

Imperial College Union
Finance, Audit & Risk / 27 March 2024

Management Accounts February 2024

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Purpose: To present the Management Accounts for February 2024.
Action(s): To note

1. Summary

Year to date, the Union has made a surplus of £306k, which is £79k ahead of the re-forecasted surplus of £227k. This can be attributed to higher contributions from both Retail and Venues, of £25k and £16k respectively, and expenditure savings of £38k in core areas.

In the month of February, the Union generated a surplus of £28k, £48k ahead of forecast.

2. Core, Grant-Funded Performance

The core areas of the Union were £16k favourable to forecast in the month of February, this is mainly due to staff costs as variances in operational costs cancelled each other in month.

The table below shows the overall variances to budget for each of the core areas.

Area	Variance Month	Variance Year to Date	Year to Date Comments
Income			
Student Activities	£2k	£1k	-
Leadership & Governance	(£1k)	(£1k)	Minor reduction to Block Grant staff award due to decrease in USS pension scheme contribution rates
Expenditure			
Representation	£10k	£13k	Elections budget of £7k is expected to be spent in March. Vacancy savings of £6k, the budget holder hopes to have the roles filled by May.
Systems	£6k	£12k	£6k vacancy savings - Senior Web Developer role filled in March. Equipment purchase variance of £6k, the cost of a new digital meeting screen will be capitalised, so the full budget is not expected to be used.
People & Culture	£3k	£6k	Training and Development savings of £5k, expected to be spent in March.
Advice & Support	£2k	£4k	Vacancy savings of £3k - the Advice Administrator role has been filled from March
Finance	£1k	£3k	Irrecoverable VAT savings of £1k, linked to reduction in expenditure in areas such as Training & Development
Student Activities	-	£1k	-
Facilities, Health & Safety	£1k	£1k	-
Minibus Service	-	£1k	-
Marketing & Communications	-	-	-
Leadership & Governance	(£8k)	(£4k)	£7k expenditure for London Student Sustainability Conference, offset by permanent staff savings of £4k.
Total	£16k	£38k	

Note: there are some recently approved costs which were not in forecast (Trustee recruitment and casual staff) which may have an impact in the region of £10k.

Notwithstanding this, the variances outlined above, including some continuing vacancies, are now expected to result in the Union exceeding its reforecast Core deficit for the year (£38k before £36k of depreciation, so a total £73k deficit on Core). The Union appears to be closer to achieving its original budget target for the year – which was to break-even before depreciation.

This improvement has partly been achieved through some additional vacancies this year. The Union's intention is to rely less on vacancies next year, as previously discussed with the Committee. The Union is also looking to manage increases in its cost base which have been incurred over recent years through the new funding cycle with the College (separate paper refers).

The Strategic Plan intention is to move to a break-even position on Core costs after depreciation. Budget plans will be developed over the coming months for achieving this, as part of the new funding cycle (from FY24/25).

3. Commercial Performance

Overall, Commercial Services have generated a total contribution of £342k year to date – exceeding the forecast by £41k. As such the Union is ahead of its forecast contribution of £214k.

(Note: these figures exclude c£140k core income allocations for the year from advertising, welcome and a proportion of external bookings income allocated to Core, as per budget assumptions. The total contribution in terms of the Model was forecast to be c£70k net).

As summarised in the Table below, the Union is running ahead of this forecast overall. A contribution closer to the £140-150k (originally budgeted and as set out in the Strategic Plan) may now be possible, but this largely depends on performance for the remainder of the year and the extent to which retail contingency can be released.

As highlighted in the reforecast, Reynolds and H bars are expected to incur a loss this year, though February accounts indicate some improved performance.

Year to Date:	Actual	Forecast	Var
	(£k)	(£k)	(£k)
Retail	217	192	25
Beit Bars	100	86	14
H Bar	(2)	(8)	6
Reynolds Bar	(28)	(33)	5
Events	54	64	(10)
Core allocations	(82)	(84)	2
Venues	42	25	17
Total	259	217	42

Monthly activity is summarised below:

Retail

February was another good month for Retail, with a positive contribution £17k ahead of forecast. Gross sales in the Shop were particularly strong, up £22k (61%) – the GP margin is still slightly lower than expected, this is the result of the ongoing effort to clear old stock in preparation for the arrival of items with the new College branding.

Venues

Venues generated a net positive contribution of £7k in the month of February, compared with an expected deficit of £7k. Beit Bars, Reynolds and H bar exceeded forecast by £12k, £5k and £4k respectively – all three bars reported increased sales, and reduced expenditure against forecast. Events reported an adverse variance of £7k in month, £4k of this was due to credit notes issued for duplicate invoices and lower than expected ticket income.

Gross profit margins for all bars have returned to at or above targets. The Venues teams have taken steps to improve stock management and security which, combined with expected stocktake count variances have had a positive impact on the GP.

4. Balance Sheet

The Union's Balance Sheet (Appendix 2) continues to show a strong financial position, with net assets of £3.15m.

Stock has been managed down compared with prior year, though there are some potential challenges around branding of items to be worked through. This could result in some write-offs being required, though we currently expect these to be covered by the remaining contingency.

5. Cashflow

The cashflow statement (Appendix 3) shows a healthy cash position, with a cash balance of £4.34m as at 29th February 2024.