

1. General

The management accounts for the month of July are attached.

2. Income and expenditure

July management accounts show income for the month of £2,136k, expenditure of £2,175k and an operating deficit of £39k. For the four months to 31 July, income is £8,185k and expenditure is £7,525k, giving an operating surplus of £660k. This is £702k ahead of budget.

The cash balance at the end of July was £11.8m.

Deferred income at 31 July was £12.6m.

3. Annual Report and Accounts

The 2012/2013 Annual Report and Accounts were laid before Parliament on 18 July 2013.

4. Funds under management

At the end of July 2013, £4.3m was held in short term accounts at Lloyds and NatWest, earning 1.25% and 0.50%.

The following have been invested for longer periods at fixed rates:

£2m in a Lloyds deposit account earning 3.25% (1 year to 13.08.13),

£2m in a Lloyds deposit account earning 2.6% (1 year to 28.10.13) and

£2m in a Santander deposit account earning 2.5% (1 year to 03.02.14).

£1.5m in a Santander deposit account earning 1.4% (1 year to 11.07.14)

5. Procurement

We have completed the procurement process for recording and transcription services but have been unable to award the

contract due to a challenge by an existing supplier. We are currently progressing with the process for legal services and for printing services. A revised procurement policy is close to finalisation.

6. Staffing

Tim Moore resigned as Finance Director with effect from 31 August 2013. Alan Carr has been appointed as Interim Finance Director and the search for a permanent replacement has begun.

7. Internal audit

Mazars conducted an internal audit of core financial controls during August and their report is due to be presented to the audit Committee on 26 September 2013.

Management Accounts

Alan Carr, Interim Director of Finance

31 July 2013

to Executive Management Team

Management Accounts

July 2013

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Income and Expenditure

Accounting Period

[Period 4 13-14](#)

Cost Centre Name

[All Cost Centres](#)

Department Name

[All Departments](#)

	Movement	Movement YTD	Budget YTD	Variance YTD	% Variance YTD
Graduate Registration fees	96,854	351,319	201,821	(149,498)	-74%
Readmission fees	19,870	67,945	103,332	35,387	34%
Renewal fees	1,819,203	7,235,391	7,412,225	176,834	2%
International scrutiny fees	84,420	312,260	173,846	(138,414)	-80%
Grandparenting fees	0	420	0	(420)	
UK scrutiny fees	115,487	216,028	319,182	103,154	32%
Registration Income	2,135,834	8,183,363	8,210,405	27,042	0%
Cheque/credit card write offs	75	1,639	0	(1,639)	
Total Income	2,135,909	8,185,002	8,210,405	25,403	0%
Chair	5,892	25,048	25,026	(22)	0%
Chief Executive	39,772	135,911	126,381	(9,529)	-8%
Committee	(282)	0	0	0	0%
Council	36,128	66,681	64,490	(2,191)	-3%
Communications	152,341	415,037	386,189	(28,848)	-7%
Depreciation	58,294	226,015	228,070	2,055	1%
Education	64,344	313,220	367,030	53,810	15%
Facilities Management	96,047	495,286	484,350	(10,935)	-2%
Finance	66,906	241,339	243,579	2,241	1%
Fitness to Practise	1,058,277	3,624,303	4,227,508	603,205	14%
Human Resources	49,768	144,849	173,248	28,399	16%
Human Resources Partners	37,947	131,324	162,050	30,726	19%
IT Department	142,971	456,553	465,195	8,643	2%
Major Projects	27,744	70,759	91,928	21,168	23%
Operations Office	49,379	188,151	252,724	64,573	26%
Policy	38,841	128,754	125,366	(3,388)	-3%
Registration	228,262	771,900	734,759	(37,140)	-5%
Secretariat	21,921	89,629	94,342	4,712	5%
Operating expenditure	2,174,552	7,524,758	8,252,236	727,478	9%
Operating Surplus/(Deficit)	(38,643)	660,244	(41,831)	(702,074)	
Payroll costs for secondment to DOH	(12,489)	(6,244)	0	6,244	
Investment Income	48,094	101,259	0	(101,259)	
Total surplus/(deficit)	(3,038)	767,747	(41,831)	(809,577)	

Commentary for Core Departments					
Income & Expenditure YTD July 2013.					
Income					
Department	Movement YTD	Budget YTD	Variance	%	Comments
Total Income	8,185,002	8,210,405	25,403	(0)%	Minor variance, income in line with budget.
Expenditure					
Department	Movement YTD	Budget YTD	Variance	%	Comments on key variances
Chair	25,048	25,026	(22)	(0)%	Minor variance
Chief Executive	135,911	126,381	(9,529)	(8)%	£7.2k payroll: underspends (£12.4k) professional fees: overspends on legal costs largely due to costs of constitution orders and DOH rehab of offenders
Council	66,681	64,490	(2,191)	(3)%	Minor variances
Communications	415,037	386,189	(28,848)	(7)%	£10.7k payroll: savings due to staff vacancies (£43.2k) communications costs overspend: costs incurred for campaign broadcast and film production as well as brochure costs for CPD long and short guide (£8k) department costs: phasing on training and subscription.
Depreciation	226,015	228,070	2,055	1%	Minor variance
Education	313,220	367,030	53,810	15%	£26k payroll: savings on staff seconded to projects & 1 vacant Executive Officer role £20.9k partners: underspends on both annual monitoring £5.3k and Approvals £13.8k .
Facilities Management	495,286	484,350	(10,935)	(2)%	£9.4k payroll: savings on 1 additional FTE budgeted from 1 April (being covered by security staff) (£55.1k) office services: small equipment (£42.5k) due to furniture for 186 Kennington Park Road as well as change in capitalisation policy; and higher than budgeted usage of stationary and other services (£13.0k) £52.2k property services: underspend is due to credits received from LB Lambeth re business rates £97k offset by higher refurbishment and repairs (£59.9k) due to unbudgeted costs in 186 Kennington Park Rd. (£19.7k) Stannery Street, higher than expected costs including (£11.2k) unbudgeted professional fees for valuation appeal
Finance	241,339	243,579	2,241	1%	£15.6k payroll: net savings on temporary staff due mainly to recruitment of Finance Director. (£7k) office services: unbudgeted cost of scanning invoices to disc. (£4.3k) department costs: bank charges due to timing differences
Fitness to Practise	3,624,303	4,227,508	603,205	14%	£69.9k payroll: to be used in the financial year to cover maternity cost. (£86.2k) Office services: higher than budgeted expenditure on room hire and catering but forecast to largely reverse £136k professional fees: lower case numbers to date will produce a permanent saving £71.9k department costs: mainly due to phasing on training although a £30k permanent saving is expected on legal insurance £30.4k small project cost: , minimal spend to date is expected to reverse £379k partners: lower case numbers to date will produce a permanent saving
Human Resources	144,849	173,248	28,399	16%	£13.6k payroll: phasing of recruitment £14.4k department costs: organisational training slow to start in first few months of financial year.
Human Resources Partners	131,324	162,050	30,726	19%	£25.3k partners costs: lower than budgeted recruitment and training costs.
IT Department	456,553	465,195	8,643	2%	£9.4k payroll: delays in recruitment compared to budget. £14.5k computer costs: underspends on managed web internet services £24.1k due to later than budgeted project work in areas such as Education Build and phasing of remedial testing; (£18.7k) over budget on small hardware due to change in capitalisation policy; £13.7k underspend on NetRegulate support, mainly savings following contract renegotiation. (£11.9k) small projects costs incurred earlier than budgeted
Major Projects	70,759	91,928	21,168	23%	Costs incurred later than budgeted due to slower start up of projects
Operations Office	188,151	252,724	64,573	26%	£32.6k payroll: 2 vacancies (Personal Assistant and Business Analyst). £16.5k small projects: projects budgeted for the early part of the year have been delayed £12.9k department costs: training and subscriptions underspent, due to budget phasing.
Policy	128,754	125,366	-3,388	(3)%	(£21.9k) communications costs: research costs higher than budget due to installment payments , offset by staff secondment to DOH and phasing differences in most other areas.
Registration	771,900	734,759	(37,140)	(5)%	£43.9k payroll: staff vacancies (£66k) office Services: postage and printing & stationary costs at higher than budgeted levels (£32.3k) Higher than budgeted International assessor fees (£67.2k) offset by lower than budgeted CPD assessments £34.9k £10.9k department costs: underspend in training and subscriptions
Secretariat	89,629	94,342	4,712	5%	Minor Variances
Operating expenditure	7,524,758	8,252,236	727,478	9%	

Statement of Financial Position

Account by Category

[All Categories](#)

Accounting Period

[Period 4 13-14](#)

	Balance	Prior Year Balance To Close
Non-Current Assets		
Land & buildings, at cost or valuation	4,014,184	3,196,590
Land & Buildings Depreciation	(9,333)	(0)
	<u>4,004,850</u>	<u>3,196,590</u>
Computer Equipment, at cost	321,872	321,871
Computer equipment Depreciation	(259,248)	(247,291)
	<u>62,624</u>	<u>74,580</u>
Office furniture and equipment, at cost	349,162	245,798
Office Equipment Depreciation	(195,071)	(179,275)
	<u>154,091</u>	<u>66,524</u>
Intangible assets	4,920,215	4,731,600
Intangible Depreciation	(3,702,317)	(3,513,389)
	<u>1,217,898</u>	<u>1,218,211</u>
Total Non-current Assets	<u>5,439,463</u>	<u>4,555,905</u>
Current Assets		
Other current assets	625,974	542,581
Cash & Cash Equivalents	11,772,890	15,583,979
	<u>12,398,864</u>	<u>16,126,560</u>
Total Assets	<u>17,838,328</u>	<u>20,682,465</u>
Current Liabilities		
Trade and other payables	753,447	954,302
Other Liabilities	1,475,117	1,423,848
Deferred Income	12,552,320	16,137,527
	<u>14,780,884</u>	<u>18,515,677</u>
Total Assets Less Liabilities	<u>3,057,444</u>	<u>2,166,788</u>
General fund b/fwd	(2,166,788)	(1,920,740)
This Periods Profit/Loss	(767,747)	(7,649)
Grant Income	(122,909)	(238,399)
General fund c/fwd	<u>(3,057,444)</u>	<u>(2,166,788)</u>
Rev Res - Land & Building	0	0
Rev Res - Investments	0	0
Revaluation reserve	<u>0</u>	<u>0</u>
Total	<u>(3,057,444)</u>	<u>(2,166,788)</u>

Management Accounts to 31 July 2013
Summary of Capital Expenditure

Property

Purchase of Whitefield House- 186 Kennington
 Project 186 Kennington (not allocated)

Office Equipment

Coffee machines
 Installation Air Condition Stannary Street
 Franking machine
 CCTV
 Access Control Whitefield House
 Cable

 Switches

Information Technology

Software Licences
 Hardware replacement (servers, switches & drives)
 Hardware new services & starters

Major Projects

Total Capital Expenditure

	Actual YTD £	Budget 2013/14 YTD £	Variance £	Budget 2013/14 £
	725,000	725,000	-	725,000
	725,000	725,000	-	725,000
	9,840	14,000	4,160	14,000
	77,382	100,000	22,618	100,000
	16,141	-	(16,141)	100,000
	-	10,000	10,000	10,000
	-	10,000	10,000	10,000
	-	14,000	14,000	14,000
			0	
	103,363	148,000	44,637	248,000
	53,903	40,000	(13,903)	97,099
	-	70,000	70,000	92,000
	-	59,255	59,255	103,510
	53,903	169,255	115,352	292,609
	227,307	305,751	78,444	1,152,129
	1,109,573	1,348,006	238,433	2,417,738

Summary of Project Expenditure

Capital expenditure

MP63 HR & Partners System & Process Review Phase 1
 MP64 Education System Build Project
 MP67 NetRegulate Changes 2013
 MP68 Annotation of the register
 MP70 Project 186 Kennington
 MP71 Fees Review
 Other Project Expenditure unallocated

	Actual £ YTD	Budget 2013/14 £ YTD	Variance £	Budget 2013/14 £
	10,152	36,888	26,736	52,940
	67,910	101,115	33,205	129,835
	34,992	40,608	5,616	140,000
	21,658	24,840	3,182	24,840
	92,595	100,000	7,405	944,316
	0	2,300	2,300	2,300
			0	1,017,291
	227,307	305,751	78,444	2,311,522

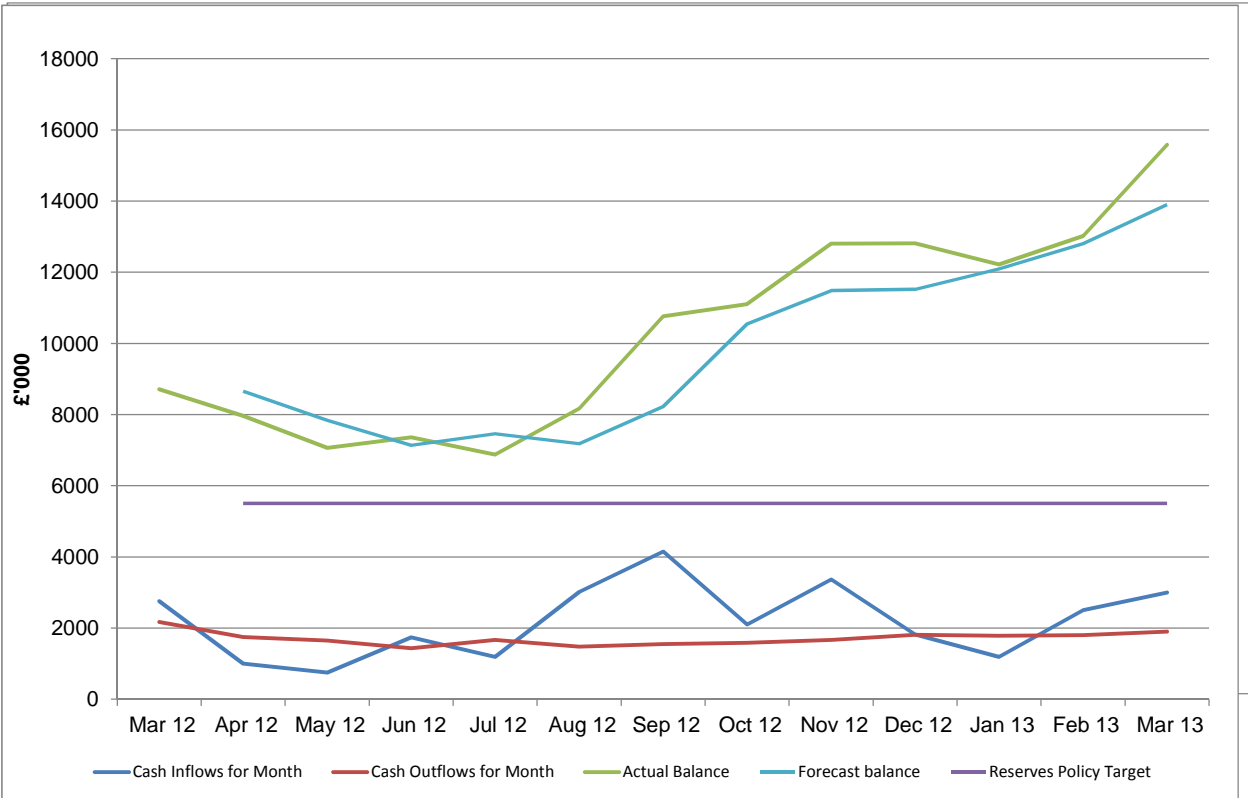
Management Accounts to 31st July 2013

Cash Flow Statement

From 1st April 2013

	Forecast £	Actual £
Operating Surplus/(Deficit)		660,244
Payroll costs for secondment to DOH		6,244
Depreciation charge for the year of non-current assets		226,015
Decrease/(Increase) in debtors & prepayments		(83,393)
Increase/(Decrease) in creditors		(149,586)
(Decrease)/Increase in deferred income		(3,585,207)
Net cash In/(out)flow from operating activities	(4,029,140)	(2,925,684)
Return on investments and servicing of finance		
Investment Income		101,259
Taxation		
Capital expenditure and financial investments		
Purchase of tangible assets	(1,261,788)	(1,109,573)
Financing		
Income from DOH		122,909
Increase in Cash	(5,290,928)	(3,811,089)
Cash at 31 March 2013	13,905,000	15,583,979
Cash at 31st July 2013	8,614,072	11,772,890
Cash Movement	(5,290,928)	(3,811,089)

Actual Cashflow 2012/13.



Cashflow 2013/14,

