

*For information*

**April to June Accruals Based Management Accounts  
report 2016-17**

Agenda: 20  
**HEFCW/16/102**

Disclosable

**10/11/2016**

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**1 Issue**

- 1.1 This paper presents the accruals based management accounts report for the period April to June 2016. These quarterly accounts are 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.

**2 Corporate Planning Implications / Rationale for paper**

- 2.1 HEFCW's Framework Document with the Welsh Government (WG) places a requirement upon HEFCW to maintain financial and management accounting systems to enable a full review of costs and cash flow to be prepared against agreed budgets. This review is carried out and reported to Council quarterly.

**3 Recommendations**

- 3.1 Management Board is invited to:
- i. note the financial report on the management accounts prepared on an accruals basis for the period April to June 2016.

**4 Timing for decisions**

- 4.1 No decisions are required. This is one of the quarterly reports which MB has agreed to receive for information about HEFCW's accruals based management accounts.

**5 Further information**

- 5.1 Contact Nick Williams (029 2085 9646 [nick.williams@hefcw.ac.uk](mailto:nick.williams@hefcw.ac.uk))

## **6 Statement of comprehensive net expenditure**

- 6.1 This report indicates that total funding of HE expenditure for the three months is £41.9m compared to £23m for the year 2015-16, a pro-rata increase of 82 per cent. This primarily relates to an increase in QR, PIF and OU mitigation as these funds had been brought forward into FY 14-15. 'Other purposes' expenditure is also significantly higher as there were no funds for UK Research Partnership Investment Funds (UKRPIF) in FY 15-16.
- 6.2 Staff costs for the three months amount to £499k compared to £488k for the prior year, which is a pro-rata increase of £11k or 2.2 per cent. The increase reflects payment of contractual incremental steps, where applicable, and the impact of a pay award.
- 6.3 Administration costs for the three months amount to £134k compared to £89k in the prior year, which is a pro-rata increase of £45k or 51 per cent. The increase is primarily due to higher levels of activity in legal services, IT and Council members travel and subsistence claims.
- 6.4 Income from activities in the quarter is £2.4m and relates primarily UKRPIF funding of £2.3m. The prior year comparator is significantly lower as the previous UKRPIF had finished.
- 6.5 The net operating costs for the three months amounts to £42.7m compared to £23.6m in the prior year, which is an increase of £19m from the same period last year.
- 6.6 The 'Statement of changes in taxpayers' equity' reflects the net operating costs for the period of £42.7m and the total grant-in-aid income received from WG of £39.3m. This has decreased the general fund balance of £14.5m at 31 March 2016 to £11m at 30 June 2016.

## **7 Statement of Financial position**

- 7.1 Non-current asset movements in the three months reflect depreciation charges of £15k.
- 7.2 Repayable grants falling due after one year remain at £6,750.
- 7.3 Trade and other receivables have decreased from £6,375k at 31 March 2016 to £1,757k at 30 June 2016 due to the reclaim of sector transfer agency funds and repayment of £3m that had been an outstanding loan from an HEI.
- 7.4 Trade and other payables at 30 June 2016 of £671k consist entirely of accrued costs and expenses.
- 7.5 The reduction in total assets less liabilities from £14.5m at 31 March 2016 to £11m at 30 June 2016 reflects lower receivables and a higher level of current liabilities.

## **8 Diversity and Equal Opportunities implications**

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

**9 Publicity / communications implications**

9.1 This report has no publicity or communications implications as it is an internal report on HEFCW's accruals based management accounts for the period April to June 2016.

**10 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 Management Board prepared on an accruals basis, for monitoring purposes.