

**MANAGEMENT ACCOUNTS FOR THE 7 MONTHS ENDED 31ST
OCTOBER 2002**

The Management Accounts will be tabled at the meeting, as will a summarised analysis of the DoH funded expenditure to date (to be filed in the Private Section of your agenda binder).

The Accounts are unlikely to show any adverse trends. In fact some of the Provision for Unrealised Losses on Disposals of Investments may be released as the Stock Market rallied slightly in October.

(The accounts have been delayed as the Management Accountant, Richard Ballard, is currently taking an exam but will return in good time to finish this work prior to the Meeting).

PAUL BAKER
Finance Director

HEALTH PROFESSIONS COUNCIL

**Management Accounts
For the 7 months ended 31st October 2002**

HEALTH PROFESSIONS COUNCIL
MANAGEMENT ACCOUNTS
FOR THE 7 MONTHS ENDED 31st OCTOBER 2002

COMMENTARY

INTRODUCTION

The October Accounts show an Operating Surplus of £2,749 against a budgeted deficit of £280,158, a favourable variance of £282,907.

These accounts show the Provision for Unrealised Losses on Investments deducted from the Operating Surplus. The provision has now decreased to £350,603 from £445,332 last month. This provision in turn reduces the result to an overall deficit of £347,854 against a budgeted one of £280,158, an adverse variance of £67,696.

Our core income remains down on budget by £40,144 (1.75% adverse variance). Budgeted increased numbers have yet to affect positively the financial figures, but are gradually catching up as each profession pays its subscription. This is a spin-off from our change in policy of spreading income over the registration year rather than taking credit for income on a cash basis.

Most departments show overhead savings. These savings currently total £329,691.

Financially the core business operation is sound but the investment situation continues to have a marked effect. However we are ensuring that our fund managers continue to adopt a very conservative approach at this time, with higher than normal liquidity.

INCOME

Income from the professions is down on budget (£40,144) due to retention fees being lower than budget. Individually some of the professions are up on budget, some down. Most of those up have more grandparenting income than was originally thought. There are no specific reasons for those with adverse variances but it is important to note that the fee income has been budgeted month by month in 12ths. (Next year we will have established a pattern which can be used for more "scientific" month by month budgeting.)

The Department of Health Grant of £2,000,000 has been budgeted on a 1/12th basis but the expenditure is volatile and to date there has been a revenue spend of £1,082,014 and a debtor brought in for any grant not yet received. Capital Expenditure of £355,897 (Building Refurbishment and Registration Computer System) to be funded by grant has been expensed in the Balance Sheet. Under accounting rules the grant receivable is held as a credit in the balance sheet and is used to fund the depreciation of the capital expenditure in due course. We have been invoicing the DoH on a monthly basis and the balance for the last month is included in debtors on the Balance Sheet.

Investment Income has been discussed above. Portfolio investment income was up on budget by £8,284 but pressures on our cash flow occasioned by expenditure available for DoH grant being spent prior to the receipt of the grant mean that bank interest is below budgeted levels. Coupled with some realised losses, investment income excluding unrealised losses is showing an adverse variance of £6,640.

EXPENDITURE

Total operating expenses are £2,356,411 against a budget of £2,686,102, a favourable variance of £329,691. The DoH funded revenue expenditure totals £1,082,014. Most departments are showing savings against budget after seven months, with the Chief Executive's department & Operations (International Registration temporary staff) being the only exceptions.

The **Overhead Total** pages (5-7) show that most overhead groupings are within budget. **Payroll costs** show savings of £14,632 after seven months. Pension costs continue to be substantially under budget as not all those eligible to join the scheme have done so. Temporary staff has a significant adverse variance largely due to additional requirements in the international registrations department. **Staff travelling and subsistence** has a favourable variance of £13,370 and **Council and Committee Expenses** show savings of £155,852 at this time (the budget was taken at the "worst possible scenario" basis of everyone attending everything).

Property Services shows a saving of £15,305 mainly due to an underspend on routine repairs and maintenance, **Office Services** shows an overspend of £13,034 largely due to printing & stationery costs, **Computer Services** shows an overspend of £17,954 due to internet development and **Specific Departmental Expenses** a saving of £35,603.

Committees and Working Groups shows a significant saving of £125,917. This is due to a combination of items. Travel and subsistence for the old boards was included here and, even though they were disbanded, expenditure was budgeted for as similar meetings would still take place. JVC costs are showing a £30,736 favourable variance. The increase of assessors' fees to £60 will use up some of this favourable variance.

BALANCE SHEET

Fixed Assets reflects the capital expenditure connected with the building and computerisation work. There is an equal amount in creditors to match the capital expenditure to reflect the capital grant receivable, which will be released to match the depreciation of the new fixed assets, which will commence when each project has been completed. The **Investments** show the weakened position since the end of March, but an improvement since September.

Reserves now stand at £2,068,761.

CONCLUSION

After seven months of the financial year, operating expenses are under control and show a favourable variance against budget. The overall deficit is made up mainly by the unrealised losses on the investment portfolio, reflecting current stock market conditions. There are no serious or unexplained adverse variances in overheads.

PAUL BAKER
Finance Director
25th November 2002

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 OCTOBER 2002 DETAILED SUMMARY

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
INCOME					
Professions					
Arts Therapists	27,619	28,992	(1,373)	(4.97)	50,064
Chiropodists	125,497	124,440	1,057	0.84	212,899
Clinical Scientists	50,774	58,665	(7,891)	(15.54)	99,352
Dietitians	95,403	100,446	(5,043)	(5.29)	172,558
Medical Laboratory Scientific Officers	330,630	322,450	8,180	2.47	550,587
Orthoptists	18,641	18,137	504	2.70	30,908
Occupational Therapists	388,749	434,021	(45,272)	(11.65)	727,036
Paramedics	127,767	132,508	(4,741)	(3.71)	224,244
Physiotherapists	607,737	574,859	32,878	5.41	990,329
Podiatrists & Orthotists	10,642	11,634	(992)	(9.32)	19,823
Radiographers	371,410	357,042	14,368	3.87	613,892
Speech and Language Therapists	141,515	173,334	(31,819)	(22.48)	285,608
Registration Income	2,296,384	2,336,528	(40,144)	(1.75)	3,977,300
Investment Income (Excluding Unrealised Gains)	62,776	69,416	(6,640)	(10.58)	119,000
	2,359,160	2,405,944	(46,784)	(1.98)	4,096,300
Department of Health Revenue Grant	1,082,014	1,166,667	(84,653)	(7.82)	2,000,000
					0
					0
TOTAL INCOME	3,441,174	3,572,611	(131,437)	(3.82)	6,096,300
					0
EXPENDITURE					
Departments					
President	27,909	58,499	30,590	109.61	100,284
Council	110,609	145,054	34,445	31.14	240,082
Chief Executive	107,470	95,918	(11,552)	(10.75)	164,432
Education and Policy	75,654	102,133	26,479	35.00	168,508
Operations	380,960	373,460	(7,500)	(1.97)	598,475
Directors	171,132	207,003	35,871	20.96	365,913
IT Department	223,184	223,737	553	0.25	364,262
Finance	180,540	211,237	30,697	17.00	339,397
Administration	506,657	506,911	254	0.05	865,855
Legal Services	292,069	296,494	4,425	1.52	530,060
Human Resources	31,996	67,972	35,976	112.44	113,354
Communications	38,238	61,774	23,536	61.55	141,802
Committees and Working Groups	209,993	335,910	125,917	59.96	575,840
Operating Expenses	2,356,411	2,686,102	329,691	13.99	4,568,264
Department of Health Funded Revenue Expenditure	1,082,014	1,166,667	84,653	7.82	2,000,000
TOTAL EXPENDITURE	3,438,425	3,852,769	414,344	12.05	6,568,264
SURPLUS/(DEFICIT) (Excluding Unrealised Gains)	2,749	(280,158)	282,907	10,291.27	(471,964)
Investment - Unrealised Gains	(350,603)	0	(350,603)	100.00	0
SURPLUS/(DEFICIT)	(347,854)	(280,158)	(67,696)		(471,964)

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 OCTOBER 2002

DETAILED SUMMARY

	Actual	Budget	Variance	Variance	Annual
	£	£	£	%	Budget
					£
Income					
Registration fees	68,744	66,990	1,754	2.62	114,840
Registration fees (part year)	57,333	58,182	(849)	(1.46)	71,570
Restoration fees	51,379	54,091	(2,712)	(5.01)	92,730
Retention fees	1,733,704	1,790,463	(56,759)	(3.17)	3,069,365
EU fees	41,425	48,083	(6,658)	(13.85)	82,424
Non-EU fees	313,184	296,286	16,898	5.70	507,917
Confirmation letter fees	11,150	11,165	(15)	(0.13)	19,138
Grandfathering fees	19,465	11,268	8,197	72.75	19,316
Other	0	0	0	0.00	0
	2,296,384	2,336,528	(40,144)	(1.72)	3,977,300

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 OCTOBER 2002

CODE

INVESTMENT & OTHER INCOME

BUDGET MANAGER

Paul Baker

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
Income					
Other income	0	0	0	0.00	
1401 / / Bank interest - Business Reserve	2,383	2,333	50	2.14	4,000
1402 / / Bank interest - Money Market	4,751	14,583	(9,832)	(67.42)	25,000
1403 / / Portfolio income	60,784	52,500	8,284	15.78	90,000
1404 / / P & L on disposal of investments (Realised)	(5,142)	0	(5,142)	0.00	0
	<u>62,776</u>	<u>69,416</u>	<u>(6,640)</u>	<u>(9.57)</u>	<u>119,000</u>
1405 / / P & L on disposal of investments (Unrealised)	(350,603)	0	(350,603)	0.00	0

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 31 OCTOBER 2002

OVERHEAD TOTAL

Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
Payroll					
Basic	736,490	751,150	14,660	1.95	1,261,042
Overtime	25,315	26,105	790	3.03	44,750
National Insurance	78,003	73,342	(4,661)	(6.36)	124,920
Pension costs	85,919	122,207	36,288	29.69	209,496
Medical insurance	1,012	2,333	1,321	56.62	4,000
Staff recruitment	16,980	21,600	4,620	21.39	25,246
Temporary staff	62,303	23,917	(38,386)	(160.50)	41,000
Other payroll expense	0	0	0	0.00	0
	1,006,022	1,020,654	14,632	1.43	1,770,454
Travelling and subsistence					
Fares	11,631	20,739	9,108	43.92	35,550
Car expenses and car park	4,095	3,792	(303)	(7.99)	6,500
Subsistence	12,013	12,572	559	4.45	21,550
Entertaining	865	4,871	4,006	82.24	8,350
Council/committee expenses	0	0	0	0.00	0
Other travelling and subsistence	0	0	0	0.00	0
	28,604	41,974	13,370	31.85	71,950
Council and committee expenses					
Fees	104,281	208,274	103,993	49.93	355,920
Travelling and subsistence	108,205	144,232	36,027	24.98	248,600
Conference expenses	3,334	11,666	8,332	71.42	20,000
Training	0	7,500	7,500	100.00	10,000
	215,820	371,672	155,852	41.93	634,520
Property services					
Business rates	3,091	3,500	409	11.69	6,000
Water	421	583	162	27.79	1,000
Electricity	7,565	7,000	(565)	(8.07)	12,000
Gas	464	583	119	20.41	1,000
Cleaning contractors	10,891	11,667	776	6.65	20,000
Cleaning materials	4,544	3,500	(1,044)	(29.83)	6,000
Waste disposal	1,339	1,021	(318)	(31.15)	1,750
Repairs and maintenance	16,139	29,167	13,028	44.67	50,000
Maintenance contracts	2,988	2,917	(71)	(2.43)	5,000
Security	108	2,917	2,809	96.30	5,000
Other property costs	0	0	0	0.00	0
Property depreciation	15,167	15,167	0	0.00	26,000
	62,717	78,022	15,305	19.62	133,750

OVERHEAD TOTAL

Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
Office services					
Printing and stationery	153,398	143,500	(9,898)	(6.90)	246,000
Photocopying	5,676	4,667	(1,009)	(21.62)	8,000
Microfilming	247	583	336	57.63	1,000
Postage	118,443	116,667	(1,776)	(1.52)	200,000
Telephone	20,948	17,500	(3,448)	(19.70)	30,000
Telephone system maintenance	0	583	583	100.00	1,000
Mobile telephone	1,494	2,917	1,423	48.78	5,000
Fax	843	583	(260)	(44.60)	1,000
Couriers	1,263	583	(680)	(116.64)	1,000
Office equipment < £500	95	5,833	5,738	98.37	10,000
Office equipment rental	2,974	0	(2,974)	0.00	0
Office equipment maintenance	0	2,917	2,917	100.00	5,000
Staff catering	5,849	7,875	2,026	25.73	13,500
Other office services	3,400	2,275	(1,125)	(49.45)	3,900
Depreciation of office equipment	14,220	9,333	(4,887)	(52.36)	16,000
	328,850	315,616	(13,034)	(4.13)	541,400
Computer services					
Hardware < £500	6,944	3,500	(3,444)	(98.40)	6,000
Hardware maintenance	9,843	5,834	(4,009)	(68.72)	10,000
Software	15,133	18,667	3,534	18.93	32,000
Software maintenance	8,795	12,834	4,039	31.47	22,000
Software development	0	583	583	100.00	1,000
Systems support	7,193	15,750	8,557	54.33	27,000
Internet development	35,706	0	(35,706)	0.00	0
Internet maintenance	0	7,000	7,000	100.00	12,000
Computer media and sundries	4,214	5,833	1,619	27.76	10,000
Disaster contingency plan	4,679	3,792	(887)	(23.39)	6,500
Computer training	3,740	3,500	(240)	(6.86)	6,000
Other computer services costs	1,159	1,167	8	0.69	2,000
Hardware depreciation	52,966	53,958	992	1.84	92,500
	150,372	132,418	(17,954)	137.65	227,000

OVERHEAD TOTAL

Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
Specific departmental expenses					
Accountancy assistance	7,000	7,000	0	0.00	7,000
Advertisements and other promotions	8,309	5,833	(2,476)	(42.45)	10,000
Annual report	0	0	0	0.00	50,000
Archive storage	5,482	7,000	1,518	21.69	12,000
Auditors' fees	12,250	12,250	0	0.00	21,000
Bank charges	17,339	14,583	(2,756)	(18.90)	25,000
Books and publications	283	4,550	4,267	93.78	7,800
Conferences	362	7,500	7,138	95.17	7,500
General insurance	12,242	8,750	(3,492)	(39.91)	15,000
Legal insurance	0	30,625	30,625	100.00	52,500
Health and safety	612	1,458	846	58.02	2,500
Legal expenses	240,869	193,890	(46,979)	(24.23)	340,000
Library	0	0	0	0.00	0
Other professional fees (inc Scanning & Linking)	24,982	49,750	24,768	49.78	56,000
Pension administration	4,349	2,917	(1,432)	(49.09)	5,000
Staff functions	846	6,000	5,154	85.90	12,000
Staff Handbook	0	0	0	0.00	0
Personal Performance Consultancy	1,469	0	(1,469)	0.00	0
Subscriptions to professional bodies	2,476	2,947	471	15.98	5,050
Taxation assistance	13,324	20,000	6,676	33.38	20,000
Training	1,839	14,583	12,744	87.39	25,000
	<u>354,033</u>	<u>389,636</u>	<u>35,603</u>	<u>9.14</u>	<u>673,350</u>
OVERHEAD TOTAL	<u>2,146,418</u>	<u>2,350,192</u>	<u>203,774</u>	<u>8.67</u>	<u>3,992,424</u>

HEALTH PROFESSIONS COUNCIL

**BALANCE SHEET
as at 31st October 2002**

	£	£	<i>March 2002</i>	
			£	£
FIXED ASSETS				
Land & buildings, at cost or valuation	1,383,875		1,300,000	
Depreciation	<u>(23,833)</u>		<u>(8,667)</u>	
Net book value		1,360,042		1,291,333
Computer Equipment, at cost	881,910		579,635	
Depreciation	<u>(410,278)</u>		<u>(357,312)</u>	
Net book value		471,632		222,323
Office furniture and equipment, at cost	215,367		95,367	
Depreciation	<u>(59,218)</u>		<u>(44,997)</u>	
Net book value		156,149		50,370
		<hr/>		<hr/>
TOTAL FIXED ASSETS		1,987,822		1,564,026
INVESTMENTS		1,529,126		2,146,012
CURRENT ASSETS				
Debtors and prepayments	461,707		77,076	
Bank balances and cash	<u>1,124,240</u>		<u>1,300,067</u>	
		<u>1,585,947</u>		<u>1,377,143</u>
CURRENT LIABILITIES				
Amounts falling due within one year				
Registration fees in advance	73,466		21,301	
Retention fees in advance	2,163,785		670,710	
Creditors and accrued expenses	<u>796,883</u>		<u>549,859</u>	
		<u>3,034,134</u>		<u>1,241,870</u>
NET CURRENT ASSETS		(1,448,187)		135,273
		<hr/> 2,068,761 <hr/>		<hr/> 3,845,311 <hr/>
Represented by:				
Accumulated Fund at 1 April 2002		2,416,615		3,937,196
Surplus/(Deficit) for the period		<u>(347,854)</u>		<u>(91,885)</u>
		<u>2,068,761</u>		<u>3,845,311</u>
Note:				
Accumulated Fund 1st April 2002		3,845,311		
Prior Year Adjustment for Income Spread Method		<u>(1,428,696)</u>		
		<u>2,416,615</u>		