

**Imperial College Union
Board of Trustees / 28 October 2020**

Management Accounts Reporting

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Purpose: To update Board on the new approach to Management Accounts considered and approved by Finance & Risk Subcommittee.

Decision(s): To note the changes and new format.

1. Executive summary

Management Accounts are internal financial reports produced for trustees, senior managers and budget holders on a monthly or quarterly basis. They are important management tools because they provide the data for performance appraisal and decision making.

There is no fixed format for a set of management accounts; they should be tailored to the needs of the organisation. For maximum benefit they should be simple, clear, accurate and produced in a timely manner, as quickly as possible after the month/quarter end.

2020/21 continues to be an uncertain year so it is more important than ever to have good quality financial information so that decisions can be taken quickly, and financial sustainability can be achieved.

The current ICU management accounts lack impact and are not considered fit for purpose. They require significant change to improve their usefulness and to better reflect the current operating model of the organisation.

The following sections explain the shortcomings of the current reporting and the proposed new approach.

2. Current Management Accounts

The current ICU management accounts comprise the monthly report containing the overall income & expenditure accounts, the balance sheet, debtors' analysis, cashflow statement and commentary, and the individual cost centre income and expenditure reports.

2.1 Board Report

The current board report has several shortcomings:

- i. The Executive Summary lacks structure and discussion on corrective action, and the terminology is inconsistent.
- ii. The Consolidated Summary lacks the necessary detail to enable the reader to assess the performance of both the commercial and charitable service areas.
- iii. The inclusion of the Student Group I&E and the Funds Analysis is unnecessary.
- iv. The Balance Sheet, although important, is not required on a monthly basis.
- v. The Debtors Analysis is too detailed and lacks context.
- vi. The Cashflow Statement is only useful at year end.

Some of the previous cost centres have been merged and some name changes have taken place in line with the organisational restructure.

Deprecation will be centralised across the organisation and treated as ‘below the line’.

The column structure will be simpler, with actuals compared to just budget in-month and YTD. There will be a separate column for last year’s figures to allow year on year comparatives.

There will also be a separate column for the forecast outturn alongside the full year budget column. Forecasting will be more robust with regular reforecasts on all key areas.

These changes will allow trustees and management to appraise the charitable and commercial elements of the organisation and focus on key variances to drive strategy and decision making.

3.3 Cost Centre Income & Expenditure Reports

These will follow the same structure:

Student Opportunities & Development	April			YTD (9 months)			YTD	Full Year	Full Year
	Actual This Month	Budget This Month	Variance This Month	Actual YTD 2020/21	Budget YTD 2020/21	Variance YTD 2020/21	Actual YTD 2019/20	Forecast Outturn 2020/21	Budget 2020/21
	£	£	£	£	£	£	£	£	£
INCOME									
Associate Membership Fees	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Life Membership Fees	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Other Fees & Sales	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total Income	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
EXPENDITURE									
Staff Costs									
Permanent Staff	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Temporary Staff	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Subtotal Staff Costs	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Operational Costs									
CSP Grants	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Printing Costs	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Publicity	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Insurance	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Grants Payable	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Engraving and Tankards	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Credit Card Commission	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Travel	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Student Training	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Equipment Hire	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Subtotal Operational Costs	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total Expenditure	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Net Surplus/(Deficit)	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

The row structures have been significantly simplified by removing subheadings and centralising some expenditure such as training, health & safety and telephones into the Leadership and HR & Central cost centres.

The commercial cost centres will look slightly different as they will also incorporate cost of sales and ratio analysis.

3.4 Cashflow Forecasts

No formal cashflow forecasting is currently undertaken by the Union. Whilst this is being developed, the Board Report will contain a simple cash statement which splits the cash holding into restricted and unrestricted and highlights any significant cash flow issues.

3.5 Capital Expenditure

Given the limitations of the current financial environment, no significant capital expenditure is planned this financial year. When things change the reporting will be adjusted to incorporate a section on capital expenditure.