London South Bank University
EST 1892

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Board of Governors Meeting

6.00 pm on Thursday, 23 November 2017
in 1B27 - Technopark, SE1 6LN

Agenda

No.	*Time*	*Item*	*Pages*	*Presenter*
6.		Chief Financial Officer's report	267 - 282	RF

Date of next meeting
4.00 pm on Thursday, 15 March 2018

Members:	Jerry Cope (Chair), David Phoenix, Sodiq Akinbade, Steve Balmont, Duncan Brown, Julie Chappell, Michael Cutbill, Douglas Denham St Pinnock, Kevin McGrath, Peter Fidler, Carol Hui, Hilary McCallion, Jenny Owen, Tony Roberts and Suleyman Said
In attendance	Pat Bailey, Richard Flatman, James Stevenson, Michael Broadway and Fleur Nieboer
Apologies	Shachi Blakemore and Mee Ling Ng

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Paper title:	Report from the Chief Financial Officer
Board/Committee	Board of Governors
Date of meeting:	23 November 2017
Author:	Richard Flatman, Chief Financial Officer
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To update the Board on financial matters.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Financial Sustainability
Recommendation:	The Board is requested to note the report which provides a progress update on 2017/18 and an update on year end reporting matters. The Board is also asked to approve the financial commentary explaining any significant variations from the data submitted to HEFCE in the July 2017 financial forecast submission. This requires approval before submission to HEFCE as part of the Annual Accountability Return (deadline 1 December 2017). The detailed tables showing the actual performance and position for 2015/16 and 2016/17 do not need to be submitted this year but have been included in this report for internal information only.

Attachments:
Appendix 1: Commentary on financial variations
Appendix 2: Updated financial tables

Report from the Chief Financial Officer: November 2017

1. Management accounts to 30 September 2017

The full year forecast as at 30 September 2017 is trending towards a surplus of £1.5M. This would deliver the University on budget.

Following a challenging recruitment and re-enrolment round in Semester 1, the University is forecasting that we will fall short of our Corporate Income target by approximately £5M. To ensure that we deliver to the surplus target set by the Board we have taken 3 steps to balance the budget;

- Firstly we have released the £3M contingency in exceptional items that was created by rebasing the staff cost budget
- Secondly we have reduced our Staff Restructuring provision by £0.5M to £1.0M and
- Finally we have challenged both Schools and Professional Functions to deliver £1.5M of savings in their budgeted levels of Operating Expenses.

This position will deliver: EBITDA at 10.9% which is slightly ahead of the 17/18 target of 10.5%, a recurring staff cost expressed as a % of income of 55.3% which is marginally above the 55% target and Corporate Income Growth of 0.7% which is below the 4% target for the year.

Next steps:

- We continue to closely monitor all requests for new and replacement staff to ensure that the recurring staff cost as a % of income is brought below the 55% target. The September management accounts show spend lower than budget by £564k in the first two months and this is after accounting for the backdated pay uplift which was processed in September.

- We are working closely with the Schools and Professional Functions to identify areas that will deliver appropriate savings in Operating Expenses.

- The Registry team are working closely with the Admissions Team to ensure that Students who are currently Enrolled with Outstanding Requirements transition to Fully Enrolled to maximise the Tuition Fee income from our current cohort.

- Gate One have been commissioned by the Chief Operating Officer to review current processes within professional services and this work is expected to report in the next couple of months.

- The Executive is reviewing the shape of the workforce taking a considered approach based on future need. This is seeking to agree implementation over the next 12-18 months. We would, however, hope to deliver some further efficiency against budget this year to help re-establish the step change project investment fund.

- The detailed market analysis of recruitment performance is continuing.

As a result of this work we will be in a better position early in the New Year to update our financial forecasts.

2. Year-end reporting matters

HESA student return – potential clawback

Following submission of student data to HESA our HEFCE grant is re-calculated and then compared to our HEFCE grant that was based on the HESES submission made the previous December. As HESES contains a number of estimates – for example, student non-completion and second semester enrolments – there is always a risk of clawback following the HESA submission.

The university has now submitted the final 2016/17 HESA student return and re-calculated grant shows a reduction in HEFCE grant of £166,414 when compared to HESES16 submitted in December 2016. The main driver for this reduction is a deterioration of funding completion rates compared to previous years and therefore to forecasts made in HESES16. This is consistent with the reported reduction in progression rates.

As HEFCE have a fixed budget they will also apply a further adjustment to funding at the end of the cycle when individual allocations are adjusted as necessary to ensure the sum of all allocations matches the funds they have available. This adjustment is usually small but is unknown at this stage.

Year-end accounts

The audit is almost complete and KPMG have not identified any misstatements requiring adjustment. There are 3 control recommendations around journal authorisation, back up documentation to journals and maintenance of the fixed asset register. All three recommendations are rated as medium risk and have been accepted by management.

No significant concerns have been raised around the key audit risk areas of revenue recognition, pension schemes, opening balances, fixed assets and use of funds.

The statutory financial accounts are presented in a separate paper to the board. The operating surplus reported is £1.9m, compared to budget of £1.0m.

A full compliance statement on our systems of internal control is included in the financial statements. A detailed report went to November Audit Committee setting out the various sources of assurance underpinning this statement. No matters have arisen since audit committee which would change our opinion in this regard.

The Board agree when signing the accounts that they think it appropriate to prepare the statements on a going concern basis and a detailed going concern paper was also reviewed by Audit Committee in November and approved.

The Letter of representation contains standard representations only and there are no matters specific to LSBU or that have been included in response to matters arising during the course of the audit.

3. Annual accountability return (AAR)

The annual accountability return is due for submission to HEFCE on 1 December 2017 and will inform their overall assessment of risk for LSBU through the Annual Provider Review process. Currently LSBU is rated as "not at higher risk at this time".

The majority of the financial and control related papers that comprise this return have already been to Audit Committee, or Finance, Planning and Resources Committee under separate cover, including:

- Audit committee annual report (Nov Audit Committee)
- Audited financial statements (Nov Audit Committee & FP&R)
- External audit findings report (Nov Audit Committee)
- Internal audit annual report (Nov Audit Committee).

Financial tables were approved at the July 2017 Board meeting setting out details of our forecast financial position, our balance sheet and cashflow for the period 2016/17 to 2019/20. The tables are consistent with agreed corporate KPIs, and our longer term financial objectives to deliver the following by 20/21:

- income of (minimum) £170m
- surplus of 5%
- EBITDA margin of 15%.

The forecasts were subsequently submitted to HEFCE. A couple of minor queries were raised but these have been resolved to HEFCE's satisfaction.

Consistent with HEFCE guidance we are now required to submit as part of our AAR submission, a commentary on the 16/17 forecast element of the July submission compared with the actual reported results to 31 July 2017 and this requires approval by Board before submission. The 16/17 financial submission was based on the University's forecast position at the end of April 2017 and there have been a number of changes between the forecast and year end position. The final position for the year showed a surplus of £1.9M which was an increase of £0.4M from the April forecast of £1.5M. Our cash and cash equivalents finished the year £3.2M ahead of our forecast position at £32.1M whilst our total net assets at Year End year were £89.6M, an increase of £12.1M compared to forecast as a result of year end pension movements.

This commentary is attached as Appendix 1 for approval. We are not required to submit the financial tables but these are included as Appendix 2 for internal purposes only.

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APPENDIX 1

AAR Financial Commentary - 2016/2017

The July 2017 Financial Submission to HEFCE was based on the Full Year Forecast as at April 30 2017 and in the final 3 months of the year there have been a number of movements particularly in the areas of Surplus, Income, Staff costs, Capital Expenditure and Pensions Liability between that forecast and the final accounts produced as at July 31st.

Surplus
One change between the April forecast and the year end was the increase in the University's final surplus. The final position for the year showed a surplus of £1.9M which was an increase of £0.4M from the April forecast of £1.5M. This was driven by a number of factors including a decrease in Staffing costs, an increase in Operating Expenses, a decrease in Depreciation and a decrease in Interest and Other Finance costs.

The surplus as a % of income also increased from the forecast 1.0% to a final 1.3%

Income Changes
As detailed above, the positive movement in our surplus was primarily driven by expenditure factors. In terms of income, our final position was £0.1M down as compared to our April Forecast. This was driven by 4 factors.

- **Tuition Fees & Education Contracts**
  In terms of Tuition Fees, our final mix was slightly different to the original forecast. Tuition fees from part time students were ahead of forecast, as were fees received from the Department of Health. The net impact of the above was that our final tuition fee income was in excess of £109.1M, an increase of £4.0M as compared to the April forecast.

- **Funding Body Grants**
  In terms of grants, the university finished slightly behind forecast with a final outcome of over £14.8M. The mix of funding partners was slightly different to forecast but the change was primarily driven by a reduction in the HEFCE Student Opportunity Grant. The net impact of the above was a decrease of £0.3M as compared to the April forecast.

- **Research Grants & Contracts**
  In terms of funding for Research, the university finished ahead of forecast following a strong fourth quarter. In particular income from BEIS Research Councils was up and this enabled us to finish £0.7M ahead of forecast with a final outturn of £3.1M

- **Other Income**
  In terms of Other Operating income the university finished slightly behind forecast. Income from Residences and Catering operations finished slightly ahead of forecast at £11.7M following a strong performance from our Summer schools and ended the year £0.2M ahead of forecast. Other income declined by £4.7M to £5.5M. This was primarily due to CPD income within the School of Health of Social Care being classified as Tuition Fee income in the final outturn rather than due to an actual year on year decline. The net impact of the above was that Other Income finished the year at £5.5M, a 17.5% increase over last year.

After the above changes, the University finished the year with £144.5M in income, an increase of 4.7% as compared to 2015/16.

Expenditure Analysis
Our total expenditure at £142.6M was £0.5M lower than the anticipated expenditure of the April forecast.

- **Staff costs**
The University remains focused on balancing the costs of staff with the income generated and our total staff costs in the year end submission were £4.8M better than forecast at £75.1M, excluding 3rd party staff. Our recurring staff costs were £2.4M better than forecast following a delay in staff recruitment. There was a further saving in the provision in the final quarter of 2015/16 for staff restructuring. We had been forecasting that a provision in line with the budget of £1.5M would be required however the final position was a charge of £0.6M. There was also a writeback of £1.5M following the annual review of the Holiday Pay accrual required under FRS 102.

- **Operating Expenses**
The increase in Operating Expenses of £6.3M between the April Forecast and the July outturn is primarily driven by an increase in the legal and professional costs associated with expanding the LSBU family and, more significantly, in the development of our Estate. We also took the opportunity to write off demolition costs associated with this development as well as a significant number of other capital projects following a review of our 'Assets in the Course of Construction' balance sheet account. The final expenditure of £53.5M is £4.7M higher than the amount invested in 14/15

- **Depreciation**
There was a decrease of £1.6M in the depreciation charge compared to forecast and this was driven by a delay in capital expenditure as compared to forecast and by the write off of assets within AICOC mentioned above.

- **Interest and Other finance costs**
There was a £0.4M saving between the forecast interest and other finance costs driven by savings in Pensions Interest.

The net impact of the above was that our total expenditure for the year was £142.6M, an increase of 5.7% as compared to 2015/16

Balance Sheet Movements
In terms of the balance sheet there are 3 key differences between our April forecast and the final position at the end of July. These changes are a decrease in the expected level of Fixed Assets, a change in working capital and a decrease in the university's pension liability.

The net position was a £12.1M improvement in the Total Net Assets of the university as compared to the April forecast.

- **Fixed Assets**
Our Fixed Assets are £15.7M less than forecast and the mix is slightly different. Our Intangible Assets have increased to £2.0M and this reflects the change in treatment of Software under Accounting Standard FRS 102. Our Tangible Assets were £17.7M less than forecast; this was primarily due to less capital expenditure than originally planned as well as the accelerated write of Capital Assets at year end. The net position was that the University finished the year with Fixed Assets valued at £218.9M a reduction of £6.9M on the 2015/16 position.

- **Current Assets**
  The increase in current assets of £6.8M as compared to the previous submission reflects the fact that our cash outlay on capital expenditure was less than forecast and so our cash reserves finished £3.2M higher than forecast. There were also some changes to working capital including a £2.3M increase in Debtors and an increase in Pre-payments of £1.1M. The increase in Debtors included £1.9M of Tuition Fee debt.

- **Creditors**
  Creditors that are due within 1 year fell by £9.7m against forecast and finished the year at £37.4M. The April forecast assumed that there would be no change in the year on year working capital position however the 15/16 position was higher than trend due to the purchase of an asset on our Estate. The final Creditors position for 2016/17 is consistent with 2014/15 and is driven by the level of accruals and deferred income on the balance sheet.

- **Net Current Assets**
  The increase in net current assets of £16.5M from the previous forecast nets out the changes in working capital described above, reflects the reduction in capital expenditure against forecast, and reflects the cash impact of the change in surplus.

- **Creditors: amounts falling due after more than one year**
  Creditors fell faster than forecast and ended the year at £48.1M, this was due to lower than expected Bank loans and external borrowing

- **Pension Liability**
  Finally, the University's pension liability held in totality on the balance sheet decreased by a net £8.7M to £113.8M. The key driver was the change in pension liability with the London Pension Scheme Authority (LPFA), which decreased mainly as a result of actuarial gains. The total actuarial gain in respect of all the University's pension schemes was £11.7M and is the key reason for the increase in Total comprehensive income for the year as compared to the Forecast

The net impact of the above was that our total net assets at Year End year was £89.6M, an increase of 17.9% as compared to 2015/16

Cash Flow movements
In terms of Cash flow statement and the reconciliation of the surplus for the year to net cash flow there were 4 key differences that reflect the changes to surplus described above and the changes in working capital.

- **Net Cash inflow from operating activities**
  Cash inflows were £0.4M higher than forecast due to our increased surplus

- **Adjustment for non-cash items**
  The Adjustment for non-cash items was £16M less than forecast reflecting the lower levels of depreciation than the original forecast and due the change in working capital and in particular the reduction in Creditors following the purchase of Hugh Astor Court.

- **Cash flows from investing activities**
  Following the purchase of Hugh Astor Court, the University held back its capital

expenditure as we planned for the next stage of the development of our Estate, as a result the University spent almost £17M less than forecast on Capital expenditure

- **Cash flows from financing activities**
  The University paid £1.2M in interest in 16/17. The original forecast was overstated due to pensions interest and so we finished the year £2.2M better than forecast.

The net impact of the above was that our cash and cash equivalents finished the year £3.2M ahead of our forecast position at £32.1M.

Financial results and forecasts: July 2017 submission vs July 2017 Outturn

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Financial indicators (automated table)
Financial indicators are shown for indicative purposes only.

	Restated 2014-15	Actual 2015-16	Forecast 2016-17	Actual 2016-17	Difference 2016-17
Surplus/(deficit) as a % of total income	-0.8	2.4	1.0	1.3	0.2
Unrestricted reserves as a % of total income	71.9	54.4	53.0	61.4	8.4
External borrowing as a % of total income	20.0	19.5	19.6	17.7	-1.8
Net cash flow as a % of total income	4.5	17.5	11.9	0.8	-11.1
Net liquidity days	139	154	126	134	8
Staff costs as a % of total income	53.1	51.8	55.3	52.0	-3.3

Adjusted net operating cash flow (automated table)

	Restated 2014-15 £000	Actual 2015-16 £000	Forecast 2016-17 £000	Actual 2016-17 £000	Difference 2016-17 £000
1. Net cash flow from operating activities	6,384	24,156	17,255	1,204	-16,051
2. Add: cash received from investment income	0	0	197	185	-13
3. Add: endowment cash received	0	0	0	0	0
4. Deduct: cash paid on interest on borrowings	-1,372	-1,303	-3,452	-1,244	2,208
5. Deduct: cash paid on interest element of finance leases	-1	0	0	0	0
6. Adjusted net operating cash flow	5,011	22,853	14,000	144	-13,856
Financial commitments threshold (6 × average adjusted net operating cash flow)					
Balance of outstanding financial commitments and agreed financial commitments (includes long-term and short-term) not yet drawn down as at 31 July 2017					

Table 1: Consolidated statement of comprehensive income and expenditure	Restated 2014-15 £000	Actual 2015-16 £000	Forecast 2016-17 £000	Actual 2016-17 £000	Difference 2016-17 £000
1. Income					
1a. Tuition fees and education contracts	99,338	102,793	105,141	109,119	3,978
1b. Funding body grants	17,583	15,684	15,135	14,845	-290
1c. Research grants and contracts	2,358	2,232	2,388	3,089	701
1d. Other income	20,932	16,960	21,762	16,910	-4,852
1e. Investment income	311	313	197	184	-13
1f. Total income before donations and endowments	140,522	137,982	144,623	144,146	-477
1g. Donations and endowments	599	195	0	332	332
1h. Total income	141,121	138,177	144,623	144,478	-145
2. Expenditure					
2a. Staff costs	74,898	71,581	79,954	75,160	-4,794
2b. Fundamental restructuring costs	0	0	0		0
2c. Other operating expenses	53,912	48,822	47,217	53,488	6,271
2d. Depreciation	8,759	9,749	11,175	9,620	-1,556
2e. Interest and other finance costs	4,724	4,755	4,777	4,369	-409
2f. Total expenditure	142,293	134,907	143,124	142,636	-487
3. Surplus/(deficit) before other gains/losses and share of surplus/(deficit) in joint ventures and associates	**-1,172**	**3,270**	**1,500**	**1,842**	**342**
4. Gain/(loss) on disposal of fixed assets	0	0	0	0	0
5. Gain/(loss) on investments	6	12	0	52	52
6. Share of operating surplus/(deficit) in joint venture(s)	0	0	0	0	0
7. Share of operating surplus/(deficit) in associate(s)	0	0	0	0	0
8. Surplus/(deficit) before tax	-1,166	3,282	1,500	1,893	394
9. Taxation					
9a. Taxation on research and development expenditure credit	0	0	0	0	0
9b. Other taxation	0	0	0	0	0
9c. Total taxation	0	0	0	0	0
10. Surplus/(deficit) for the year	-1,166	3,282	1,500	1,893	394
11. Unrealised surplus on revaluation of land and buildings	0	0	0	0	0
12. Actuarial gain/(loss) in respect of pension schemes	-9,285	-29,519	0	11,715	11,715
13. Change in fair value of hedging financial instrument(s)	0	0	0	0	0
14. Other: enter details in the text box under validation check 1	0	0	0	0	0
15. Total comprehensive income for the year	**-10,451**	**-26,237**	**1,500**	**13,608**	**12,109**
16. Total comprehensive income for the year represented by:					
16a. Endowment comprehensive income for the year	6	12	30	52	22
16b. Restricted comprehensive income for the year	0	0	0	0	0
16c. Unrestricted comprehensive income for the year	-10,457	-26,248	1,470	13,557	12,087
16d. Revaluation reserve comprehensive income for the year	0	0	0	0	0
16e. Attributable to the University	-10,451	-26,236	1,500	13,608	12,108
16f. Attributable to the non-controlling interest	0	0	0	0	0
16g. Total	**-10,451**	**-26,236**	**1,500**	**13,608**	**12,108**
17. Surplus for the year attributable to:					
17a. Non-controlling interest	0	0	0	0	0
17b. University	-1,166	3,282	1,500	1,893	394

Table 1a: Analysis of income

	Restated 2014-15 £000	Actual 2015-16 £000	Forecast 2016-17 £000	Actual 2016-17 £000	Difference 2016-17 £000
1. Tuition fees and education contracts					
1a. Full-time UG home and EU	49,588	50,442	51,907	51,659	-248
1b. Full-time postgraduate home and EU	3,080	4,068	5,942	5,514	-428
1c. Part-time fees - home and EU	8,859	10,990	10,396	12,350	1,954
1d. Home and EU domicile fees paid by the Department of Health	27,201	27,233	25,717	28,407	2,690
1e. Apprenticeships fee income	0	0	0		0
1f. Non-EU domicile students	10,610	8,794	11,179	11,189	9
1g. Other fees and support grants	0	1,266	0		0
1h. Total tuition fees and education contracts	99,338	102,793	105,141	109,119	3,977
2. Funding body grants					
2a. HEFCE - teaching grant	14,811	11,425	9,163	9,253	90
2b. HEFCE - research grant	1,141	1,820	1,766	1,771	5
2c. HEFCE other grants	1,586	1,060	3,079	2,695	-384
2d. ESFA funding	0	0	0		0
2e. NCTL funding	45	0	0		0
2f. Capital grants recognised in the year	0	1,379	1,126	1,126	0
2g. Total funding body grants	17,583	15,684	15,135	14,845	-290
3. Research grants and contracts					
3a. BEIS Research Councils	675	583	624	1,667	1,043
3b. UK-based charities	378	249	266	80	-187
3c. Other research grants and contracts	1,305	1,400	1,498	1,342	-155
3d. Total research grants and contracts	2,358	2,232	2,388	3,089	701
4. Other income					
4a. Other services rendered	0	1,324	0		0
4b. Residences and catering operations (including conferences)	10,245	10,931	11,475	11,716	241
4c. Income from health and hospital authorities (excluding teaching contracts for student provision)	0	0	0		0
4d. Other operating income	10,687	4,705	10,287	5,526	-4,761
4e. Total other income	20,932	16,960	21,762	17,242	-4,520
5. Investment income	311	313	197	159	-39
6. Total income before donations and endowments	140,522	137,982	144,623	144,452	-171
7. Donations and endowments	599	195	0	26	26
8. Total income	141,121	138,177	144,623	144,478	-145

Table 1b: Analysis of staff costs

	Restated 2014-15 £000	Actual 2015-16 £000	Forecast 2016-17 £000	Actual 2016-17 £000	Difference 2016-17 £000
1. Salaries and wages	56,922	54,775	59,672	56,894	-2,778
2. Social security costs	6,741	6,486	7,066	6,202	-864
3. Employer pension costs	11,235	10,811	11,777	12,063	286
4. Changes to pension provisions	0	0	0		0
5. Other staff related costs	0	-491	1,438		-1,438
6. Total staff costs	74,898	71,581	79,954	75,160	-4,794
7. Staff numbers (FTEs academic and other)	1,367	1,340	1,476	1,374	-102

Note: FTE = full-time equivalent.

Table 2: Consolidated balance sheet

	Restated Year ended 31-Jul-15 £000	Actual Year ended 31-Jul-16 £000	Forecast Year ended 31-Jul-17 £000	Actual Year ended 31-Jul-17 £000	Difference Year ended 31-Jul-17 £000
1. Non-current assets					
1a. Intangible assets	0	0	0	1,991	1,991
1b. Goodwill	0	0	0		0
1c. Negative goodwill	0	0	0		0
1d. Net amount of goodwill and negative goodwill	0	0	0		0
1e. Fixed assets	216,165	225,735	234,560	216,881	-17,679
1f. Heritage assets	0	0	0		0
1g. Investments	38	38	38	38	0
1h. Investment in joint venture(s)	0	0	0		0
1i. Investments in associate(s)	0	0	0		0
1j. Total non-current assets	216,203	225,773	234,598	218,910	-15,688
2. Current assets					
2a. Stock	71	11	11	8	-3
2b. Trade and other receivables	12,778	14,956	14,956	18,378	3,422
2c. Investments	16,363	16,465	16,465	16,620	155
2d. Cash and cash equivalents	34,552	36,238	28,913	32,146	3,233
2e. Other (e.g. assets for sale)	0	0	0		0
2f. Total current assets	63,764	67,670	60,345	67,152	6,807
3. Creditors - amounts falling due within one year					
3a. Bank overdrafts	0	0	0		0
3b. Bank loans and external borrowing	1,309	1,325	1,309	1,347	38
3c. Obligations under finance leases and service concessions	0	0	0		0
3d. Loans repayable to funding council	0	0	0		0
3e. Interest rate hedges (swaps)	0	0	0		0
3f. Other (including grant claw back)	33,479	42,993	43,009	33,306	-9,703
3g. Total creditors (amounts falling due within one year)	34,788	44,318	44,318	34,653	-9,665
4. Share of net current assets/(liabilities) in associate	0	0	0	0	0
5. Net current assets/(liabilities)	28,976	23,352	16,027	32,499	16,472
6. Total assets less current liabilities	245,179	249,125	250,624	251,409	784
7. Creditors: amounts falling due after more than one year					
7a. Bank loans and external borrowing	26,934	25,609	26,989	24,262	-2,727
7b. Obligations under finance leases and service concessions	0	0	0		
7c. Loans repayable to funding council	0	0	0		
7d. Interest rate hedges (swaps)	0	0	0		
7e. Other (including grant claw back)	26,311	25,038	23,658	23,794	136
7f. Total creditors (amounts falling due after more than one year)	53,245	50,647	50,647	48,056	-2,591
8. Provisions					
8a. Pension provisions	89,732	122,512	122,512	113,778	-8,734
8b. Other provisions	0	0	0		
8c. Total provisions	89,732	122,512	122,512	113,778	-8,734
9. Total net assets	102,202	75,966	77,465	89,575	12,109
10. Reserves					
Restricted reserves					
10a. Income and expenditure reserve - endowment reserve	742	754	754	807	53
10b. Income and expenditure reserve - restricted reserve	0	0	0		0
Unrestricted reserves					
11a. Income and expenditure reserve - unrestricted	72,767	47,243	48,743	61,386	12,643
11b. Revaluation reserve	28,693	27,969	27,969	27,382	-587
12. Total restricted and unrestricted reserves	102,202	75,966	77,466	89,575	12,108
13. Non-controlling interest (enter as negative)	0	0	0	0	0
14. Total reserves	102,202	75,966	77,466	89,575	12,108

Table 3: Consolidated statement of cash flows

	Restated 2014-15 £000	Actual 2015-16 £000	Forecast 2016-17 £000	Actual 2016-17 £000	Difference 2016-17 £000
1. Cash flow from operating activities					
1a. Surplus for the year	-1,166	3,282	1,500	1,893	394
2. Adjustment for non-cash items					
2a. Depreciation	8,759	9,749	11,175	9,620	-1,555
2b. Amortisation of intangibles	0	0	0		
2c. Benefit on acquisition	0	0	0		
2d. Amortisation of goodwill	0	0	0		
2e. Loss/(gain) on investments	-6	-12	0		
2f. Decrease/(increase) in stock	-26	60	0	3	3
2g. Decrease/(increase) in debtors	-4,110	-2,178	0	-3,422	-3,422
2h. Increase/(decrease) in creditors	-2,032	8,241	0	-10,932	-10,932
2i. Increase/(decrease) in pension provisions	164	-191	0	-145	-145
2j. Increase/(decrease) in other provisions	0	0	0		
2k. Receipt of donated equipment	0	0	0		
2l. Share of operating (surplus)/deficit in joint venture	0	0	0		
2m. Share of operating (surplus)/deficit in associate	0	0	0		
2n. Other: enter details in the text box under validation check 15	0	12	0		
3. Adjustment for investing or financing activities					
3a. Investment income (enter as negative)	6	0	-197	-184	13
3b. Interest payable	4,724	4,755	4,777	4,369	-408
3c. Endowment income (enter as negative)	0	0	0		
3d. Loss/(gain) on the sale of fixed assets	71	438	0		
3e. Capital grant income (enter as negative)	0	0	0		
4. Net cash inflow from operating activities	6,384	24,156	17,255	1,204	-16,051
5. Cash flows from investing activities					
5a. Proceeds from sales of fixed assets	0	0	0		
5b. Proceeds from sales of intangible assets	0	0	0		
5c. Capital grants receipts	0	0	0		
5d. Disposal of non-current asset investments	0	0	0		
5e. Withdrawal of deposits	0	0	0		
5f. Investment income	0	0	197	185	-13
5g. Payments made to acquire fixed assets	-6,524	-19,757	-20,000	-2,756	17,244
5h. Payments made to acquire intangible assets	0	0	0		
5i. New non-current asset investments	-86	-102	0		
5j. New deposits	0	0	0	-155	-155
5k. Total cash flows from investing activities	-6,610	-19,859	-19,803	-2,726	17,076
6. Cash flows from financing activities					
6a. Interest paid	-1,372	-1,303	-3,452	-1,244	2,208
6b. Interest element of finance lease and service concession payments	-1	0	0		
6c. Endowment cash received	0	0	0		
6d. New secured loans	0	0	0		
6e. New unsecured loans	0	0	0		
6f. Repayments of amounts borrowed	-1,294	-1,309	-1,325	-1,325	0
6g. Capital element of finance lease and service concession payments	-47	0	0		
6h. Other: enter details in the text box under validation check 16	0	0	0		
6i. Total cash flows from financing activities	-2,714	-2,612	-4,777	-2,570	2,207
7. (Decrease)/Increase in cash and cash equivalents in the year	-2,940	1,685	-7,325	-4,092	3,233
8. Cash and cash equivalents at the beginning of the year	37,492	34,552	36,237	36,238	1
9. Cash and cash equivalents at the end of the year	34,552	36,237	28,912	32,146	3,234

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