

PRIVATE & CONFIDENTIAL

UoE Accommodation Limited

Minute of a Meeting of the Board of Directors
2.00pm Friday 20th May 2011
Room G5
9-16 Chambers Street, Edinburgh EH1 1HT

Present: Mr J.Gorringe (Director), Mr R.Kington (Director), Mr D.C.I. Montgomery (Company Secretary), Ms C.Barnish.

1. Apologies

None.

2. Minutes of the Meeting held on 22nd February 2011

Approved.

3. Matters Arising

None.

4. Progress Report / Management Accounts to the 31st January 2011

Presented by RK. The management Accounts report was reviewed.

Trading Report to 30th April 2011

YEAR TO DATE POSITION

Total sales for the 9 months to the 30th Apr were £8.22M compared to a budgeted position of £8.41M, a decrease of 2.3%.

The commercial accommodation total revenues were £ 3.331M some 9.19% behind budget of £3.668M. Occupancy at Pollock for the 16 days in April was only 20% but this was in line with expectations. Flats revenue was £694K compared to budget of £757K , which was ~8.3% behind budget. Apart from ASRA see below there were no major conferences this year.

The revenue for the year round accommodation at Kenneth Mackenzie and Salisbury Green was £628K, some 21.6% behind budget of £802K. Looking at the 2 new locations in more detail, Masson achieved £471K (av. occupancy was 42.4%) in the first 9 months and RPA achieved £206K av. occupancy was 59.7%). All of the above residences had full occupancy over Easter and royal Wedding weekends.

The 9 months to 30th Apr for the Conference & Events business (inc. JMCC) was £1.583M compared to a budget of £1.678M, therefore some 5.7% behind budget.

During the first 9 months of the year we hosted the following, which includes associated accommodation revenues:

AUGUST

5th biennial Celtic Conference in the Classics - £43K

SEPTEMBER

*DISC 2010 Conference - £20K
The Roslin Institute - £21K
14th Int. Congress on hormonal steroids and cancer - £31K*

OCTOBER

Victim Support Scotland - £44K

NOVEMBER

UOE Estates & Buildings - £33K

MARCH

British Medical Association - £25K

APRIL

ASRA - £87K

EARSeL 7th Imaging Spectroscopy workshop - £40K

Festivals are behind budget with revenues of £360K compared to a budget of £281K. The figures relating to Fringe partnerships have all been finalised.

Catering Retail had a strong start to the year, but since November there has been a drop in revenues. The total revenues were £1.424M compared to budget of £1.466M. Strong performance continues in The Library Café; Exchange Café and The View. Holyrood has been poor since the end of festival related activity. The Spot and Upstairs Café at KB are improving with trade having picked up since January but The Drum at Little France with associated access issues remains of concern.

Other income at £212K is slightly ahead of budget up on previous month.

The Gross Margin YTD was slightly less (1.3%) than budgeted levels but this is partly due to business mix, but the main reason is food cost inflation plus lower margin bought in services/products

Labour costs were £7K less than budget due to better management of variable costs related to restaurant catering and housekeeping.

Overall expenditure excluding labour is ~2.1% less than expected.

Profit for first 9 months to 30th Apr £854K, compared to a budgeted profit of £1.07M. Overall, it has been a reasonable start to year the only slightly disappointing area has been all year round accommodation as mentioned above but this is starting to see improvement due to promotional activity.

FORECAST FOR PERIOD MAY TO JULY

In the next 3 months, total Sales are forecast to be £4.121M across all business areas, this compares to Budget Sales of £3.683M.

Commercial Bed and Breakfast for Halls (inc. Food) and Flats sales are forecast to be £2.150M, compared to a Budget of £1.970M. Within these figures it is Flats that are showing a £51K shortfall, short lets are being promoted on Bookings.Com. June also includes World Touch Rugby with 18 of 22 teams staying at Pollock some 1,400 guests – this is expected to bring in some £440K of business excluding other benefits. July remains down on the previous year by some 11%.

The year round accommodation at Kenneth Mackenzie; Salisbury Green; Masson and Richmond Place Apartments are forecast to be £680K ahead of budgeted levels of £417(NB: no budget for Masson as originally scheduled for student accommodation in 10/11). Current promotional activity for May/June 10% discount for 2+ nights and book in May for July save 15%.

Functions/Events turnover for the next 3 months are forecast to be £822K, compared to a budget of £783K.

Forthcoming key events (inc. accommodation) include the following:

May - July

May 11 – NHS Education for Scotland - £9K

May 11 – UOE Office of Lifelong Learning - £15K

June 11 – Biochemical Society - £36K

June 11 – Diocese of Newcastle - £35K

June 11 - Centre for Software Reliability - £18K

June 11 – Edinburgh College of Art - £17K

June 11 – University of Leeds - £22K

July 11 – UOE School of Physics - £15K

July 11 – ICMS - £20K

July 11 – Antarctic Conf - £110K

July 11 – EMNLP 2011 - £45K

Potential filming with BBC for drama ‘Pram Face’ across UofE estate in June

Int. Film Festival in July have confirmed use of George Square Theatre. NTS will use Adam House for ‘5 Minute Theatre’ event in June

Catering retail has decreased from budget of £403K to forecast of £461K. This reflects the activity of the first 9 months, and Absorb@CSE is closing on 3rd June but this has minor impact on total revenues. The Library Café continues to perform strongly.

Current labour costs are forecast to be less budget, but could change depending on volumes of bookings both related to accommodation and functions. Recruitment for housekeeping; reception; functions is mostly finalised and some staff started in April.

Most other costs are in line with expectations, with reduced costs for bought in services for events, but with good savings on utilities due to latest contracts. The increased laundry and cleaning costs reflecting new accommodation opened in 2010.

The launch of a Delegate Registration service for conference organisers has been further delayed. We are expecting a first view for preliminary testing & familiarisation in June 2011. The final test version is now – Sept 2011, with go live in Oct 2011. The delay has no impact on 2010/11 but will impact on 2011/12.

SUMMARY

Full Year Revenues are forecast to be £12.337M, compared to a budget of £12.095M, but this includes £733K of unbudgeted revenue from Masson. The main shortfall is accommodation related (£434K ADV) offset by Masson, and Catering Retail (£100K), but functions/festivals business is £19FAV with Functions declining esp. room hire but food related services remain strong. Overheads are expected to remain in line with forecast; any changes will mostly be in direct costs which will reflect the level of commercial activity.

The above translates into a forecast profit for the year of £2.312M (Budget £2.163M), which is ahead of the profit of £1.99M for 2009/10 (statutory accounts).

5. Risk Register

Reviewed. No updates required.

6. Any Other Business

Noted that the Publication Scheme was due for annual update.

Action: DM.

7. Date of Next Meeting

To be notified.

Signed:

Date: