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| **Financial Review January 2020** | |
|  | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Statement of Income and Expenditure\* as at 31 January 2020** | | | | | |  | |  |  |  |  |  |  |  | |  |  | Year to Date | | | Full Year | | |  |  | Actual | Budget | Variance  to budget | Budget | Forecast | |  |  |  |  |  |  |  | |  |  | £'000's | £'000's | £'000's | £'000's | £'000's | | Income | |  |  |  |  |  | |  | Income | 2,925 | 3,244 | (319) | 5,771 | 5,451 | |  | Cost of Sales | (657) | (781) | 124 | (1,485) | (1,341) | | Gross Profit | | 2,268 | 2,463 | (195) | 4,286 | 4,110 | |  |  |  |  |  |  |  | | Expenditure | |  |  |  |  |  | |  | Staff Pay Costs | (1,648) | (1,726) | 78 | (3,453) | (3,422) | |  | Other Direct Costs | (524) | (561) | 37 | (1,031) | (1,150) | |  |  |  |  |  |  |  | | Total Expenditure | | (2,172) | (2,287) | 115 | (4,484) | (4,572) | |  |  |  |  |  |  |  | | Net Surplus/(Deficit) | | 96 | 176 | (80) | (198) | (461) | |  |  |  |  |  |  |  | | |
|  | \**Excluding income and expenditure for Clubs, Societies and Projects*   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Commercial Services** | | |  |  |  |  | | *Retail, Bars & Catering, Conferencing, Summer Ball* | | | | |  |  | |  |  |  |  |  |  |  | |  |  | Year to Date | | | Full Year | | |  |  | Actual | Budget | Variance  to budget | Budget | Forecast | |  |  |  |  |  |  |  | |  |  | £'000's | £'000's | £'000's | £'000's | £'000's | | Income | |  |  |  |  |  | |  | Income | 1,779 | 2,058 | (278) | 3,899 | 3,609 | |  | Cost of Sales | (657) | (781) | 124 | (1,485) | (1,341) | | Gross Profit | | 1,122 | 1,276 | (154) | 2,414 | 2,268 | |  |  |  |  |  |  |  | | Expenditure | |  |  |  |  |  | |  | Staff Pay Costs | (682) | (705) | 23 | (1,378) | (1,337) | |  | Other Direct Costs | (272) | (240) | (32) | (449) | (585) | |  |  |  |  |  |  |  | | Total Expenditure | | (954) | (946) | (9) | (1,827) | (1,923) | |  |  |  |  |  |  |  | | Net Surplus/(Deficit) | | 168 | 331 | (162) | 586 | 346 | |  |  |  |  |  |  |  |   Executive Summary Year to 31st January 2020 | |
| Net Surplus is below budget by £80k | Our net surplus is down by £80k driven by an income deficit variance of £319k and offset by cost savings against budget of £115k. Most of the income £317k shortfall is in commercial services (£278k) alongside a timing difference of £17k for Sales and Sponsorship and a short fall of expected investment interest of £7k. | |
| Commercial Services, income down by £278k (13.5%); gross profit down by £154k (12%) and net contribution is down by £162k. | The closure of the 568 kitchens (£125k) alongside the delay in the H Bar food provision (£62k) has led to a direct income adverse variance of £187k (9% of commercial income) and £120k GP. There is also an unknown related impact on wet sales. The 568 Kitchen has now reopened and £7.6k was taken in January. However, the food provision from H Bar has not commenced as negotiations with College Campus services are ongoing.  Overall, Retail income is below budget by £21k (2.8%) and GP is below by £10k (2.9%). ShopEx continues to perform ahead of budget while the main Shop is below because the trial of a new pricing structure for quality goods was not as successful as anticipated leading to an income downturn of £57k (11.5%). The Shop tariff has already been reviewed however we have lost some of the potential opportunity achievable during 1st term.  Staff costs are below budget as less resources are needed in the short term due to reduced catering trade coupled with a number of vacancies in Events & Conferencing and Beit Bars. However other direct costs are over budget firstly due to an early upfront payment of £20k (£19,733) for Catering services for Summer Ball, and secondly due to Security cost now being brought under control. | |
| Staff costs are below budget by £78k | Overall staff costs are under budget by £78k as there have been several vacancies in the year to January 2020. £32k relates to vacancies in Student Experience, however Student Voice & Communications has as a positive variance of £55k. Additional severance costs have been incurred in Leadership and as mentioned above, the downturn in catering trade has also had an impact. | |
| Year end forecast is showing a deficit of £461k, however a recovery plan will improve on this position. | Leadership have undertaken further work since the initial forecast of c£500k deficit was presented to F&R at the beginning of February. The recovery plan will show current savings of c£130k over the remaining months to July 2020 which have not yet been factored into our reporting systems. The first month of the reforecast did show a minor improvement to the forecast profile providing a positive variance of £27k. | |
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| Balance Sheet :  The closing cash position as at 31 January was £2.1m.  Capex positioned to be low for 19/20. | The Union has £2.1m in its local bank account as at 31 January. This is used to facilitate our short-term liabilities and provide immediate resource for Club, Societies and Projects. An additional £1.5m locked away with Rathbone Investment Management. The current balance is adequate for our needs over the coming months however a more detailed cashflow projection will be presented at the March Finance and Risk Committee.  At present we are expecting a low cash out flow on capital projects of £55k to the end of the year. | |