

Meeting
23/01/15

Agenda Item
15

Reference No
HEFCW/15/09

1 Issue

- 1.1 This paper presents the accruals based management accounts report for the period April to September 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 second financial report on the management accounts prepared on an accruals basis for the period April to September 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)

6 Background

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

7 Statement of comprehensive net expenditure

- 7.1 This report indicates that total funding of HE expenditure for the six months is £186.8m compared to £203.4m for the year 2013-14, a pro-rata decrease £16.6m or 8.1 per cent. '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 six months amount to £934k compared to £900k for the prior year, which is a pro-rata increase of £34k or four per cent. The increase reflects the scale increments due to a number of staff, some staff promotions and an estimated allowance for a pay award that is outstanding from 1 April 2013.
- 7.3 Administration costs for the six months amount to £233k compared to £230k in the prior year, which is a pro-rata increase of £3k or 1.3 per cent.
- 7.4 Income from activities for the six months of £9.9m relates to UKRPIF, DBIS funding, Jobs Growth Wales and ESF (GO Wales).
- 7.5 The net operating costs for the six months amounts to £190.6m which is a decrease of £13.8m from the same period last year.
- 7.6 The 'Statement of changes in taxpayers' equity' reflects the net operating costs for the period of £190.6m and the total grant-in-aid income received from WG of £190.0m. This has reduced the general fund balance of £6.4m at 31 March 2014 to £5.7m at 30 September 2014.

8 Statement of Financial position

- 8.1 Non-current asset movements in the six months reflect asset additions of £21k and total depreciation charges of £32k
- 8.2 Trade and other receivables have fallen from £4,588k at 31 March 2014 to £1,876k at 30 September. The September figure relates primarily to a WEFO debtor of £1.5m. The reduction from the year end figure is explained by reductions in prepayments (which included a Student Loan Company prepayment of £1.4m) of £1.5m and debtors from WEFO of £0.6m, Jobs Growth Wales of £0.2m and Janet 6 funding at year end of £0.3m being received in April.
- 8.3 Trade and other payables at 30 September 2014 of £0.6m consisted of accruals primarily 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 September 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

12.1

Risk	Action to address risk
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.