How Grants are reflected in the General Ledger

Departments that undertake research have at least one General Ledger cost centre to which the expenditure recorded in the Grants module will map. This ensures that a summary of the total grant expenditure is also recorded in the GL.

The standard cost centre is XXAG, where XX is the department code. The source of funds code for the expenditures will always be MA for research, the next letter indicating the sponsor type, and the last letter indicating the VAT status. If a department has several grants from the same sponsor type they will map onto the same source of funds code.

Sponsor types (HESA code)

British Academy	S
British Council	T
EU Government/EU Commission	C
EU Other	W
General Institution Funds	V
Health Depts./Authorities	Q
Other	R
Other HM Government Depts.	K
Overseas Charity	O
Overseas Govt/Educational	N
Overseas Nat/Public Corp	P
Overseas Private Ind/Comm	M
Research Council - AHRB	X
Research Council - BBSRC	J
Research Council - CCLRC	Y
Research Council - EPSRC	E
Research Council - ESRC	F
Research Council - MRC	I
Research Council - NERC	H
Research Council - STFC	Z
Royal Society	L
UK Charity (Medical)	A
UK Charity (Other)	B
UK Nat/Public Corp	U
UK Private Industry/Comm.	D

VAT types

Exempt	B
Outside scope	B
Standard rate	A
Zero rate	A
ECF7	C

VAT type **A**, any VAT is coded to the University VAT account to be reclaimed, VAT type **B**, any VAT is coded to the grant to be passed on to the sponsor. Horizon 2020 grants fall into this type.

VAT type **C**, relating to EC FP7 awards, that VAT cannot be either reclaimed or coded to the grant and is therefore passed on to the department as an expense.

Mapping code example

Expenditure charged to project GGAG/001 award RG27790 would map to the GL code

U.GG.GGAG.MAKB.EZZC.0000

The description of the code being:

University of Cambridge. English. ENGLISH: RESEARCH GRANT A. Research - Other HM Gover. Research Grants: Other Costs. Default

Posting of pooled labour

Some sponsors may provide a budget for pooled labour. This is to pay for staff that cannot be charged directly to an individual project as their work is split within the department.

Where this is the case, a central journal is processed at month end that posts this as expenditure to the grant. The charge is generated from the budget awarded by the sponsor, which is allocated over the life of the grant.

Debit : Award - Project - Task 100 – Pooled labour – Project org

Credit : Project Org cost centre – EZZY (source of funds) – AZZZ (transaction code)

Posting of payroll charges

Payroll charges are imported into the Grants module at month end. Payroll charges should not be transferred from one grant to another without the permission of Human Resources.

Posting of overheads

The overhead charges are generated by a grants process at the month end. Overheads are posted as expenditure to the grant, which maps across to the GL, split between the Chest and Department.

The Department's share is posted as a credit to the research cost centre, source of funds EDAA, transaction code LZAA. Expenditure against this account can be incurred at the discretion of the Head of Department. Any balances at the Year-end are brought forward.

Posting of non-direct costs

Grants awarded with costs calculated using the fEC methodology will not have overheads charged but will have an extra task (task 100) where the non-direct costs or "directly allocated costs" will be charged.

Central Research Accounting will process the non-direct costs as applicable each month. Departments will continue to be responsible for charging direct costs to the award.

Task 100 is for the use of the Research Operations Office (ROO)/Central Research Accounting only. Departments should not charge any expenditure to task 100.

Where the sponsor is not funding all of the cost of the research an entry will be posted as a negative value under task 100 on the category **University Funded** to reflect the funds the University is contributing to the research project. This means that 100% of the direct and non-direct costs will be charged to the award. The proportion of the costs the sponsor will not meet will be reflected under the *University Funded* expenditure category as a negative entry. The total costs on the award (including the *University Funded* category) will equal the total costs the sponsor will fund.

The budget for the non-direct costs will be split between the Chest and Department and the costs will be posted to GL codes as appropriate.

For task 100 (non-direct costs)

Expenditure category	Types
PI COSTS	PI Costs – Chest PI Costs – Dept
ESTATES COSTS	Estates Costs – Chest Estates Costs – Dept
INFRASTRUCTURE TECHNICIANS	Infrastructure Techs – Chest Infrastructure Techs – Dept
INDIRECT COSTS	Indirect Costs – Chest Indirect Costs – Dept

GL coding for non-direct costs (applications from 01 September 2005)

Awards costed on an fEC basis will not have an overhead budget and the burden schedule DRR 0 @ 0% will be used to ensure that overheads are not generated. Existing awards will continue to have overheads generated and posted to the departmental research cost centre and source of funds EDAA according to the agreement with the sponsor.

Non-direct costs will be posted to the departmental research cost centre and the source of funds EZ**. The last two letters of the source of funds code will reflect the sponsor type and VAT status of the award in the same way that mapped expenditure does. The transaction will be LZCE

Example   *The Estate Costs for a BBSRC award in department EW would map to U. EW. EWAG. EZJB. LZCE*