

Chapter 8: Notes and Guidance on the Finance Record 2009/10

(For guidance on completing Tables 1 to 3 and Schedules 1 to 2 please refer to Chapter 5 of this Handbook)

Contents

paragraph number

Section 1: Changes to Format of the Finance Record	8.1
Section 2: Finance Record 2009/10	8.4
Section 3: Guidance on Completing the Finance Record	
Introduction	8.9
Tables 1 to 4 and Schedules 1a to 4	8.13
Benchmarking Schedules 3 and 4	8.14
Section 4: Miscellaneous	
Validation messages	8.17
Potential Problems	8.18
Downloading the Finance Record	8.19

Section 1: Changes to Format of the Finance Record

8.1 The financial plan template has previously been substantially changed to try to make it easier to follow and similar to the format of many Colleges' management accounts. As the format of the finance record mirrors the format of the financial plan for many of its tables and schedules, it was also necessary to change the finance record.

8.2 For 2009/10, **the LSC and its successor bodies** have again maintained the alignment of the finance record with the format of accounts as exemplified in Casterbridge College.

8.3 Apart from the renaming of certain lines and elimination of superfluous words, the significant changes to the finance record as at v1.5 are shown in Table 8.1.

Table 8.1: Changes to the finance record 2008/09

	Finance record 2008/09	Finance record 2009/10
Principal's Statement		Changes to reflect the new monitoring structures Validation message confirmation sign off for Principal
Table 1: Income and expenditure account		Naming convention changes only
Table 2: Balance sheet		
Table 3: Cash flow statement		
Table 4: Ratio analysis		
Schedule 1a: Analysis of income		Naming convention changes only
Schedule 1c: Analysis of other LSC and successor body income		Naming convention changes only
Schedule 1d: Staff costs		
Schedule 1e: Non-pay expenditure		
Schedule 2		

Accounts Direction Handbook 2009/10

	Finance record 2008/09	Finance record 2009/10
Miscellaneous details		
Schedule 3 Supplementary Benchmarking Information – Income		Naming convention changes only
Schedule 4 Supplementary Benchmarking Information – expenditure		
Schedule 5 Financial Health		

Section 2: Finance Record 2009/10

8.4 The finance record 2009/10 covers the 12-month period ending 31 July 2010. It requires Colleges to complete the following:

- Principal's statement
- Table 1: Income and expenditure account
- Table 2: Balance sheet
- Table 3: Cash flow statement
- Schedule 1a: Analysis of income
- Schedule 1c: Analysis of other LSC income
- Schedule 1d: Analysis of Staff costs
- Schedule 1e: Analysis of Non-pay expenditure
- Schedule 2: Miscellaneous details
- Schedule 3: Supplementary Benchmarking Information - income
- Schedule 4: Supplementary Benchmarking Information – expenditure

8.5 It includes the first column of Tables 1, 2 and 3 and Schedules 1a, 1c to 1e of the three-year financial plan, and the second column of Table 2.

8.6 Colleges are asked to complete the column of figures in Tables 1 to 3 and Schedules 1a to 4 and return a hard copy of the finance record for the year ending 31 July 2010, signed by the Principal or Chief Executive of the College to the appropriate funding body no later than 31 December 2010. For FE Colleges this will be the Skills Funding Agency and for Sixth Form Colleges the relevant local authority. **Electronic copies of the College's finance record for the year ending 31 July 2010 should also be submitted to the appropriate funding body via email no later than 31 December 2010.** For Sixth Form Colleges, electronic copies of the finance record should be sent to both the relevant local authority and the YPLA. Email addresses have been provided in the Executive Summary to this Handbook. Please ensure that line 1aiii of Schedule 1a: Release of capital grants, includes only **LSC and successor body** capital grants.

8.7 Where there are variances between the final outturn for 2009/10 and the financial plan provided in July 2010 greater than 1 per cent at the total expenditure line or total income line, Colleges should explain the variances in an accompanying commentary.

8.8 The workbook Finance Record 2009/10.xls contains the finance record forms for 2009/10.

Section 3: Guidance on Completing the Finance Record

Introduction

8.9 The finance records are used for a number of purposes. The **LSC and successor bodies** expect Colleges to use the record for internal planning and monitoring purposes, and reviews each financial statement and finance record alongside the three-year development plan, financial plan, property plan and other information. This is done in order to form an opinion on the financial health of the College and to determine whether there are issues to raise with the College. The **LSC and successor bodies** also consider whether they agree with the College's self-assessment of its financial health.

8.10 All College finance records are published on the **LSC and successor bodies'** websites.

8.11 The **LSC and successor bodies** aggregate all finance records to give a summarised view of the financial health of the sector. This summary is used to provide a benchmark for Colleges in the sector. It also provides a basis for advice to the Secretary of State.

8.12 The **LSC and successor bodies** also use the aggregate data to respond to ad hoc queries from Colleges and the Department.

Tables 1 to 4 and Schedules 1a to 4

8.13 In previous years the LSC would provide detailed guidance on the completion of the finance record. With the introduction of the Handbook, it was felt that it would be more useful to Colleges if this guidance were merged with the guidance on completing the notes to the financial statements. However, in order to make the completion of the finance record user-friendly, a number of fields in the spreadsheet have been inserted with a help flag, which provides more detail on what should be input into the cell. Therefore, there is no need to provide this detail in this Chapter.

Benchmarking Schedules 3 and 4

8.14 In order for benchmarking schedules to work, some additional data is required from Colleges. However, the whole process should take no longer than a few hours for a College finance manager to complete.

8.15 The key documents that the College will need in front of the College to complete the data fields are:

- 2009/10 audited Accounts or finance record
- Student number details i.e. LIS reports for 2009/10, showing Learner Numbers, SLN's and funding split between 16-19 and 19+.
- The appropriate funding body Funding Statement for 2009/10
- Management Accounts for the year ended July 2010
- Final Trial Balance for July 2010

8.16 In some instances Colleges may have described or treated income or expenditure in a manner that is different from that expected in this exercise. Some of the analyses required might therefore be difficult or impossible, as the

Accounts Direction Handbook 2009/10

income or expenditure being considered has been reported under a different heading. Such situations should be noted on the finance record submission.

Section 4: Miscellaneous

Validation of data entries

8.17 In response to requests from Colleges for better quality benchmarking data, the finance record has been updated to help Colleges make complete and accurate returns. Validation messages will be displayed on any table or schedule which include cells that have not been completed. A summary of all affected tabs is displayed on the cover sheet of the finance record. Colleges are asked to review any error messages and ensure that an appropriate entry is made, even if to confirm a nil entry, prior to sign off by the Principal.

Potential Problems

8.18 A number of issues caused problems to Colleges when completing previous years' finance records. The most common problems were saving data to disk and printing forms.

Solutions to these problems are suggested below.

Copying data to disk

8.19 If colleges have any problems with the operation of the workbook they should contact their **appropriate funding body**. Colleges will be able to access details using the email addresses given in the Executive Summary and the web page addresses in Section 2 of that Summary.

Downloading the Finance Record

8.20 The workbook for the finance record will be available **on the web page addresses in Section 2 of the Executive Summary**.

Website

8.21 Colleges will be able to download the spreadsheet as an Excel 1997-2003 or Excel 2007 workbooks (please save the workbook in the same format).

8.22 A signed paper copy of the finance record should be submitted, with the audited financial statements, to the **appropriate funding body** by 31 December 2010. **In addition to this, please return a copy of the finance record via email as described in 8.6 above** by 31 December 2010.

Form layout

8.23 The screen titles will differ depending on the form selected. Depending on the screen settings of the monitor, only part of a form may be seen at any time. The display can be changed within the current screen settings by choosing the percentage adjuster on the standard toolbar. Click on the scroll bar or the up and down arrows on the scroll bar to move up and down within the form.

8.24 The forms contain either data entry fields or data entry and calculated fields. Calculated fields are shaded and it is not possible to enter data into these fields. It is only possible to enter data into the data entry fields. All the other cells are locked and if an attempt is made to input data, an error message will inform the user that the field is locked. This means that data cannot be entered in this field.

Saving and exiting forms and schedules

8.25 To save information that you have entered or amended, select *Save* from the *File* menu or select *Close* from the *File* menu. If amendments are made to the workbook, the program will prompt you to save the changes before closing the workbook. You can use your own appropriate file names at this stage. Make sure you keep copies of this workbook.

8.26 Error messages will be shown on the individual forms if all schedules are not completed. These messages are explained in previous sections. It is necessary to save a form or schedule before exiting and the application will prompt you to do so when you try to close the file from a form or schedule. If no amendments are made, the form will close without prompting a save. Amendments made to the form or schedule will be lost if the form or schedule is not saved.

Printing forms

8.27 To print the details of an individual form or to print details of all forms:

- select *Print* from the *File* menu options
- the *Print* option is set up to print sheets individually. If you wish to print all of the worksheets, select *Entire workbook* from the *Print what* option
- click on the *OK* button.

8.28 The printout will be sent to the current Windows default destination printer. If you wish to confirm or amend the destination printer, select *Print* from the *File* menu options. Check which printer is selected in the name box.

8.29 To select a different printer, press the arrow to the right of the *Name* box. This will provide you with a drop-down list of all available printers. Select the printer you require.

8.30 The page set-up default, for each form, is A4 size with portrait orientation.