



Students' Union Report on Finances

<p>Outcome Requested:</p>	<p>Council is asked to note:</p> <ol style="list-style-type: none"> 1. Financial Statements Year ending July 2022 <ol style="list-style-type: none"> a. Queen Mary University of London Students' – The Group (appendix 1a) b. QMSU Services Ltd. (appendix 1b) 2. Mid-Year Financial update <ol style="list-style-type: none"> a. Management Accounts and Balance Sheet period P5 December 2022 (appendix 2) b. Update on January 2023 Draft 1 Management Accounts 3. Spotlight and trends (Appendix 3).
<p>Executive Summary:</p>	<ul style="list-style-type: none"> ○ Financial Statements: The external audit ran smoothly. There were no adjustments to the final accounts the SU presented to the auditors, and in line with end of year forecast. The administration team process over 30000 transitions and invoices, and the necessary assurance relating to our processes is provided. The auditor's management letter reported all previous recommendations has been addressed, processes were robust and no new recommendations. The SU financial regulations and policies have been updated since the audit, as part of our review cycle. ○ The auditors were satisfied with the comprehensive going-concern information provided, including the letter of support from the University. The Financial Statement were unqualified. The Operating deficit for the year (2021 / 2022) was £76K, better than our mid-year projections, and improving the general reserve figure. ○ The donated in-kind support from the university has been reviewed and calculated to be £512K. This is in addition to the Block Grant. There was a top up Block Grant increase in September 2022 for several priority items, namely f £15K to absorb massive rises in sports facilities hire costs, £20K towards community volunteering interns, and £29K for one off digital process improvement. QMSU Services donated £82K in kind support, in addition to surpluses. The company also covered £100k towards lease costs. ○ The general reserve is -£230741 (July 2022), compared to £306786 (July 2021). Appendix 3 also shows progress made since July 2018, the figure stood at -£556738. ○ The financial position of the Union in the current year is relatively stable. The Group's surplus is £61K, which is better than budget (appendix 2), but clearly continues to be challenging. The careful monitoring, tough controls and targeted initiatives, aimed to achieve impact and return on

	investment, both financial and staff resource appear to be reaping benefit. A sample is outlined in the Spotlight report (appendix 3.)
QMUL Strategy: strategic aim ref	SA2.2, EA1.2, EA1.7
Internal/External regulatory/statutory reference points:	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.” <i>1994 Education Act</i> <i>2006 Charities Act</i> <i>2006 Companies Act</i>
Strategic Risks:	11. Sustainable income streams for activities 12. Cost control, VFM and expenditure
Equality Impact Assessment:	None required
Subject to prior and onward consideration by:	Finance and Investment Committee (07/03/2023) noted that a £100K gift aid did not appear in the reserves and has asked for confirmation that this was the right treatment.
Confidential paper	No
Timing:	Annual
Author:	Mike Wojcik, Chief Executive, Students’ Union Managing Director, QMSU Services Ltd.
Date:	14 February 2023
Sponsor	Adi Sawalha, President, Students’ Union

General report on current year.

1. The financial position for the Group in December is satisfactory, the Year-to-date surplus is £61K, compared to budget of £36K (Appendix 1). The Group surplus budget for 2022/23 is only £6K, our reserves policy target is £50K or more. We are currently undertaking mid-year reforecasting exercise, and initial calculations showing in the region of £30K end of year surplus position. There are no significant new issues on the Balance sheet for December 2022. nothing major to report (Appendix 2).
2. The surplus for the company is £99K, adrift from budget by £52K, primarily because of non-pay cost (£58K variation), which is primarily as a result of the cost-of-living price increases. The income generation is encouraging, and further interrogation and analysis against pre-pandemic level supports this (appendix 3).
3. The year-to-date income has risen from last year by 16% for the company, which is excellent, however not surprisingly, non-pay costs have risen by 18% (£137K). Payroll costs have risen by 14% (£190K), and labour to income ration from 40% to £44%. The cost of living pay increase for the Charity is covered by the University through the block grant, representing an annual increase of over £100K. QMSU Services absorbs in the region of £140K for the year (22/23).
4. The first draft management accounts for January are favourable, with a group surplus of £72K, compared to a budget of £21K. The rising costs and inflation uplift remains a significant challenge as we recalibrate our end of year forecast.
5. The company results are also heading in the right direction, and year to date surplus increased by £26K to £124K. This is off budget by 36K, and over £20k is from Whitechapel operations, and we anticipate a turnaround with the new Garrod Building development. The year-on-year growth of sales is 20%, again in part mitigating massive inflation rises and cost of living impact. Qmotion membership growth and retention has also helped improving financial position post pandemic. By way of reminder, there is no longer Block grant support for the company in this financial year.