Here we go again...

Year end 2017/18

ABBA

S.O.S.

MY MY, JUST HOW MUCH I’VE MISSED YOU
Knowing me, knowing you
Why are we here?

- Overview of 2016/17 results
- The impending financial year end
- News, updates and coming changes
- Any questions
Finance Division movements

A new Director of Finance: David Hughes replaces Andrew Reid.

The Pensions section has moved from HR to Finance (though hasn’t moved location).

Shared Services: The School of Clinical Medicine team have joined the Shared Services team at Greenwich House. Now one team for the whole University.
## 2016-17 results

2016-17 results for Little U and the Group 
*Group includes CUP, Cambridge Assessment, Trusts, and other trading subsidiaries*

<table>
<thead>
<tr>
<th></th>
<th>Little U</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>£1,180m</td>
<td>£1,870m</td>
</tr>
<tr>
<td>Expenditure</td>
<td>£1,100m</td>
<td>£1,807m</td>
</tr>
<tr>
<td>Surplus before other gains/losses</td>
<td>£80m</td>
<td>£63m</td>
</tr>
<tr>
<td>Net assets</td>
<td>£3,727m</td>
<td>£4,847m</td>
</tr>
<tr>
<td>Gain on investments</td>
<td>£246m</td>
<td>£407m</td>
</tr>
</tbody>
</table>
2018 timetable

**Jun**
- Year-end seminars for Departments
- Interim audit – 2 weeks from 11 Jun

**Jul**
- June extended month-end
- Finance Committee review accounting policies

**Aug**
- Complete transaction processing
- Sub-ledgers closed

**Sep**
- External audit
- Auditors on site from 17 Sept (a week earlier!)

**Oct**
- Wed 31 Oct
- Finance Committee - first draft accounts

**Nov**
- Mon 19 Nov
- Council – approve and sign
- Wed 21 Nov
- Send to Office for Students (nee HEFCE)

*Accounts prepared*
#JuneMonthEnd: 4 extra days!

<table>
<thead>
<tr>
<th></th>
<th>WD3 (AR, AP, Grants, Inventory, Purchasing)</th>
<th>WD4 (Deposits and FA)</th>
<th>WD5 (GL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original (as published)</td>
<td>Wed 4 July</td>
<td>Thu 5 July</td>
<td>Fri 6 July</td>
</tr>
<tr>
<td>Revised</td>
<td>Tue 10 July</td>
<td>Wed 11 July</td>
<td>Thu 12 July</td>
</tr>
</tbody>
</table>

- Process/send to SSF all AP invoices, resolve all supplier queries
- Clear your invoices-on-hold reports
- Raise all sales invoices, internal and external
- Claim receipts on BACS list
- Chase outstanding debts and review or write-off
- Clear suspense accounts (FJAA, FKAA, Grants suspense etc.) and funds check failures
External auditors

PricewaterhouseCoopers LLP

- Provide an independent audit opinion on the University’s accounts
  - True and fair view, properly prepared, etc.
- They will:
  - examine accounting systems
  - test how controls are operating
  - sample transactions
  - ensure funds have been properly applied
- Audit include all Group entities (increasingly-complex Group!)
- **Interim audit in mid June**
- Year-end audit starts in September
- Audit tender currently underway (for 18/19 year end)
PwC - Department visits

PwC will sample visit 4-5 departments in September

• Likely to take ½ day per department
• Likely to focus on controls, income recognition, cut-off, accruals, fraud risk and application of funds
• But...they can ask to look at anything
# 2018 Key Dates

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared Services submission deadline</td>
<td>Wednesday 8 August</td>
</tr>
<tr>
<td>Fixed Asset Returns due</td>
<td>Friday 10 August</td>
</tr>
<tr>
<td>Close Internal Trading - Raising (AR)</td>
<td>Friday 10 August</td>
</tr>
<tr>
<td>Close Internal Trading – Processing (AP)</td>
<td>Monday 13 August</td>
</tr>
<tr>
<td>Close AR and AP</td>
<td>Wednesday 15 August</td>
</tr>
<tr>
<td>Close Grants</td>
<td>Friday 17 August</td>
</tr>
<tr>
<td>Last date for moving funds on/off deposit</td>
<td>Monday 20 August</td>
</tr>
<tr>
<td>Last date for VAT journals to departments</td>
<td>Tuesday 28 August</td>
</tr>
<tr>
<td>General Ledger</td>
<td></td>
</tr>
<tr>
<td>- Final date for GL journals</td>
<td>Thursday 30 August</td>
</tr>
<tr>
<td>- Balances rolled forward (basic/special)</td>
<td>Wed 5/Fri 7 Sept.</td>
</tr>
<tr>
<td>Year-end certificates due</td>
<td>Friday 28 Sept.</td>
</tr>
</tbody>
</table>
Most departments now use Shared Services to process their AP invoices and expense claims.

Please submit items for processing in the July period by c.o.b. on Wednesday 8 August (five working days before AP closes).

You may receive 17/18 internal invoices after this date. If so, please send them in as soon as possible and highlight these to Shared Services.

Please separate batches by financial year (we will prioritise 17/18 invoices).
Grants – extended close

Unlike at month end, for year end the grants module will close **two days after AP** to give time for a final review.
- AP closes 5pm Wednesday 15 August
- Grants module closes 5pm **Friday 17** August

Key tasks should be completed before AP closes (checking grants, clearing suspense)

<table>
<thead>
<tr>
<th>On Thursday and Friday</th>
<th>What you can’t do</th>
<th>What you can do</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amend AP postings to grants</td>
<td>Use tools/transfer (on non AP items)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Post grant journals</td>
</tr>
</tbody>
</table>
I have a dream

- Fixed Asset registers to be sent to department Fixed Asset contact on Thursday 12 July.
- Confirmation due back by Friday 10 August.

<table>
<thead>
<tr>
<th>Last year’s returns</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Before the end of July</td>
<td>16.5%</td>
</tr>
<tr>
<td>1st week of August</td>
<td>4.5%</td>
</tr>
<tr>
<td>Week of deadline</td>
<td>62.5%</td>
</tr>
<tr>
<td>After deadline</td>
<td>16.5%</td>
</tr>
</tbody>
</table>
**Internal trading**

- Raise sales invoices as early as possible
- For any last minute invoices please liaise with the paying department
- Follow procedure where a dispute arises

- Accrue internal income
- Raise sales invoices for goods and services supplied in the new year
July Barclaycard processing

- Statement date will be 31 July, downloadable from the next day.
- All transactions to be cleared to GL and Grants in the July period.
- Source of funds default will be AZZY (effective from June bill). Any balance on this source of funds should relate to items awaiting credit only.
- Any balance that does roll forward will remain on this new source of funds.
# VAT adjustments

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reverse charge</strong></td>
<td>The amount of VAT you would have paid on that service if you had bought it in the UK</td>
</tr>
<tr>
<td><strong>Acquisition tax charge</strong></td>
<td>The amount of VAT you would have paid on the goods had you bought them in the UK (EU purchases only)</td>
</tr>
<tr>
<td><strong>Sales tax adjustments</strong></td>
<td>Occur when a sale has been entered with the wrong tax code</td>
</tr>
</tbody>
</table>

All postings to department accounts in respect of these adjustments will be posted no later than the end of **Tuesday 28 August**

(GL closes 30 August)
• Your department toilets were blocked from 25-28 July, requiring urgent specialist attention.
• DrainCo unblocked your toilets on 29 July.
• You received DrainCo’s invoice on 5 August, dated 2 August.

Into which year should the invoice be posted?
You have a plumbing conference running on 4 August 2018.

The delegates have paid before 31 July via eSales.

You invoiced Dyno-Rod (the sponsor of the conference) on 1 July. You found the income on the BACS list on 6 August (received the previous day).

In which year should the income be recognised?

What if the conference was on 31 July?
Getting the year right

Cash

The date of **receipt**
**Not** the year that that income relates to

Income and Expenditure

The date of **supply** of the goods/services
**Not** the date of the PO

*Daily AP exception reports* will be sent out and centrally monitored. Departments may need to provide evidence to the Finance Division that AP invoices have been recorded in the right year.
Accruals and prepayments test

Similar scenario to a previous example:

• Your department toilets were blocked from 25-28 July, requiring urgent specialist attention.
• DrainCo unblocked your toilets on 29 July.
• You received DrainCo’s invoice on 5 August, dated 2 August. **However**, the invoice got lost in a pile of paperwork and you discover it on 18 August (after AP is closed for 17/18).

**What do you do?**
## GL accruals and prepayments

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Transaction code</th>
<th>Mandatory for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accruals</td>
<td>Goods/services received by the University prior to 31 July, for which no invoice in AP</td>
<td>VBAK</td>
<td>&gt; £10,000</td>
</tr>
<tr>
<td>Prepayments</td>
<td>Invoice processed in AP in advance of the goods/services being received</td>
<td>UNGA</td>
<td>&gt; £10,000</td>
</tr>
<tr>
<td>Unearned revenue/income</td>
<td>Income received by the University in advance of goods/services being delivered to the customer</td>
<td>VZAA</td>
<td>&gt; £10,000</td>
</tr>
<tr>
<td>Other debtors</td>
<td>Amounts owing for goods/services provided by the University, but not invoiced in AR at 31 July</td>
<td>UNAA</td>
<td>&gt; £10,000</td>
</tr>
</tbody>
</table>

*Detailed supporting working papers must be kept for audit purposes*
Help and support - SOS

- Regular bulletins to UFS Key Contacts
- School Finance Managers / Finance Advisers
- UFS module help desks
- Your usual Finance Division contacts
- Research Operations Office
- Regular FUG and RGUG meetings

## 2018/19 – dates for the new year

<table>
<thead>
<tr>
<th>Service</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>PO / GL / AP / Grants opens</td>
<td>Wednesday 1 August</td>
</tr>
<tr>
<td>Accounts Receivable opens</td>
<td>Tuesday 7 August</td>
</tr>
<tr>
<td>Internal Trading opens</td>
<td>Thursday 16 August</td>
</tr>
<tr>
<td>PO / AR / AP / Grants Aug-18 closes</td>
<td>Wednesday 5 September</td>
</tr>
<tr>
<td>FA Aug-18 closes</td>
<td>Thursday 6 September</td>
</tr>
<tr>
<td>Aug-18 deposit deadline</td>
<td>Thursday 13 September</td>
</tr>
<tr>
<td>GL Aug-18 closes</td>
<td>Friday 14 September</td>
</tr>
</tbody>
</table>
MAMMA MIA!
HERE WE GO AGAIN
ABBA® reform after 35 years

Full story: Page 7
Improvements in year

- Bank charges – IPO process simplified
- IPO notifications – now sent by email if wanted
- Fast track staff expenses – Shared Services option for quicker processing and payment
- Internal trading – nightly posting into AP
- VAT adjustment journals – now monthly

*Improvements often come from discussions at FUG and with department contacts.*
Internal Trading

Changes from August 2018

- Default SoF to change (AP) from GAAA to AZZY (same as for Barclaycard)
- Roll forward at end of 2018-19 to be to a specific transaction code XE**

Why?

- Logic of charging to GAAA has been challenged
- Affects apparent results of trading activities
- Any balance over a year end is hard to track after the roll forward

Transition arrangements

- No change to CC or transaction code
- All internal trading invoices raised in 2017-18 will be pushed through to AP and default to SoF GAAA
- Any 2017-18 AP invoices re-coded in 2018-19 will credit GAAA
- No internal trading roll forward balance to AZZY at Aug-18
Project Pectus (chest allocation)

Chest allocation will be treated as actual income (GP** Transaction) within Department accounts.

Going live in 2018/19, first upload not completed until September.
New reporting being developed.
School specific training in Sep/Oct.
Benefits of Project Pectus

- Actual transaction reports will include Chest Income.
- The Plan budget can be used to upload against Chest sources of funds for expenditure.
- Use of the Plan budget will be encouraged to encompass all activity where material.
- With the changed reporting, departments will have access to a smaller number of more flexible reports.

More at FUG on 13 July (at Chemistry)
Any questions?