



Subsidiary & Associated Companies: Financials 2020/21

Outcome requested:	Finance and Investment Committee is invited to note the paper.
Executive Summary:	<p>Appendix 1 provides a financial summary of the results for financial year 2020/21 of the subsidiary and associated companies.</p> <p>The main points of note are:</p> <p>The Maltese company is used to deliver the Medicine MBBS course taught in Malta. Student recruitment/tuition fee income were significantly higher than planned leading to a doubling of income compared to the prior year.</p> <p>QMB's profits arose from growth in rental income and an increase in the value of the deferred tax asset held on the balance sheet.</p> <p>Generally, the associated spinout companies are in the growth phase of their development and this explains their loss making nature. The spinouts are funded by external investors, with QMUL obtaining its shareholding from the transfer of its IP on incorporation. QMUL does not provide seed funding to its spinouts. Usually spinouts become profitable when they mature and after further funding rounds, by which time they are no longer classified as Associates.</p>
QMUL Strategy: strategic aim reference and sub-strategies	Financial Sustainability
Internal/External regulatory/statutory reference points:	Companies Act and Charities Act for UK entities and related statutory requirements for overseas companies.
Strategic Risks:	<p>12. (1) Failure to generate adequate additional income to enable investment in order to achieve 2030 goals.</p> <p>12. (2) Failure to control expenditure to levels that enable adequate cash generation for investment in the 2030 strategic objectives.</p>
Equality Impact Assessment:	n/a
Subject to prior and onward consideration by:	
Confidential paper	No
Timing:	Annual report to Committee
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Date:	9 th October 2021
Senior Management/External Sponsor	Karen Kröger, Chief Financial Officer

Appendix 1
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	Country of Registration	Purpose	QM Equity Shareholding	Financial Year (FY)	Cash Balance for the Prior Year	Cash Balance for the FY	Cash Movement in the Year	Income for the Prior Year	Income for the FY	Profit/(Loss) for the Prior Year	Profit/(Loss) for the FY	Budget Profit/(Loss) for the FY	Variance
Subsidiary Companies													
	China	Educational	100%	31/12/2020	£279,403	£336,208	£56,805	£672,308	£615,701	£26,276	£31,615	£39,389	(£7,774)
	UK	Business	100%	31/07/2021	£82,945	£296,303	£213,358	£79,960	£331,208	(£62,033)	£140,758	£20,141	£120,617
	UK	Arts charity	100%	31/07/2021	£44,596	£78,004	£33,408	£840,844	£1,169,940	£594	£71,311	£4,747	£66,564
	UK	Campus Development	100%	31/07/2021	£1,985	£1,985	£0	£0	£0	(£3,850)	(£3,900)	not prepared	-
	UK	Business	100%	31/07/2021	£2,587,763	£2,706,765	£119,001	£2,690,344	£2,862,834	£245,521	£925,289	(£45,594)	£970,873
	UK	Business	100%	31/07/2021	£44,256	£284,479	£240,222	£1,264,251	£1,190,251	£150,016	£269,873	£12,841	£257,032
	Hong Kong	Holding	100%	31/07/2021	£79,333	£67,461	(£11,872)	£15,589	£8,339	£11,117	£2,362	£0	£2,362
	UK	Fundraising	100%	31/07/2021	£629,057	£468,368	(£160,689)	£1,221,510	£1,766,136	£317,774	(£182,856)	not prepared	-
	Malta	Holding	100%	31/07/2021	£0	£0	£0	£0	£0	(£1,674)	(£4,075)	(£4,000)	(£75)
	Malta	Educational	100%	31/07/2021	£0	£0	£0	£1,418,000	£3,258,411	(£1,994,926)	(£571,547)	(£367,435)	(£204,112)
	France	Educational	100%	New Co	-	-	£0	-	£0	-	£0	-	-
Associate Companies													
	UK	Business	18%	31/07/2021	£151,892	£325,925	£174,033	£366,090	£612,180	(£424,752)	(£304,107)		
	UK	Business	33%	30/06/2021	£104,598	£387,174	£282,576	£0	£0	(£148,607)	(£236,165)		
	UK	Business	48%	31/07/2021	£0	£0	£0	£0	£0	£0	£0		
	UK	Business	28%	31/07/2021	£2,033	£2,501	£468	£0	£0	(£500)	(£500)		
	UK	Business	30%	New Co	-	-	£0	-	-	-	-		
	UK	Business	30%	31/12/2020	£14	£74,227	£74,213	£0	£0	(£9,768)	(£86,035)		
	UK	Business	43%	31/07/2021	£121,282	£45,942	(£75,340)	£0	£0	(£60,937)	(£72,796)		
	UK	Business	32%	30/04/2021	£4,114	£11,856	£7,742	£0	£23,250	(£5,639)	£4,738		
	UK	Business	23%	31/03/2021	£15,062	£6,494	(£8,568)	£3,500	£17,170	£1,650	£16,852		
	UK	Business	27%	31/01/2021	£48,393	£48,393	£0	£0	£0	£0	£0		
	UK	Business	29%	31/12/2020	£1,582,991	£793,699	(£789,292)	£101,482	£80,775	(£334,871)	(£763,590)		
	Hong Kong	Business	29%	31/12/2020	£0	£0	£0	£0	£0	£0	£0		
	UK	Business	33%	31/07/2020	£4,946	£4,302	(£644)	£2,347	£2,815	(£2,149)	£2,559		
	UK	Fundraising	40%	31/03/2021	£474,713	£280,359	(£194,354)	£1,424,095	£996,528	(£58,457)	£5,011		

Notes on in year cash movements:

- ^a Profit for the year and reduction in working capital.
- ^b Profit for the year less loan repayments.
- ^c Profit for the year.
- ^d Donations received during 2019/20 were transferred to QMUL in 2020/21.
- ^e Investment from existing shareholders and reduction in working capital.
- ^f Investment received from existing shareholders and government COVID funding.
- ^g Operating loss for the year.
- ^h Increase in working capital

Notes on budget variance:

- ¹ Increase in the number of deals following the recruitment of a CEO lead to higher income and profitability.
- ² £617k of the positive variance against budget is attributed to an increase in the value of the deferred tax asset. Operating profits were higher than budget due to higher rental income and lower expenditure due to COVID-19.
- ³ Staff vacancies lead to higher profits.
- ⁴ Higher than budget loss due to net compensation payments totalling £0.8m not being received in the period. This was partially offset by tuition fee income, as student recruitment was significantly higher than planned.