

Meeting  
25/09/14

Agenda Item  
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Reference No  
HEFCW/14/77

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## **1 Issue**

- 1.1 This paper presents the accruals based management accounts report for the period April to June 2014.

## **2 Rationale for paper**

- 2.1 HM Treasury has required the public sector to move gradually towards the preparation of accruals based management accounting to supplement the annual statutory accounts, prepared on the same basis. These quarterly accounts are therefore in addition to and not a substitute for, the cash based quarterly reports for running and programme costs, which are still required to ensure that HEFCW remains within its cash limit.

## **3 Recommendation**

- 3.1 The Council is invited to:
- i. note the first financial report on the management accounts prepared on an accruals basis for the period April to June 2014

## **4 Council members' interests**

- 4.1 No conflicts of interests have been declared in advance of the meeting.

## **5 Further information**

contact Nick Williams (Tel 029 2068 2299; E mail [nick.williams@hefcw.ac.uk](mailto:nick.williams@hefcw.ac.uk))

## **6 Background**

- 6.1 This paper includes a Statement of Comprehensive Net Expenditure (**Annex A**) for the three months ended 30 June 2014 and a Statement of financial position (**Annex B**) as at 30 June 2014 with comparative figures for quarter one of the prior financial year.

## **7 Statement of comprehensive net expenditure**

- 7.1 This report indicates that total funding of HE expenditure for the three months is £102m compared to £99.4m for the year 2013-14, a pro-rata increase of 2.6 percent. 'Other purposes' expenditure is higher than the prior year comparator due to higher activity in ESF (GO Wales), Jobs Growth Wales, WG merger capital and UK Research Performance Investment Fund (UKRPIF).
- 7.2 Staff costs for the three months amount to £459k compared to £441k for the prior year, which is a pro-rata increase of £18k or four percent. This increase reflects the scale increments due to a number of staff and an allowance for a pay award that is outstanding from 1 April 2013.
- 7.3 Administration costs for the three months amount to £78k compared to £103k for the prior year, which is a pro-rata decrease of £25k or 24 percent. The decrease is mainly due to lower accommodation costs that flow from occupation of a lower square footage of Linden Court.
- 7.4 Income from activities in the quarter of £3m relates to UKRPIF and ESF (GO Wales), the prior year comparator is £553k as the level of claims fluctuates.
- 7.5 The net operating costs for the three months amounts to £104.2m which is an increase of £4.4m from the same period last year.
- 7.6 The 'Statement of changes in taxpayers' equity' reflects the net operating costs for the period of £104.2m and the total grant-in-aid income received from WG of £103.5m. This has decreased the general fund balance of £6.4m at 31 March 2014 to £5.7m at 30 June 2014.

## **8 Statement of financial position**

- 8.1 Non-current asset movements in the three months reflect total depreciation charges of £14k.
- 8.2 Trade and other receivables have fallen from £4,588k at 31 March 2014 to £1,817k at 30 June 2014. Year-end debtors included £1m due from WEFO and £0.6m from Jobs Growth Wales that was received in April.
- 8.3 Trade and other payables at 30 June 2014 of £0.6m consisted accruals mostly related to GO Wales claims.
- 8.4 The reduction in total assets less liabilities from £6.4m at 31 March 2014 to £5.7m at 30 June 2014 reflects lower overall assets consisting of lower receivables, a higher cash balance together with a lower level of liabilities.

## **9 Financial implications**

- 9.1 As this financial report is accruals based there are no financial or resource implications arising from this paper and has no bearing on HEFCW's cash position at the end of the current financial year

## **10 Publicity / communications implications**

- 10.1 This report has no publicity or communications implications as it is an internal report on HEFCW's accruals based management accounts for quarter one of the current financial year.

## **11 Diversity and equal opportunities implications**

- 11.1 This paper has no implications for age, disability, marital/civil partnership, maternity/pregnancy, race, religion or belief, sex, sexual orientation, or any other protected characteristic or the Welsh language.

## **12 Risk Assessment**

<b>Risk</b>	<b>Action to address risk</b>
HEFCW's annual statutory accounts are not monitored throughout the year on a quarterly basis in breach of Treasury guidance.	Quarterly accounts are presented to Council prepared on an accruals basis, for monitoring purposes.