

*For information*

**April to September Accruals Based Management  
Accounts report 2018-19**

Agenda: 20  
**HEFCW/19/13**

Disclosable

**24/01/2019**

**1 Issue**

- 1.1 This paper presents the accruals based management accounts report for the period April to September 2018. 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 Council is invited to:
- i. note the financial report on the management accounts prepared on an accruals basis for the period April to September 2018.

**4 Timing for decisions**

- 4.1 No decisions are required. This is one of the quarterly reports which Council receives 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 (see Annex A)**

- 6.1 This report indicates that recurrent funding of HE expenditure for the six months is £67.0m compared to £60.4m for the year 2017-18, a pro-rata increase of £6.6m or 10.9 per cent.  
'Other purposes' expenditure has increased by £2.7m to £9.8m due to UK Research Partnership Investment Funds (UKRPIF) to Cardiff University. This funding will be completed by the end of the financial year.
- 6.2 Staff costs for the six months are £1.18m compared to £1.15m for the prior year, which is a pro-rata increase of £30k or 2.6 per cent. The increase reflects payment of contractual incremental steps and the appointment of staff to previously vacant posts.
- 6.3 Other expenditures for the six months amount to £182k compared to £184k in the prior year, which is a pro-rata decrease of £2k.
- 6.4 Income from activities in first two quarters is £9.5m compared to £6.8m for the prior year. This increase of £2.7m mainly relates to UKRPIF funds referred to in 6.1 above.
- 6.5 Interest has been received during the first two quarters of £1.5k, no interest was received in the prior year. This is due to access to a new interest bearing Business Premium account through the new commercial banking contract.
- 6.6 The net operating costs for the six months amounts to £68.7m compared to £62.1m in the prior year, which is an increase of £6.6m from the same period last year.

## **7 Statement of Financial position (see Annex B)**

- 7.1 Non-current asset movements in the six months reflect depreciation and amortisation charges of £26k which are offset by asset additions in quarter one and the decrease of £600k in repayable grants falling due after one year to £4,950k.
- 7.2 Trade and other receivables have increased from £3,831k at 31 March 2018 to £4,269k at 30 September 2018 mainly due to the invoicing of Global Challenges Research Funding invoiced but not paid in the month, offset by a reduction in prepayments and adjustments to the sector agency funding to be recovered from the sector and clawback from previous years.
- 7.3 Cash and cash equivalents have increased from £1,957k at 31 March 2018 to £3,123k at 30 September. This reflects the Welsh Government requirement to hold no more than 2% of GIA at the year-end compared to up to 4% for other months of the year.
- 7.4 Trade and other payables at 30 September 2018 are £3.1m consisting of accrued costs of £0.9m and £2.2m for Global Challenges Research Funding not paid out as the funds had not been received per 7.2 above.
- 7.5 The decrease in total assets less liabilities from £11.1m at 31 March 2018 to £9.9m at 30 September 2018 reflects the movements in current assets and liabilities outlined above.
- 7.6 The 'Statement of taxpayers' equity' reflects the net operating costs for the period of £68.7m and the total grant-in-aid income received from WG of £67.5m. This has caused the decrease in the general reserve balance from £11.1m at 31 March 2018 to £9.9m at 30 September 2018.

**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 September 2018.

**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 and Council prepared on an accruals basis, for monitoring purposes.