

Finance Department Report

General

Since the last Committee Meeting, the Finance department has produced the management accounts up to December 2009.

Supplier payments

At the end of December, 99% by value of the £138K Creditor payments (December Aged Creditor Listing) were in the 30 days or less category.

Fee adjustments and income receipts handling

At the end of December, there was no backlog in Registrant direct debit cancellations and amendments against a 2 day backlog target. We had 2 day processing backlog on rejected payments/refunds against a two day backlog target and no backlog on mid-cycle lapsing of Registrants. The banking of Registrant cheques is up to date and there was no backlog on credit card reconciliations against a two day backlog target. When they occurred backlogs were due to an increase in registration workload and postal disputes.

Income Collection cycle

Direct debit collections of Registrants' fees (cover approximately 80% of registrants) are processed by the Finance Dept, with collections made two months in advance. CH collections occurred in December. RA, PA and OR collections are scheduled for January. Most of the income comprises of Renewal fees collected.

Funds under Management

At the end of December 2009, the Business Reserve account balance was £0.2M, earning an interest rate of 0.055% per annum. £2.1M was invested in the Nat West Special Interest-bearing Account (SIBA) on a rolling monthly basis, earning 0.48% per annum. The following were invested for 3 months at fixed rates: £0.5M invested in Barclays money market account earning 0.52% and £1.5M in Lloyds TSB money market account earning 1.1%.

The investment portfolio (excluding £104k portfolio cash) at the end of December was valued at £1.86M. The investment portfolio value including cash & money market instruments was £1.97M. This compares £1.51m at the start of the financial year.

Pensions

In December, there were 61 active members in the Friends Provident Scheme and no active members in the Capita Flexiplan Scheme, excluding the 6 "notional" members.

Employee training and staffing levels

There are seven full-time permanent employees in the dept with one additional permanent post to be filled. Temporary staff are periodically hired to cover for staff on annual or sick leave and to help achieve Finance dept service level targets.

Sage system support and development

Following training in November for the finance team, some system enhancements have been identified which will be implemented in 2010/11 financial year.

Significant Financial Projects/Issues (next few months)

- IFRS financial statements to 31 March 2009 have been prepared and reviewed by both Baker Tilly and the NAO.
- 2011 Fees project is in review.
- Nine month re-forecast process has been completed and forms part of the finance report.
- 5 Year plan is currently undergoing a re-draft.
- Annual budget (including projects) has been prepared in draft form.
- NAO will be visiting HPC in February for two weeks to begin work on the 2009/10 statutory audit and will review the financial accounts from April to December 2009. This will enable a faster audit close after year end as there will only be three months accounts left to audit.
- Companies house have been contacted to initiate the winding-up of 22/26 Stannary Street Limited. As outlined in earlier papers this will simplify the year end process as the assets will be transferred to HPC and will remove the need to prepare consolidated group accounts.

Consolidated Management Accounts for the Nine Months to 31 December 2009 - Commentary

Introduction

These accounts were compared to budget version 6, which was agreed by the Council on 26th March 2009.

Summary

For the 2009/10 financial year, there was a budgeted an operating surplus, before unrealised gains, of £13K compared to 2008/9 budgeted surplus of £244K.

For the nine month period to 31 December 2009 income totalled £10,953K with overheads of £11,151K. This gives us an operating deficit before investments of £198K compared with a nine budgeted deficit of £211K giving a favourable variance of £13K compared to budget.

Major Projects

There was a favourable operating variance of £140K relating to major projects. This was due to timing differences for the IT external hosting transfer to new provider and Online renewals projects. There was a saving of £85K in relation to the Practitioner Psychologists project with no more costs expected.

There has been capital expenditure of £283K in relation to Practitioner Psychologists, FTP Case Management System, IT External Hosting Transfer to a New Provider and Online renewals projects

Statement of Financial Position (SOFR) - Balance Sheet

The main movements in the SOFR since the start of the financial year have been a decrease in creditors, increase in deferred income and capital expenditure of £840K. The net impact of these movements was a decrease in the cash balance of £1,026K.

£481K has been spent this year in relation to the 22-26 Stannary Street phase 2 project, with the total spend to date being £602K. We have also spent 331K in relation to the phase 1 project. This was the final bill on phase one of the project.

Total assets were £10,536K, with liabilities being £8,966K. The reserves totalled £1,570K as at 31 December 2009. This was made up of the revaluation reserve of £214K and general reserve of £1,356K. This included £360K grant income received relating to the revalidation project.

Charlotte Milner
Financial Controller
January 2010

Health Professions Council
Consolidated Accounts to 31 December 2009
Income and Expenditure Account - By Function

	Year to Date				Note
	Actual £	Budget £	Variance £ %		
Income by Profession					
Arts Therapists	143,649	134,631	9,019	6.70	
Biomedical Scientists	1,291,868	1,408,388	(116,520)	(8.27)	1
Chiropodists	690,224	699,236	(9,011)	(1.29)	
Clinical Scientists	248,627	233,832	14,795	6.33	
Dietitians	379,204	379,652	(448)	(0.12)	
Occupational Therapists	1,754,758	1,774,932	(20,175)	(1.14)	
Operating Department Practitioners	527,758	487,625	40,133	8.23	
Orthoptists	74,525	76,873	(2,348)	(3.05)	
Paramedics	827,690	807,498	20,192	2.50	
Physiotherapists	2,500,875	2,549,508	(48,633)	(1.91)	
Prosthetists & Orthotists	55,960	52,672	3,288	6.24	
Practitioner Psychologists	258,105	430,075	(171,970)	(39.99)	2
Radiographers	1,488,228	1,690,064	(201,836)	(11.94)	3
Speech and Language Therapists	713,599	710,324	3,275	0.46	
Registration Income	10,955,071	11,435,309	(480,238)	(4.20)	
Cheque/credit card write offs	(1,672)	0	(1,672)	0.00	
Total Income	10,953,399	11,435,309	(481,910)	(4.20)	

Expenditure by Activity

Chair	41,046	37,071	(3,975)	(10.72)	
Chief Executive	275,505	241,768	(33,737)	(13.95)	
Council, Committee and PLG	302,516	346,853	44,337	12.78	
Communications	935,839	821,888	(113,950)	(13.86)	4
Depreciation	251,483	339,608	88,125	25.95	
Education	476,954	544,905	67,951	12.47	5
Facilities Management	614,735	714,694	99,959	13.99	6
Finance	496,787	480,209	(16,579)	(3.45)	
Fitness to Practise	4,394,929	4,172,709	(222,220)	(5.33)	7
Human Resources	274,445	275,126	681	0.25	
Human Resources Partners	254,119	334,703	80,583	24.08	8
IT Department	593,006	686,434	93,428	13.61	
Operations Office	330,328	335,455	5,128	1.53	
Policy & Standards	187,207	287,131	99,924	34.80	9
Major Projects	190,401	330,987	140,585	42.47	10
Registration	1,333,062	1,469,241	136,179	9.27	
Secretariat	198,726	227,619	28,893	12.69	
Operating expenditure	11,151,087	11,646,401	495,315	156.57	

Operating Surplus/(Deficit)	(197,688)	(211,093)	408,781	193.65
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Investment income	111,766	131,244	(19,478)	(14.84)
Unrealised gains/(losses)	379,890	0	379,890	0.00

Total surplus/(deficit)	293,968	(79,849)	373,817	468.16
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	Year end position			
	9mth F'cast £	Budget £	Variance £ %	
	189,417	179,507	9,910	5.52
	1,753,981	1,877,850	(123,870)	(6.60)
	922,728	932,314	(9,586)	(1.03)
	342,787	311,775	31,012	9.95
	518,152	506,203	11,949	2.36
	2,352,908	2,366,576	(13,669)	(0.58)
	701,890	650,167	51,723	7.96
	97,559	102,498	(4,939)	(4.82)
	1,107,190	1,076,664	30,526	2.84
	3,284,861	3,399,344	(114,482)	(3.37)
	67,514	70,229	(2,715)	(3.87)
	663,093	886,166	(223,073)	(25.17)
	1,942,637	2,253,418	(310,781)	(13.79)
	978,402	947,098	31,304	3.31
	14,923,120	15,559,811	(636,691)	(4.09)
	(3,000)	0	(3,000)	0.00
	14,920,120	15,559,811	(639,691)	(4.11)

	49,433	49,433	(0)	(0.00)
	370,631	322,357	(48,274)	(14.98)
	384,948	447,701	62,753	14.02
	1,096,052	1,076,199	(19,852)	(1.84)
	366,473	452,804	86,331	19.07
	657,589	766,271	108,682	14.18
	872,075	911,698	39,624	4.35
	601,323	635,442	34,119	5.37
	5,979,165	5,581,599	(397,565)	(7.12)
	432,755	367,517	(65,238)	(17.75)
	326,343	375,611	49,268	13.12
	897,255	944,125	46,870	4.96
	430,827	450,977	20,150	4.47
	262,140	417,428	155,288	37.20
	322,178	420,197	98,019	23.33
	1,800,783	2,023,511	222,728	11.01
	266,818	304,247	37,429	12.30
	15,116,787	15,547,116	430,330	2.77

Operating Surplus/(Deficit)	(196,667)	12,694	209,361	(1,649.25)
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Investment income	175,000	175,000	0	0
Unrealised gains/(losses)	300,000	0	300,000	0

Total surplus/(deficit)	4 278,333	187,694	90,639	48.29
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Notes to the Income and Expenditure Account - by Function

Note	Narrative
1	The unfavourable variance of £117K was mainly due to a decrease in international applications £41K and a decrease in readmission fees £43K
2	The unfavourable variance of £172K was mainly due to a decrease in international and Grandparenting applications being received.
3	The unfavourable variance of £202K was due to a decrease in international applications of £97K. There was also an unfavourable variance of £142K on the renewal fees due to a decrease in applications and a timing difference on the fees rise.
4	The unfavourable variance of £114K was due to an overspend of £28K in brochures and £22K overspend in Campaigns. This was due to the additional work done in relation to the psychologists. There was an overspend in payroll of £22K due to temporary staff being employed whilst perm staff are recruited.
5	The favourable variance of £68K is due a delay in staff being recruited during the year, a permanent saving of £33K. There is also a favourable variance due to a decrease in visits done this year.
6	The favourable variance of £100K is due to a decrease in Gas and Electricity costs and a decrease in the cost of general insurance. These are likely to remain permanent differences.
7	The unfavourable variance of £222K was due to a increase in the number of allegations being received and the increase in the length of hearings. This included unfavourable variances on room hire £37K, panels £192K and Transcript writers £42k. There was also an unfavourable variance of £39K in other legal costs due to the increase in high court appeals.
8	The favourable variance of £81K was due to a decrease in the costs of partner recruitment (a saving of £31K) and an over accrual being made at the last year end In partner training.
9	The favourable variance of £100K was due to the delay in Market research, saving £24K and the delay in recruiting staff, a saving of £37K. There was also a delay in Standards of Proficiency giving a favourable variance of £17K.
10	The favourable variance of £140K is due to a permanent saving of £85K on the Psychologists project. Also there was a timing difference on the Online renewals, £20k and IT external hosting transfer to a new provider £25K projects.

Health Professions Council
Consolidated Accounts to 31 December 2009
Income and Expenditure Account - By Activity

	Year to Date				Note
	Actual £	Budget £	Variance £	%	
Income by Activity					
Registration fees	686,365	385,618	300,747	77.99	A
Readmission fees	101,950	333,865	(231,915)	(69.46)	B
Renewal fees	9,174,357	9,544,721	(370,364)	(3.88)	C
International scrutiny fees	483,422	692,823	(209,401)	(30.22)	D
Grandparenting fees	27,505	94,362	(66,857)	(70.85)	E
UK scrutiny fees	481,471	383,920	97,551	25.41	
Registration Income	10,955,071	11,435,309	(480,238)	(4.20)	
Cheque/credit card write offs	(1,672)	0	(1,672)	0.00	
Total Income	10,953,399	11,435,309	(481,910)	(4.21)	

Expenditure by Activity

Payroll	3,828,930	3,985,901	156,972	3.94	F
Travel and subsistence	156,988	157,879	891	0.56	
Council and committee expenses	240,351	320,121	79,770	24.92	G
Property services	263,479	325,772	62,293	19.12	H
Office services	847,333	755,912	(91,421)	(12.09)	I
Computer services	544,739	690,591	145,852	21.12	J
Communications	536,358	538,213	1,855	0.34	
Partners	1,585,928	1,631,084	45,157	2.77	
Professional fees	2,507,557	2,433,829	(73,728)	(3.03)	
Projects (Major and Small)	262,258	443,112	180,854	40.81	K
Specific departmental costs	377,168	363,987	(13,180)	(3.62)	
Operating expenditure	11,151,087	11,646,401	495,315	4.25	

Operating Surplus/(Deficit)	(197,688)	(211,093)	13,404	6.35
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Investment income	111,766	131,244	(19,478)	(14.84)
Unrealised gains/(losses)	379,890	0	379,890	0.00

Total surplus/(deficit)	293,968	(79,849)	373,817	(468.16)
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	Year end position			
	9 mth F'cast £	Budget £	Variance £	%
	488,342	504,257	(15,915)	(3.16)
	329,383	458,569	(129,186)	(28.17)
	12,775,974	13,004,002	(228,029)	(1.75)
	601,440	936,600	(335,160)	(35.78)
	50,400	141,540	(91,140)	(64.39)
	677,581	514,842	162,739	31.61
	14,923,120	15,559,811	(636,691)	(4.09)
	(3,000)	0	(3,000)	0.00
	14,920,120	15,559,811	(639,691)	(4.11)

	5,140,531	5,322,934	182,403	3.43
	201,110	218,531	17,421	7.97
	320,856	416,036	95,180	22.88
	373,897	418,634	44,737	10.69
	1,076,433	1,010,408	(66,025)	(6.53)
	835,945	942,716	106,771	11.33
	611,907	718,938	107,031	14.89
	2,266,051	2,190,322	(75,729)	(3.46)
	3,249,025	3,236,492	(12,533)	(0.39)
	468,657	570,797	102,140	17.89
	572,375	501,309	(71,066)	(14.18)
	15,116,787	15,547,116	430,329	2.77

	(196,667)	12,694	(209,361)	(1,649.26)
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	175,000	175,000	0	0.00
	300,000	0	300,000	0.00

	278,333	187,694	90,639	48.29
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Notes to the Income and Expenditure Account - by Activity

Note	Narrative
A	The favourable variance of £301K was due to an increase in graduates taking the discounted renewal fee.
B	The unfavourable variance of £232K was due to a decrease in the number of registrants lapsing when their renewal was due.
C	Renewal fee income was £370K below budget. This is due to a decrease in the number of International applications and an increase in the number of gradates taking a discounted renewal fee.
D	The unfavourable variance of £209K was due to a decrease in international applications being received during the year. We budgeted for 2230 applications to be received. We have forecasted this figure now to be 1442.
E	The unfavourable variance of £67K was due to a decrease in Grandparenting applications being received from the Practitioner Psychologists. We budgeted for 375 applications to be received, where as the forecasted figure is likely to be 120 applications.
F	Payroll had a favourable variance of £157K. Basic Pay and National Insurance had a favourable variance of £91K and £32k respectively. These were caused by staff leaving and some budgeted positions not being filled.
G	The favourable variance of £80K was due to only one FTP committee being held, instead of three and a decrease in the number of council members making up the council than was originally budgeted for.
H	Property services was showing a favourable variance of £62K. This was due to a credit of £5K being received for Gas and a favourable variance of £23K for business rates due to a budget overestimation.
I	The unfavourable variance of £91K was due to an increase in room hire costs (£52K) due to an increase in the number of FTP hearings. There was also an increase in office equipment costs (£16K) due to new furniture purchased for Phase 2 of 22/26 Stannary Street.
J	Computer services was showing a favourable variance of £146K mainly due to the delay in the on-line renewals project and the delay in depreciating the On-line renewals asset.
K	The favourable variance is due to non reversing differences in the Practitioner Psychologists and Fee rise projects, totalling £96K. The remaining difference was due to timing differences.

Statement of Financial Position

	31 December 2009		31 March 2009	
	£	£	£	£
<u>Non-current Assets</u>				
Property, Plant & Machinery				
Land & buildings, at cost or valuation	3,148,184		2,636,853	
Depreciation	<u>(30,663)</u>		<u>0</u>	
		3,117,522		2,636,853
Computer Equipment, at cost	595,299		644,060	
Depreciation	<u>(480,509)</u>		<u>(504,679)</u>	
		114,790		139,381
Office furniture and equipment, at cost	389,832		406,348	
Depreciation	<u>(351,972)</u>		<u>(372,679)</u>	
		37,860		33,669
Intangible assets	2,859,432		2,568,790	
Depreciation	<u>(1,947,068)</u>		<u>(1,784,455)</u>	
		912,364		784,335
<u>Total Non-current Assets</u>		<u>4,182,536</u>		<u>3,594,238</u>
<u>Current assets</u>				
Other current assets	173,654		354,207	
Financial assets	1,865,079		1,347,418	
Cash & Cash Equivalents	<u>4,315,230</u>		<u>5,341,865</u>	
		<u>6,353,962</u>		<u>7,043,490</u>
<u>Total assets</u>		<u>10,536,499</u>		<u>10,637,728</u>
<u>Current Liabilities</u>				
Trade and other payables	(135,227)		(945,164)	
Other Liabilities	(1,515,792)		(1,670,261)	
Deferred Income	<u>(7,315,278)</u>		<u>(7,106,069)</u>	
		<u>(8,966,297)</u>		<u>(9,721,494)</u>
<u>Total asset less liabilities</u>		<u>1,570,202</u>		<u>916,234</u>
<u>General reserve</u>				
General fund b/fwd	702,287		1,077,308	
(Deficit)/surplus for the year	293,968		(375,021)	
Grant income	<u>360,000</u>		<u>-</u>	
General fund c/fwd	1,356,255		702,287	
<u>Revaluation reserve</u>				
Reserve b/fwd	213,946		421,746	
Movements in the year	<u>-</u>		<u>(207,799)</u>	
Reserve c/fwd	213,946		213,947	
		<u>1,570,202</u>		<u>916,234</u>

**Summary of Project Expenditure
Nine months to 31 December 2009**

Project Number		Year to Date			Year End Position		
		Actual £	Budget £	Variance £	9 Mth F'Cast £	Budget £	Variance £
	Capital expenditure						
P3	Practitioner Psychologists	14,666	100,000	85,334	15,000	100,000	85,000
P4	Hearing Aid Council	2,177	17,500	15,323	55,000	55,000	0
P34	Online Renewals	223,116	300,482	77,366	300,012	300,481	469
P31	Vetting & Barring System (VBS)	0	0	0	15,000	15,000	0
P35	Registration Fee Rise 2011	0	0	0	0	0	0
P36	FTP Case Management System Phase 1	34,476	63,000	28,524	134,000	134,000	0
P37	Renewals Cycle Review	0	11,750	11,750	0	11,750	11,750
P38	IT external hosting transfer to new provider	8,738	15,000	6,263	15,000	15,000	0
P39	Revaluation	0	0	0	0	0	0
P27	Finance System Upgrade	0	0	(0)	0	100,000	100,000
	Total Project Capital Expenditure	283,173	507,732	224,559	534,012	731,231	197,219
	Operating expenditure						
P3	Practitioner Psychologists	57,917	143,760	85,843	57,917	143,760	85,843
P4	Hearing Aid Council	3,105	15,775	12,670	14,410	27,310	12,900
P34	Online Renewals	106,969	127,552	20,583	112,969	127,552	14,583
P31	Vetting & Barring System (VBS)	273	0	(273)	28,225	28,225	0
P35	Registration Fee Rise 2011	0	8,000	8,000	0	8,000	8,000
P36	FTP Case Management System Phase 1	10,968	9,400	(1,568)	14,906	11,400	(3,506)
P37	Renewals Cycle Review	0	0	0	0	0	0
P38	IT external hosting transfer to new provider	1,058	26,500	25,442	73,950	73,950	0
P39	Revaluation	10,110	0	(10,110)	19,800	0	(19,800)
	Total Project Operating Expenditure	190,401	330,987	140,585	322,178	420,197	98,019

**Summary of Capital Expenditure
Nine months to 31 December 2009**

Office Services

Renovation work to 22-26 Stannery Street. Phase 2
Renovation work to 22-26 Stannery Street. Phase 1 (final payment)

Additional photocopier for FTP

Replace Park House Boiler

Replace Park House water tank

Access control on additional doors

Induction loop for Reception and portable unit for hearings, etc.

Information Technology

Laptop refresh

Server replacements/upgrades

New/replacement computers

PRS Enhancements

Major Projects

Total Capital Expenditure

	Year to Date			Year End Position		
	Actual £	Budget £	Variance £	9 Mth F'Cast £	Budget £	Variance £
	480,963	358,475	(122,488)	481,000	575,000	94,000
	30,368	0	(30,368)	31,000	0	(31,000)
	0	6,000	6,000	0	6,000	6,000
	13,139	10,000	(3,139)	13,139	15,000	1,861
	2,613	6,600	3,987	2,613	10,000	7,387
	0	3,525	3,525	13,000	9,400	(3,600)
	4,234	0	(4,234)	5,000	5,000	0
	531,317	384,600	(146,717)	545,752	620,400	74,648
	0	25,000	25,000	50,000	50,000	0
	2,510	0	(2,510)	10,000	10,000	0
	17,822	3,960	(13,862)	20,000	9,500	(10,500)
	4,959	6,800	1,841	4,959	6,800	1,841
	25,291	35,760	10,469	84,959	76,300	(8,659)
	283,173	507,732	224,559	534,012	731,231	197,219
	839,781	928,092	88,311	1,164,723	1,427,931	263,208

Consolidated Cash Flow: April 2009 to March 2010

	Mar-09	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC	JAN	FEB	MAR
Opening Balance 1st		5,342	4,558	3,949	2,990	3,293	3,073	4,846	5,416	5,132	4,316	0	0
Receipts													
Registration Income		1,142	1,138	1,176	1,227	1,180	1,173	1,351	1,218	1,350			
Investment Income		0	7	9	3	18	12	3	10	9			
Investment Sales		24	24	29	58	(53)	34	8	10	0			
Deferred Income Movements		48	(925)	(630)	378	(34)	1,576	657	(94)	(767)			
Bank Loan		0	0	0	0	0	0	0	0	0			
Miscellaneous Income		0	(3)	0	0	0	0	1	0	0			
Total Cash Receipts		1,214	241	584	1,666	1,111	2,795	2,020	1,144	592	0	0	0
Payments													
Operational													
Expenditure		353	1,719	1,235	1,154	1,252	1,267	1,544	1,154	1,418			
Depreciation		(33)	(31)	(35)	(35)	(38)	11	(28)	(29)	(33)			
Aged Cred / Accrual Movements		1,535	(873)	135	157	(84)	(103)	(20)	280	(9)			
Debtor Movements		75	(42)	(16)	(5)	(44)	(24)	(29)	(60)	(37)			
Payments to Creditors		1,930	773	1,319	1,271	1,086	1,151	1,467	1,345	1,339	0	0	0
Exceptional													
Capital Expenditure		46	30	141	92	223	203	(28)	71	65			
Capital Write-off		0	0	0	0	0	0	0	0	0			
Investment Purchases		22	47	83	0	22	28	11	12	4			
Loan Repayments		0	0	0	0	0	0	0	0	0			
DOH Income		0	0	0	0	0	(360)	0	0	0			
Taxation		0	0	0	0	0	0	0	0	0			
Total Payments		68	77	224	92	245	(129)	(17)	83	69	0	0	0
Closing Balance	5,342	4,558	3,949	2,990	3,293	3,073	4,846	5,416	5,132	4,316	0	0	0
Budgeted Closing Balance		4,997	3,798	2,910	3,370	3,043	4,450	5,074	4,400	3,894	4,492	3,982	5,253
Difference		(439)	151	80	(77)	30	396	342	732	422			

Deferred Income Movements - () Some income from deferred income and cash has already been received. If positive, cash received in advance and not recognised as income in current month.

Depreciation - Cash paid for fixed assets incurred in previous months make depreciation a non cash item, so is taken off the current month expenditure.

Aged Creditor Movements - () Denotes an increase in aged creditors from the previous month and is taken off the current month expenditure as they haven't been paid. Vice versa for a positive figure.

Debtor Movements - If positive, debtors/prepayments have been paid without all being recognised in the I & E Account, so must be added to the expenditure for the month, Vice versa for a negative figure.