

Guidance for completion of the financial forecast model workbook, financial years 2017-2021

Main Features of the 2017 model:

- We have pre-populated the data for 2014/15 and 2015/16 actuals columns (all restated under FRS102), along with the 'original' forecast for 2016/17 as supplied in your July 2016 forecast model submission.
- The workbook contains a number of worksheets:-
 - 'Tables 1_4', which hold the main statement of comprehensive income, the cash flow information, balance sheet and financial indicators, the latter of which are all derived from the data entered elsewhere;
 - NOTE that there is no 'Table 5' (this is for HEFCW internal use)
 - 'Table 6', which requests details of all loan and other financial borrowing commitments
 - 'Validations' – this worksheet is mostly write-protected and will indicate those areas for which further data entry is required or will highlight where certain numerical validation checks may have failed.
- The 'Tables 1_4', 'Table 6', and 'Validations' worksheets are largely write-protected, and the 'Tables 1_4' sheet is also shaded to prevent data from being entered into the wrong areas and to protect sub-totalling and formula calculations; data entry is permitted only into the unshaded cells.

Detailed Guidance on the worksheets

The following notes provide a more detailed guidance on the features and data entry requirements of each of the main worksheets in the workbook:-

'Tables 1_4' – General comments

This worksheet contains the main tables (statement of comprehensive income, the consolidated balance sheet and the consolidated statement of cash flow), plus supporting data input schedules (which analyse areas of income and expenditure) and also the financial indicators, and average adjusted operating cash flow (to assist in borrowing threshold requests).

At the top of the sheet you are requested to select the method you have chosen to account for government revenue grants and government capital grants - either the accrual method or the performance method, selectable in each 'drop-down' box.

The first table shows the financial indicators, all of which are derived from data entered in other tables in this worksheet.

The second table calculates the average adjusted operating cash flow for the forecast period; this calculation may also be used in the borrowing threshold approval process. Note the unshaded areas for entry of the capital grants received in each year.

Table 1: Consolidated statement of comprehensive income and expenditure

With a small number of exceptions (fundamental staff restructuring costs, depreciation, and several 'below the line' items), this table is populated automatically from tables 1a (analysis of income), 1b (analysis of staff costs), 1c (analysis of other operating expenses) and 1d (analysis of interest and other finance costs). Note at line heading 15 the requirement to analyse the comprehensive income as represented by the endowment income and the restricted and unrestricted comprehensive income for the year; also at line headings 16 and 17 the analysis of the surplus and the comprehensive income between non-controlling interest(s) and the university (where applicable). Note that the 'university' figure will be deducted automatically from what is entered on the 'non-controlling interest' lines.

Table 1a: Analysis of income

This table feeds the income lines in table 1. The analysis requested splits out the fee income relating to EU students at all levels of study from the Welsh domiciled fee income. Note also that the 'other services rendered income' has been split into several lines to further analyse the income from Europe (WEFO, etc) and TNE fee income.

Table 1b: Analysis of staff costs

The staff cost analysis this year again includes analysis by cost type (salaries & wages, NI, pensions, etc.) as well as by activity. We are also requesting average FTE staff numbers, split by academic, administrative, technical and other.

Table 1c: Analysis of other operating expenses

We request a slightly simpler analysis of other non-pay expenditure in this table as the disclosure requirements under FRS102 are not as stringent as under UKGAAP.

Table 1d: Analysis of interest and other finance charges

We have modified the table to analyse the disclosures as required under the new SORP.

Table 2: Consolidated balance sheet

Note that, with the exception of line heading 1e (fixed assets, which is fed from table 2a), all other lines need to be entered on this table – there are no other automated feeds to it. Again, the modified format of the balance sheet aligns to the reporting requirements of the new SORP. A number of lines have been re-ordered to provide a more logical presentation. Note that negative goodwill must be entered as a negative amount.

Table 2a: Fixed assets analysis

This table requires the analysis to be entered of the split by asset type (L&B, equipment) as well as the sources of finance for each year of spend. Please ensure that the sources balance to the spend for each year of the forecast.

Table 3: Consolidated statement of cash flow

This table also aligns to the new SORP in terms of required disclosures.

Table 4: Supporting data

In this table we request a further breakdown of heading 2c on the statement of comprehensive income.

Below table 4 is a comparison table showing the original and latest estimated outturn comprehensive income statements, all of which is derived from the data entered elsewhere.

PLEASE NOTE THAT THERE IS NO 'TABLE 5' IN THIS MODEL; IT IS BEING RESERVED FOR INTERNAL HEFCW USE.

Table 6: Balance of outstanding commitments and agreed financial commitments not yet drawn down at 31 July 2017

This table is intended to capture in a much more comprehensive way the current position of borrowings and financial commitments for your institution, and replaces (for the most part) the Annex D4 in the previous years' models. Note that the 'validations' worksheet contains several validation checks to ensure, *inter alia*, that the totality of borrowings in Table 6 agrees with the forecast balance sheet, and that all loans are accounted for in terms of totals committed, drawn down and undrawn sums.

Validations worksheet

This sheet provides a comprehensive set of validation checks. At the top of the worksheet is a 'banner' check which confirms either that all the validation checks have been passed or identifies how many checks have failed.

Immediately below this banner is a set of 7 further checks which confirm that a number of key tables have been completed with data; when you first receive the workbook all these checks will show as messages in red. As you populate them the messages will disappear.

Below the 'has data been entered'? checks are a further 20 validation checks which are included to assist the user in maintaining the integrity of the model, particularly the 'Tables1_4' and 'Table 6' worksheet. Certain of the checks reside in specific areas, such as the comprehensive statement of income and expenditure or the balance sheet; others will run cross checks between the two statements and also to / from the consolidated statement of cash flows. Note that checks 12-19 deal with outstanding financial commitments (borrowings, etc.) and commitments not drawn down.

At the foot of the validations worksheet is a table which enables users to explain why a particular check has not passed; obviously, every effort must be made to enter the data correctly, but if an issue cannot be resolved it can be reported here (there are drop down boxes with the check numbers in the column headed 'validation check').

'SORP CONV I&E' and 'SORP CONV BS' worksheets

NOTE that the 'SORP CONV' sheets have been removed from the model as they are no longer required.