairly confident financial targets will be achieved. Clearly there is a risk of industrial action on campus in 2020, and any re-forecast will consider potential impact.
4. **The Financial year ending July 2019:** The auditors will be presenting draft Group Financial Statements and the management letter to the November Audit and Risk committee of the Students’ Union, and the QMSU Services Ltd Board December.
5. Discussions have focused on the treatment of designated funds and capital grants. In the past both student clubs and societies subs and grants accounts carried over were treated as designated, whereas only subs accounts should have been categorised as such. The note from auditors on capital grant treatment will be included financial policies and procedures.
6. **General commentary:**

- a. The Principal supported mitigation investments around Godward square, which included a small conversion in Qmotion (£20k) and improvements in the Union shop, including a new door onto Bancroft road. The improvement works were carried out during December 2018, at a point where sales were slightly under the same time the previous year. The works helped support 15% increase (£44.5K) in the final 6 months on the previous year. The shop made a modest £10K surplus, compared to an £8k loss previous year, we are expecting continuation of the improvement. The coming year, the impact is expected to be better.
- b. Investment in the new Student Exec office in the SU Hub, in the region of £20K.
- c. The targeted capital investments in the SU Commercial areas have seen a return on investment and efforts on business case paid off. The retail and café business are highly competitive, and work is continuing around procurement routes and sales mix, niche ranges, student staff development, merchandising and general agile business techniques.
  - i. The £90K SU capital investment in the Village shop has been successful and getting a return on the investment and exceeding budget. Sales were up by £60K (10%) in the year and bottom line contribution was £87K.
  - ii. A modest £10k investment in Ground furniture and general light touch targeted decoration led to a sales increase of £63.5K (13%), and £20k year on year increase on the bottom line.
- d. The main financial deficit areas were operations around Godward square, as well as small deficit in the Griff Inn, and Fitness to Practice (charterhouse). The adverse results were in part effected by a number of long-term sicknesses and associated costs. For example, Griff Inn actually experienced a sales growth of £46K (19.5%), but benefit lost due to additional labour costs from sickness cover.
- e. Qmotion was the single largest deficit area, experiencing a number of new gyms opening up, whilst our environment impacted by local capital works. Student membership held its own, with slight dip, but membership in the region of 3000. The adverse impact was in the more lucrative private members income and that of associated members. The initial reports for current term sign-ups and income has been encouraging.

<b>Group Accounts</b>										
<b>For Month 12</b>										
<b>July 2019</b>										
<b>Full Year Budget</b>			<b>YTD to Month 12</b>				<b>for Month 12</b>			
	<b>2019 20</b>	<b>Current Yr</b>	<b>Prior Yr</b>	<b>Budget</b>	<b>Amount</b>	<b>Variance</b>	<b>Prior Yr</b>	<b>Budget</b>	<b>Amount</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Charity</b>										
Income	1,753	1,662	1,670	1,662	1,734	72	69	131	93	(38)
Pay	1,270	1,170	1,134	1,170	1,082	88	84	96	70	26
Non Pay	579	580	573	580	571	9	2	43	4	39
<b>Charity SURPLUS/ (DEFICIT)</b>	<b>(96)</b>	<b>(88)</b>	<b>(37)</b>	<b>(88)</b>	<b>82</b>	<b>169</b>	<b>(17)</b>	<b>(9)</b>	<b>18</b>	<b>27</b>
<b>QMSU Services Ltd</b>										
Income	4,777	4,583	4,218	4,583	4,492	(91)	186	228	271	43
Pay	2,128	2,092	2,019	2,092	2,056	36	136	144	151	(7)
Non Pay	2,277	2,181	2,068	2,181	2,235	(54)	103	98	144	(46)
<b>QMSU Services Ltd SURPLUS/(DEFICIT)</b>	<b>372</b>	<b>310</b>	<b>132</b>	<b>310</b>	<b>200</b>	<b>(110)</b>	<b>(54)</b>	<b>(14)</b>	<b>(24)</b>	<b>(10)</b>
<b>Administration</b>										
Income	176	162	174	162	175	13	19	14	19	6
Pay	263	238	207	238	241	(3)	21	20	20	0
Non Pay	139	142	114	142	156	(14)	9	12	19	(7)
<b>Administration SURPLUS/(DEFICIT)</b>	<b>(226)</b>	<b>(218)</b>	<b>(147)</b>	<b>(218)</b>	<b>(222)</b>	<b>(4)</b>	<b>(11)</b>	<b>(18)</b>	<b>(19)</b>	<b>(1)</b>
<b>GROUP SURPLUS/ (DEFICIT)</b>	<b>50</b>	<b>5</b>	<b>(52)</b>	<b>5</b>	<b>60</b>	<b>55</b>	<b>(81)</b>	<b>(40)</b>	<b>(25)</b>	<b>15</b>

**Income and Expenditure Account summary**

**QMSU Services Ltd**

For Month 12

July 2019

Cost Centre	Full Year Budget		Full Prior Yr	YTD to Month 12				for Month 12			
	Prior Yr	Current Yr	July18 End Yr	Prior Yr Amount	Budget	Amount	Variance	Prior Yr Amount	Budget	Amount	Variance
	£	£	£	£	£	£	£	£	£	£	£
<b>Income</b>											
BLSA Reception	30,609	35,148	31,201	31,201	35,148	38,876	3,728	1,657	1,428	1,875	446
Central Cleaning	221,874	223,647	235,544	235,544	223,647	217,900	(5,747)	33,331	18,630	30,415	11,786
Chislehurst	56,146	46,020	43,637	43,637	46,020	48,245	2,225	2,842	2,085	3,706	1,621
CHSQ Fitness to Practice	15,320	12,044	10,430	10,430	12,044	8,417	(3,627)	684	797	105	(692)
CHSQ Shield Café	166,654	180,819	179,343	179,343	180,819	184,551	3,732	12,512	14,197	27,985	13,788
Drapers Bar	619,801	657,811	562,777	562,777	657,811	646,772	(11,039)	4,863	17,720	34,415	16,696
Ents - Non Commercial	38,619	37,164	32,536	32,536	37,164	34,325	(2,839)	2,654	3,096	3,278	183
General Enterpise	120,500	131,678	117,486	117,486	131,678	131,468	(210)	9,546	10,969	7,710	(3,259)
Griffin Bar	262,243	252,876	233,966	233,966	252,876	279,669	26,793	5,504	10,747	9,483	(1,265)
Ground	464,740	507,669	492,962	492,962	507,669	556,591	48,922	29,451	26,848	34,427	7,579
Library Cafe	525,282	543,846	495,341	495,341	543,846	501,508	(42,338)	3,024	1,820	2,203	383
MARKETING & COMMS SE	0	75,093	0	0	75,093	58,611	(16,482)	0	6,255	2,799	(3,456)
Mile End Ents	129,071	41,242	116,221	116,221	41,242	50,438	9,196	691	12,288	10,992	(1,296)
QMotion	796,163	844,117	773,718	773,718	844,117	744,417	(99,700)	43,031	54,406	44,796	(9,610)
UNION SHOP	362,326	365,919	287,144	287,144	365,919	331,696	(34,223)	17,752	24,647	26,776	2,130
Village Shop	582,879	622,589	593,122	593,122	622,589	653,705	31,117	18,139	22,248	30,017	7,769
Whitechapel Ents	15,803	5,302	12,907	12,907	5,302	4,618	(683)	67	94	94	0
<b>Total Income</b>	<b>4,408,030</b>	<b>4,582,983</b>	<b>4,218,335</b>	<b>4,218,335</b>	<b>4,582,983</b>	<b>4,491,807</b>	<b>(91,176)</b>	<b>185,747</b>	<b>228,275</b>	<b>271,077</b>	<b>42,803</b>
<b>Expenditure</b>											
<b>Pay</b>											
BLSA Reception	54,173	53,575	53,195	53,195	53,575	52,269	1,306	2,758	3,983	4,393	(410)
Central Cleaning	220,647	221,861	230,465	230,465	221,861	214,899	6,962	19,114	18,481	18,069	412
Chislehurst	24,512	25,328	25,197	25,197	25,328	26,892	(1,564)	2,762	2,110	960	1,150
CHSQ Fitness to Practice	4,739	4,964	4,707	4,707	4,964	5,066	(102)	395	414	414	(0)
CHSQ Shield Café	92,351	103,875	102,151	102,151	103,875	99,705	4,170	8,956	8,871	11,469	(2,598)
Drapers Bar	237,625	268,989	224,199	224,199	268,989	236,742	32,248	8,600	12,594	13,427	(833)
Ents - Non Commercial	26,842	32,080	26,330	26,330	32,080	42,195	(10,115)	2,205	2,672	3,335	(663)
General Enterpise	267,867	165,607	265,531	265,531	165,607	172,765	(7,158)	20,633	13,795	17,726	(3,931)
Griffin Bar	128,047	136,451	130,448	130,448	136,451	151,483	(15,032)	6,083	7,408	7,255	153
Ground	150,585	171,756	165,054	165,054	171,756	181,129	(9,374)	10,634	12,316	11,852	464
Library Cafe	141,361	149,727	142,274	142,274	149,727	150,342	(615)	4,124	4,358	4,359	(1)
MARKETING & COMMS SE	0	79,115	0	0	79,115	69,713	9,402	0	6,590	4,216	2,375
Mile End Ents	28,713	13,336	29,763	29,763	13,336	9,717	3,619	2,208	774	822	(47)
QMotion	370,776	415,183	383,365	383,365	415,183	384,764	30,419	32,116	34,585	34,474	111
UNION SHOP	100,811	110,504	102,403	102,403	110,504	115,004	(4,500)	8,353	8,553	10,176	(1,623)
Village Shop	117,803	131,360	125,525	125,525	131,360	136,339	(4,978)	6,189	6,335	7,461	(1,125)
Whitechapel Ents	9,400	8,452	8,042	8,042	8,452	7,428	1,024	1,083	548	548	0
<b>Subtotal</b>	<b>1,976,252</b>	<b>2,092,162</b>	<b>2,018,650</b>	<b>2,018,650</b>	<b>2,092,162</b>	<b>2,056,450</b>	<b>35,712</b>	<b>136,212</b>	<b>144,388</b>	<b>150,953</b>	<b>(6,565)</b>
<b>Non Pay</b>											
BLSA Reception	15,340	9,840	13,173	13,173	9,840	16,434	(6,594)	346	820	5	814
Central Cleaning	3,786	3,786	5,865	5,865	3,786	3,788	(2)	146	315	518	(202)

<b>Income and Expenditure Account summary</b>											
<b>QMSU Services Ltd</b>											
<b>For Month 12</b>			<b>July 2019</b>								
<b>Cost Centre</b>	<b>Full Year Budget</b>		<b>Full Prior Yr</b>	<b>YTD to Month 12</b>				<b>for Month 12</b>			
	<b>Prior Yr</b>	<b>Current Yr</b>	<b>July18 End Yr</b>	<b>Prior Yr Amount</b>	<b>Budget</b>	<b>Amount</b>	<b>Variance</b>	<b>Prior Yr Amount</b>	<b>Budget</b>	<b>Amount</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chislehurst	14,349	9,670	9,182	9,182	9,670	8,560	1,111	1,114	806	1,083	(278)
CHSQ Fitness to Practice	10,250	10,062	8,375	8,375	10,062	8,306	1,756	477	838	1,074	(236)
CHSQ Shield Café	63,890	65,695	75,047	75,047	65,695	78,032	(12,338)	8,122	4,944	12,721	(7,778)
Drapers Bar	300,934	321,571	283,131	283,131	321,571	333,328	(11,757)	4,641	8,102	21,100	(12,998)
Ents - Non Commercial	9,500	4,500	3,110	3,110	4,500	2,410	2,090	0	0	0	(0)
General Enterprise	20,456	12,798	13,982	13,982	12,798	37,336	(24,539)	1,762	900	280	620
Griffin Bar	119,368	115,329	105,303	105,303	115,329	130,604	(15,276)	3,321	4,472	9,127	(4,655)
Ground	212,245	229,903	226,408	226,408	229,903	247,323	(17,420)	13,936	12,311	15,359	(3,048)
Library Cafe	342,571	357,325	322,256	322,256	357,325	319,679	37,646	2,002	6,566	(126)	6,692
MARKETING & COMMS SE	0	50,325	0	0	50,325	33,295	17,030	0	3,959	1,246	2,713
Mile End Ents	96,736	20,400	89,696	89,696	20,400	36,882	(16,482)	9,889	2,679	16,475	(13,796)
QMotion	321,968	324,007	325,504	325,504	324,007	339,461	(15,454)	32,817	25,683	35,603	(9,921)
UNION SHOP	236,266	235,374	192,909	192,909	235,374	206,330	29,044	12,036	15,621	14,948	673
Village Shop	394,297	407,621	383,333	383,333	407,621	430,229	(22,607)	12,126	9,540	14,413	(4,873)
Whitechapel Ents	13,150	2,300	10,586	10,586	2,300	2,877	(577)	469	0	0	0
<b>Subtotal</b>	<b>2,175,107</b>	<b>2,180,505</b>	<b>2,067,861</b>	<b>2,067,861</b>	<b>2,180,505</b>	<b>2,234,874</b>	<b>(54,369)</b>	<b>103,204</b>	<b>97,556</b>	<b>143,827</b>	<b>(46,272)</b>
<b>Total Expenditure</b>	<b>4,151,358</b>	<b>4,272,668</b>	<b>4,086,510</b>	<b>4,086,510</b>	<b>4,272,668</b>	<b>4,291,325</b>	<b>(18,657)</b>	<b>239,416</b>	<b>241,943</b>	<b>294,780</b>	<b>(52,837)</b>
<b>SURPLUS/ (DEFICIT) for Q</b>	<b>256,671</b>	<b>310,316</b>	<b>131,825</b>	<b>131,825</b>	<b>310,316</b>	<b>200,483</b>	<b>(109,833)</b>	<b>(53,669)</b>	<b>(13,668)</b>	<b>(23,703)</b>	<b>(10,035)</b>
<b>Total by Cost Centre</b>											
BLSA Reception	(38,903)	(28,267)	(35,167)	(35,167)	(28,267)	(29,827)	(1,560)	(1,447)	(3,375)	(2,524)	851
Central Cleaning	(2,559)	(2,000)	(786)	(786)	(2,000)	(786)	1,214	14,071	(167)	11,829	11,996
Chislehurst	17,285	11,022	9,258	9,258	11,022	12,793	1,772	(1,034)	(830)	1,663	2,493
CHSQ Fitness to Practice	331	(2,982)	(2,652)	(2,652)	(2,982)	(4,956)	(1,974)	(189)	(455)	(1,384)	(929)
CHSQ Shield Café	10,413	11,249	2,145	2,145	11,249	6,813	(4,435)	(4,566)	382	3,795	3,413
Drapers Bar	81,242	67,251	55,447	55,447	67,251	76,703	9,452	(8,379)	(2,977)	(112)	2,865
Ents - Non Commercial	2,277	584	3,096	3,096	584	(10,280)	(10,864)	449	424	(56)	(480)
General Enterprise	(167,822)	(46,727)	(162,027)	(162,027)	(46,727)	(78,634)	(31,907)	(12,849)	(3,726)	(10,295)	(6,569)
Griffin Bar	14,828	1,096	(1,786)	(1,786)	1,096	(2,418)	(3,514)	(3,899)	(1,133)	(6,899)	(5,766)
Ground	101,910	106,011	101,499	101,499	106,011	128,139	22,128	4,881	2,221	7,217	4,996
Library Cafe	41,350	36,794	30,811	30,811	36,794	31,487	(5,307)	(3,102)	(9,104)	(2,030)	7,074
MARKETING & COMMS SE	0	(54,347)	0	0	(54,347)	(44,397)	9,950	0	(4,294)	(2,663)	1,631
Mile End Ents	3,622	7,506	(3,238)	(3,238)	7,506	3,839	(3,667)	(11,407)	8,835	(6,304)	(15,139)
QMotion	103,419	104,928	64,850	64,850	104,928	20,192	(84,735)	(21,902)	(5,861)	(25,281)	(19,420)
UNION SHOP	25,249	20,041	(8,168)	(8,168)	20,041	10,362	(9,679)	(2,637)	472	1,652	1,180
Village Shop	70,779	83,607	84,264	84,264	83,607	87,138	3,531	(176)	6,373	8,143	1,770
Whitechapel Ents	(6,748)	(5,450)	(5,721)	(5,721)	(5,450)	(5,686)	(236)	(1,485)	(454)	(454)	0
<b>Total by Cost Centre</b>	<b>256,671</b>	<b>310,316</b>	<b>131,825</b>	<b>131,825</b>	<b>310,316</b>	<b>200,483</b>	<b>(109,833)</b>	<b>(53,669)</b>	<b>(13,668)</b>	<b>(23,703)</b>	<b>(10,035)</b>

Appendix 2 QMSU balance sheet July 2019

	Group 2019		Group 2018		Parent 2019		Parent 2018	
	£	£	£	£	£	£	£	£
<b>FIXED ASSETS</b>		344,165		190,980		60,867		67,322
<b>INVESTMENTS</b>		34,367		37,247		34,368		37,248
<b>CURRENT ASSETS</b>								
Stock		65,840		78,003				0
Debtors and Prepayments		243,245		519,026		166,167		247,181
Cash at Bank and in Hand		1,033,528		701,800		1,033,528		588,025
		<u>1,342,613</u>		<u>1,298,829</u>		<u>1,199,695</u>		<u>835,206</u>
<b>CREDITORS:</b>								
Due within one Year		<u>(1,322,965)</u>		<u>(1,240,518)</u>		<u>(1,218,902)</u>		<u>(837,659)</u>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		19,648		58,311		(19,207)		(2,453)
<b>CREDITORS: Due after more than one year</b>		0		0		0		0
		<u>398,180</u>		<u>286,538</u>		<u>76,028</u>		<u>102,117</u>
		<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>
<b>FINANCED BY:</b>								
<b>FUNDS</b>								
<b>Designated Funds</b>		334,462		539,966		334,462		539,966
<b>Restricted Funds</b>								
Capital Grants		38,915		63,134		38,915		55,936
RAG		8,181		12,423		8,181		12,423
Drapers		1,000		2,005		1,000		2,005
ACF		40,854		41,543		40,854		41,543
Buddy Schem		0		21,370				21,370
Student Experience		40,660		43,850		40,660		43,850
New Grant		29,648		22,543		29,648		22,543
Annual		60,927		77,270		60,927		77,270
Westfield		37,926		8,562		37,926		8,562
Employability		0		100		0		100
Co-op		6,339				6,339		
FA HUB Innovation		612				612		
Club Sport		15,186				15,186		
BL sports		1,617				1,617		
FA HUB		432				432		
<b>Total Restricted Funds</b>		<b>282,297</b>		<b>292,800</b>		<b>282,297</b>		<b>285,602</b>
						616,759		
<b>Called up Share Capital</b>								
<b>P&amp;L Account</b>								
<b>General Reserve</b>		<u>(218,579)</u>		<u>(546,228)</u>		<u>(540,731)</u>		<u>(723,451)</u>
		<u>398,180</u>		<u>286,538</u>		<u>76,028</u>		<u>102,117</u>