

**COUNCIL**

**C(05)10  
25.02.10  
PUBLIC**

**Financial position**

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For consideration

Attached are details of the financial position at the end of the nine months to 31 December 2009.

**Recommendation(s):**

Council is invited to receive the attached papers for consideration.

**Annexes:**

The following annexes are attached to this paper:

Annex 1: Income & Expenditure (I&E) to 31 December 2009

Annex 2: Balance Sheet as at 31 December 2009

Annex 3: Schedule of Capital Expenditure to 31 December 2009

Annex 4: Cash Flow Forecast for 2009/10

Annex 5: Projected year-end position for 2009/10

**Further information:**

If you would like further information that requires research please contact, prior to the meeting:

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**Financial position to 31 December 2009**

For consideration

**Background/Introduction:**

- Below is the Executive's report on the financial position at 31 December 2009.

**Discussion:**

- Income and Expenditure for period 1 April to 31 December 2009 (Annex 1).

SUMMARY	Actual £	Budget £
TOTAL INCOME	3,310,525	3,317,043
TOTAL EXPENDITURE	3,078,265	3,532,862
SURPLUS/DEFICIT AFTER TAX	232,260	-215,818

- It is important to note that the budgeted and actual income and the budgeted expenditure are each three quarters of the annual total, whereas the actual expenditure is that incurred in the nine month period. Therefore, there is no significance to the surplus for the nine month period compared with the budgeted deficit as there are timing differences as to when expenditure is actually incurred.
- Given the current proximity to the year end, a detailed review has been undertaken of the projected outcome for the year and a separate paper will follow (**Annex 5**). This will update the revised budgeted deficit for the year ending 31 March 2010 of £289,465 that the Council accepted at its July 2009 meeting.
- The following documents are also before Council for consideration:
  - Balance Sheet as at 31December 2009 (**Annex 2**)
  - Capital Expenditure to 31December 2009 (**Annex 3**)
  - Cashflow for 2009-10 (**Annex 4**)

**Recommendation:**

- Council is invited to receive the attached papers for consideration.

**Resource implications:**

- As identified in this paper and its annexes.

**Equality and diversity implications:**

*Has an Equality and Diversity Impact Assessment been carried out?*

8. Not applicable

**Human Rights Act implications:**

*Has a Human Act Rights Impact Assessment been carried out?*

9. Not applicable

**Stakeholder engagement:**

*Has the Consultation Checklist been completed?*

10. Not applicable

## GENERAL OPTICAL COUNCIL

## Income and Expenditure to 31 December 2009

	1 APRIL-31 DECEMBER 2009		BUDGET FOR YEAR 2009-10		PREVIOUS YEAR QUARTERS 1 APRIL - 31 DECEMBER 2008
	Current Year to Date 31/12/2009	Current Year Budget to Date 31/12/2009	Revised Annual Budget (July Council)	Projected Year End Position	Previous Year to Date 31/12/2008
	£	£	£	(Note 1)	£
<b>INCOME</b>					
FEES	3244751	3253534	4421958		2452215
OTHER INCOME	14789	14124	18832		20839
INVESTMENT	50985	49385	80000		152704
TOTAL INCOME	3310525	3317043	4520790		2625758
<b>EXPENDITURE</b>					
STAFF EMPLOYMENT COSTS (Note2)	1297860	1343189	1808102		1202224
HUMAN RESOURCES COSTS	194633	259196	329750		203167
OFFICE OVERHEADS	342961	351735	479420		327650
REGISTRARS COSTS	2280	2100	5000		2136
FINANCE COSTS	79803	71489	89682		47618
COUNCIL COSTS	174222	172220	248665		128106
EDUCATION MEETINGS & VISITS	83570	110016	148761		103303
CET	220058	255712	340950		175219
LEGAL SERVICES	351801	467322	571346		288790
FTP HEARINGS	250346	306462	497186		219240

## GENERAL OPTICAL COUNCIL

## Income and Expenditure to 31 December 2009

	1 APRIL-31 DECEMBER 2009		BUDGET FOR YEAR 2009-10		PREVIOUS YEAR QUARTERS 1 APRIL - 31 DECEMBER 2008
	Current Year to Date 31/12/2009	Current Year Budget to Date 31/12/2009	Revised Annual Budget (July Council)	Projected Year End Position	Previous Year to Date 31/12/2008
REGISTRATION	96900	103922	119827		42416
IT SERVICES	53264	121330	204253		33361
INFORMATION	2050	3750	5000		800
COMMUNICATIONS	114717	142607	199899		91662
STANDARDS	13434	19811	26414		66645
TAXATION	10365	12000	16000		29381
CHANGE MANAGEMENT PROVISION	-210000	-210000	-280000		0
TOTAL EXPENDITURE	3078265	3532861	4810255		2992593
SURPLUS/DEFICIT AFTER TAX	232260	-215818	-289465		-366836

**Note 1:** Given the proximity to the current year-end, a detailed review has been undertaken of the projected outcome for the year and a separate paper will follow. This will update the revised budgeted deficit for the year ending 31 March 2010 of £289,465 that Council accepted at their July 2009 meeting.

**Note 2:** Staff employment costs have been shown as a total rather than split amongst departments based on historic presentation style to Council. The updated forecast outcome for the year will include staff employment costs allocated to the respective departments.

## GENERAL OPTICAL COUNCIL

Balance Sheet as at 31 December 2009

	CURRENT YEAR: 31/12/2009	PREVIOUS YEAR: 31/12/2008	31/03/2009 (AUDITED ACCOUNTS)	PROJECTED Y-END POSITION 31/03/2010
	£	£	£	(Note 1)
<b>TANGIBLE FIXED ASSETS</b>				
Computer	43,698	13,675	11,916	
Leasehold Premises	21,282	30,683	30,602	
Leasehold Premises-Refurbishment	129,406	7,539	6,403	
Office Furniture and Equipment	52,371	4,400	2,581	
	<b>246,757</b>	<b>56,298</b>	<b>51,502</b>	
<b>INTANGIBLE FIXED ASSETS</b>				
Development Costs	11,150	12,975	21,515	
	<b>11,150</b>	<b>12,975</b>	<b>21,515</b>	
<b>CURRENT ASSETS</b>				
Debtors	23,810	3,529	17,951	
Prepayments	61,815	45,283	41,925	
Dept of Health Grant (Revalidation)	(250,466)	0	0	
Fixed Term Deposits	3,002,803	2,889,354	4,000,636	
Cash at Bank	255,690	139,902	2,244,183	
	<b>3,093,652</b>	<b>3,078,068</b>	<b>6,304,695</b>	
<b>TOTAL ASSETS</b>	<b>3,351,558</b>	<b>3,147,340</b>	<b>6,377,712</b>	
<b>CREDITORS</b>				
(Amounts due within one year)				
Trade and Other Creditors	125,427	135,018	392,288	
Accruals	48,271	35,204	47,693	
Deferred Income*	1,166,743	883,113	3,936,467	
Corporation Tax	23,498	27,247	42,024	
PAYE	52,489	36,702	46,371	
<b>TOTAL CREDITORS</b>	<b>1,416,428</b>	<b>1,117,284</b>	<b>4,464,843</b>	
<b>NET ASSETS</b>	<b>1,935,130</b>	<b>2,030,056</b>	<b>1,912,870</b>	<b>0</b>
<b>RESERVES AND FUNDS</b>				
Optical Education, Research and Public Purposes Fund	94,194	100,000	94,194	
Regulatory Reserve	750,000	1,500,000	750,000	
Income and Expenditure Account- B/Forward	788,676	796,892	788,676	

Total Income & Expenditure	232,260	(366,836)	0	
Change Management	70,000	0	280,000	
<b>TOTAL FUNDS EMPLOYED</b>	<b>1,935,130</b>	<b>2,030,056</b>	<b>1,912,870</b>	<b>0</b>

\* Deferred Income represent retention income for the period 1 January to 31 March 2010 received in advance.

**Note 1:** Given the proximity to current year end, a detailed review has been undertaken of the projected outcome for the year and a separate paper will follow. This will update the revised budgeted deficit for the year ending 31st March 2010 of £289,465 that Council accepted at their July 2009 meeting.

## GENERAL OPTICAL COUNCIL

## Schedule of Capital Expenditure for period ended 31 December 2009

<u>Item of Expenditure</u>	<u>Purchase Date</u>	<u>New/Replacement</u>	<u>Amount</u>
			£
<b>1 Computer</b>			
HP Multimedia Laptop	30/04/2009	New	828.99
HP Invent 2 x Printers	15/05/2009	Replacement	929.20
HP Invent 10 x Monitors	13/05/2009	New/Replacement	3,612.88
Connect Systems - Licences	16/07/2009	New	13,282.50
HP Invent - LCD Monitor	05/08/2009	New	652.05
Lenovo - 1 x Thinkpad	01/08/2009	New	1,347.00
HP Invent - LCD Monitor & Monitor	06/08/2009	New	3,005.62
Paradise Technology - New Server	23/09/2009	Replacement	6,985.00
HP Invent - Computer Equipment:Monitor and small form factor	08/09/2009	New	3,724.85
PCWB - Blackberry Server	01/10/2009	New	2,621.91
Lenovo - Laptops	01/10/2009	New	6,681.50
Paradise Technology - Server Migration	30/11/2009	New	2,725.50
Paradise - Back up Tape	30/11/2009	New	1,258.10
HP - Heavy Duty Printer	30/12/2009	New	669.30
HP - Memory Module	24/12/2009	New	2,932.12
<b>Expenditure to 31 December 2009</b>			<b>51,256.52</b>
<b>Annual Budget</b>			<b>103,000.00</b>
<b>Balance of budget available</b>			<b>51,743.48</b>
<b>2 Office Furniture and Equipment</b>			
Charterhouse: Telephone System	03/04/2009	Replacement	20,793.15
CCT Group: Office Furniture	31/05/2009	New/Replacement	13,439.82
CCT Group: Office Furniture	22/06/2009	New/Replacement	3,695.96
CCT Group: Office Furniture	29/06/2009	New/Replacement	3,695.96
CCT Group: Office Furniture	30/06/2009	New/Replacement	3,695.96
Lock Aid: Door Entry System	30/06/2009	Replacement	677.40
CCT Group: Office Furniture	02/07/2009	New/Replacement	8,856.39
CCT Group: Office Furniture	27/07/2009	New/Replacement	4,156.78
Council Room Plasma TV	01/07/2009	New	1,349.00
Council Lights for boardroom	01/07/2009	New	586.00
Sumach - Basement Air Conditioning	01/07/2009	New	2,822.10
Meeting room LCD TV	01/07/2009	New	699.00
Charterhouse - Digital phone Handsets	31/07/2009	New	871.47
CCT Group: Office Furniture	01/08/2009	New	1,679.99
CCT Group: Office Furniture	01/09/2009	New	1,774.01
<b>Expenditure to 31 December 2009</b>			<b>68,792.99</b>
<b>Annual Budget</b>			<b>78,000.00</b>
<b>Balance of budget available</b>			<b>9,207.01</b>
<b>3 Premises-Refurbishment</b>			
CCT Group: Office Stripout	27/05/2009	New/Replacement	23,130.18
Sumach Sales Ltd: Electrical Installation	31/05/2009	New/Replacement	23,000.00
CCT Group: Office Refurb	22/06/2009	New/Replacement	6,360.80
CCT Group: Office Refurb	29/06/2009	New/Replacement	6,360.80
CCT Group: Office Refurb	30/06/2009	New/Replacement	6,360.80
DM Communications- Internal Cabling & Network Point	30/06/2009	New/Replacement	3,056.31
DM Communications- Internal Cabling & Network Point	30/06/2009	New/Replacement	9,200.00
CCT Group: Office Refurb	27/07/2009	New/Replacement	19,763.07
BGH - Boilers in kitchens	27/07/2009	New	3,848.70
Sumach Sales Ltd: Electrical Installation	01/07/2009	New	16,534.30
DM Communications-Extra Cabling	30/07/2009	New	4,036.50
BGH Services - meeting room works	31/07/2009	New	690.00
DM Communications- Internal Cabling & Network Point	01/08/2009	New	6,259.45
CCT Group: Office Refurb	01/08/2009	New	2,891.27
Code Security - Installation of Door Entry System	19/08/2009	New	1,495.00
Code Security - Installation of Fire Alarm	19/08/2009	New	1,753.75
Code Security - Installation of Door Entry System	19/08/2009	New	868.25
Banham Security- Intruder Alarm	28/09/2009	New	6,231.14
Ideal CCTV	20/11/2009	New	2,011.52
Clean Air Facilities-Air Conditioning Unit	18/12/2009	New	3,080.46
<b>Expenditure to 31 December 2009</b>			<b>146,932.30</b>
<b>Annual Budget</b>			<b>150,000.00</b>
<b>Balance of budget available</b>			<b>3,067.70</b>

<u>Item of Expenditure</u>	<u>Purchase Date</u>	<u>New/Replacement</u>	<u>Amount</u>
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<b>4</b>	<b><u>Intangible Fixed Assets</u></b>
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<u>Online retention costs</u>			
Drole Computing - Online Retention	01/07/2009	New	10,350.00
Drole Computing - Online Retention	12/08/2009	New	5,433.75
Iris - Online Retention 50% for software and services installation	27/08/2009	New	8,797.50
Drole Computing - Online Retention	18/09/2009	New	4,140.00
Drole Computing - Online Retention	19/10/2009	New	7,245.00
Iris - Conversion Manager Utility 50% deposit	22/10/2009	New	1,437.50
Iris - Conversion Manager Utility	29/10/2009	New	1,437.50
Iris - Integra Core API 50% Deposit	29/10/2009	New	1,437.50
Drole Computing - Online Retention	22/11/2009	New	5,692.50
Pixel 8 - initial order	30/11/2009	New	6,083.00
Iris - 50% Balance for software and services installation	01/12/2009	New	1,485.42
Pixel 8 - Stage 1 and 2 Delivery Milestone	31/12/2009	New	6,803.40
Total online costs to date (to be capitalised)			60,343.07
Pixel8: Email Module	30/04/2009	New	2,127.50

<b>Expenditure to 31 December 2009</b>	<b>122,813.64</b>
<b>Annual Budget</b>	<b>154,548.50</b>
<b>Balance of budget available</b>	<b>31,734.86</b>

<b>Summary to 31 December 2009</b>	
Total Expenditure	<b>389,795.45</b>
Total Budget	<b>485,548.50</b>
<b>Balance of budget available</b>	<b>95,753.05</b>

**GENERAL OPTICAL COUNCIL**

**CASH FLOW FORECAST 2009-10 Y/E MARCH 2010**

£		April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January F'CAST	February F'CAST	March F'CAST
<b>BROUGHT FWD MARCH 2009</b>	<b>6,244,819</b>												
<b>CASH IN</b>													
Fee Income		85506	35095	22688	41057	42924	23370	46942	21475	34308	11362		
Computer Sales			1000	1000				1000	2094	50	1000		
Rental Income from tenant			3458			3458			3458			3458	
Interest from investments		417	824	7056	8675	4994	6812	0	18092	115	100	0	18862
Department of Health			190000								96000		
Retention Fees 2010-11		0		0	0	0	0	0	0	10000	565000	1000000	3425000
<b>TOTAL CASH IN</b>		<b>85923</b>	<b>230377</b>	<b>30744</b>	<b>49731</b>	<b>51375</b>	<b>30182</b>	<b>47942</b>	<b>45119</b>	<b>44473</b>	<b>673462</b>	<b>1003458</b>	<b>3443862</b>
<b>CASH OUT</b>													
Staff costs		141484	148893	149436	151903	153165	155624	152228	149504	153010	152557	157000	157000
Human Resources		20738	16703	32879	30229	11151	40204	20178	23506	27555	20280	30000	30000
Registrar Costs		455	928	117	299	99	237	166	149	229	200	100	100
Council Costs		22834	21657	17596	24278	14789	23745	21540	16407	16008	14514	17000	17000
Office Overheads		34170	50357	77618	73778	36434	43230	28839	36510	42334	31541	34000	34000
Finance Costs		1347	1507	4796	1877	2118	2677	54762	11377	4707	3460	4000	4000
Registration Costs		11783	63	2436	2064	2839	8976	9178	32378	21587	41713	25000	20000
Information					653	0	0	483	611	150	0	500	500
Education - visits		21839	4030	4414	6948	3338	5506	5301	5491	5516	6035	12000	13000
Education - other		10	89		147	169	210	228	603	291	62	500	500
Education Working Groups		957	6852	6283	2148	496	3680	2416	2917	2140	330	5000	5000
CET		23070	21000	52958	25649	30098	16777	17766	23793	24201	26056	25000	25000
Legal Services		45933	44575	37583	54834	28348	37172	31159	38911	39814	56360	70000	70000
FTP Hearings		13981	37602	35543	17904	28627	35306	30557	29002	38168	21180	30000	31000
Communications		4285	17151	7202	25733	6554	24438	13690	15163	15861	20446	20000	20000
IT Services		2373	13049	7725	9078	10474	13975	5162	9625	5624	12995	40000	45000
Standards		653	5424	18	1402	4054	5776	822	1130	1338	3789	2000	2000
Department of Health Grant					2972	6138	5750	764	19186	723	2700	14000	4500
Corporation Tax										24966			
<b>TOTAL CASH OUT</b>		<b>345912</b>	<b>389882</b>	<b>436602</b>	<b>431896</b>	<b>338892</b>	<b>423284</b>	<b>395237</b>	<b>416264</b>	<b>424223</b>	<b>414218</b>	<b>486100</b>	<b>478600</b>
<b>NET CASH MOVEMENT</b>		<b>-259989</b>	<b>-159505</b>	<b>-405858</b>	<b>-382165</b>	<b>-287517</b>	<b>-393102</b>	<b>-347296</b>	<b>-371145</b>	<b>-379750</b>	<b>259244</b>	<b>517358</b>	<b>2965262</b>
<b>CASH C/FWD</b>	<b>6,244,819</b>	<b>5984830</b>	<b>5825325</b>	<b>5419467</b>	<b>5037303</b>	<b>4749786</b>	<b>4356684</b>	<b>4009388</b>	<b>3638243</b>	<b>3258493</b>	<b>3517737</b>	<b>4035095</b>	<b>7000357</b>

## **Projected year-end position for 2009/10**

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Attached are details of the updated forecast outcome for the year ending 31 March 2010.

The forecast deficit £289,000 for the year ending 31 March 2010 was accepted by Council at its meeting in July 2009. All budget holders have recently undertaken a detailed review of their expenditure to date and anticipated expenditure for the remainder of the financial year and the forecast outcome for the year is a deficit of £162,000, a reduction of £127,000. The forecast outcome of income has reduced by 1.2% arising out of the actual number of registrants compared with the budget. The forecast expenditure has reduced by 3.6% arising out of cost savings (e.g. £30k for committee recruitment), activity levels (e.g. £20k on CET approver costs, 93k on FTP Hearings) and crystallisation of budgets.

			<b>FORECAST OUTCOME 2009-10 (FEB 2010)</b>	<b>FORECAST OUTCOME 2009-10 (JULY 2009)</b>	<b>VARIANCE</b>
<b>Income</b>			<b>£</b>	<b>£</b>	<b>£</b>
Fees			4,380,955	4,421,958	(41,003)
Other Income			18,832	18,832	0
Interest			65,847	80,000	(14,153)
<b>Total Income</b>			<b>4,465,634</b>	<b>4,520,790</b>	<b>(55,156)</b>
<b>Expenditure</b>					
Human Resources			606,680	663,337	(56,656)
Office Overheads			595,134	571,890	23,244
Registration			363,540	374,211	(10,671)
Finance			197,794	204,358	(6,564)
Education			642,733	640,225	2,508
Legal Services			961,184	928,417	32,767
Communications			294,314	310,515	(16,202)
Information			3,000	5,000	(2,000)
FTP Hearings			340,668	441,656	(100,988)
IT Services			204,444	246,054	-41,610
Registrar Department			193,623	192,089	1,534
Council Members & Meeting Costs			307,257	323,636	(16,379)
Standards			156,556	172,867	(16,311)
<b>Total Expenditure</b>			<b>4,866,926</b>	<b>5,074,255</b>	<b>(207,329)</b>

Surplus/(Deficit) pre-Taxation		(401,292)	(553,465)	152,173
Corporation Tax:		16,000	16,000	0
Surplus/(Deficit) after Taxation		(417,292)	(569,465)	152,173
Transfer from change management		(255,000)	(280,000)	(25,000)
<b>Retained Surplus/(Deficit) for the Year</b>		<b>(162,292)</b>	<b>(289,465)</b>	<b>127,173</b>