

Meeting of the Group Audit and Risk Committee

3.30 pm on Thursday, 5 November 2020
via MS Teams

Supplement: additional document on going concern

| <i>No.</i> | <i>Item</i> | <i>Pages</i> | <i>Presenter</i> |
|------------|---------------|--------------|------------------|
| 13. | Going concern | 429 - 430 | RF |

Date of next meeting
4.00 pm on Thursday, 11 February 2021

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Going concern

- Our forecasting is accurate and we have delivered to financial forecasts as reported throughout last year (see July management accounts FPR 22/9)
- We prepared a number of alternative scenarios post Covid for consideration in setting an appropriate budget for 20/21 (May 2020 Board meeting)
- Our Covid-19 risk assessment and response has been subject to internal audit review and received moderate assurance in terms of design and substantial assurance for effectiveness. (GARC 5/11)
- 2020 Semester 1 Recruitment and retention is ahead of target and budget income forecast as are applications for Semester 2 entry (FPR 3/11)
- Sept management accounts broadly in line with budget scenario 2(b) and no requirement at present to move away from agreed budget (FPR 3/11)
- Have reworked and downgraded future financial forecasts (as submitted to Barclays during Revolving Credit Facility negotiations) – Summer 2020
- Have reworked our capital expenditure forecasts and cashflow forecasts including an assessment of operating cashflows expected to be generated during 20/21 (MPIC/FPR September 2020)
- Have reviewed capital programme spend and negotiated revised payment profiles where appropriate (eg LEAP as reported to MPIC 17/9)
- Have negotiated and implemented an RCF with Barclays which is immediately available for drawdown as required to service operating cashflow needs (detailed regular reports to RCF Sub-committee, FPR, MPIC and Board)
- Have stress tested our revised covenants against the budget scenario for 20/21 and our longer term forecasts and demonstrated compliance based on those forecasts (in current going concern paper to November GARC)
- We have a robust risk management process which considers risk (including financial risk) on a regular, continual basis (as reported to Board and Audit Committee)

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