

**HEALTH PROFESSIONS COUNCIL**  
**MANAGEMENT ACCOUNTS**  
**FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2002**

**COMMENTARY**

**INTRODUCTION**

The September Accounts show an Operating Surplus of £52,546 against a budgeted deficit of £235,783, a favourable variance of £288,329.

These accounts show the provision for Unrealised Losses on Investments deducted from the Operating Surplus for the first time. The Provision has now increased to £445,332, which reduces the Operating Surplus to £392,786, which is an adverse variance of £157,003.

Our core income is down on budget by £44,976 (2.29% 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 £342,278.

Financially the core business operation is sound but the investment situation has had 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 (£44,976) due to retention fees being lower than budget for reasons mentioned earlier. 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 12<sup>ths</sup>. (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 1/12<sup>th</sup> basis but the expenditure is volatile and to date there has been a revenue spend of £1,016,649 and a debtor brought in for the grant not yet received. Capital Expenditure of £289,116 (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 makes up a high percentage of the debtors on the Balance Sheet.

**Investment Income** has been discussed above. Portfolio investment income was up on budget by £4,671 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 by much the same amount. Coupled with some realised losses, investment income excluding unrealised losses is showing an adverse variance of £8,973.

**Overall** our income (excluding unrealised gains) totals £3,027,726 against a budget of £3,065,026, an adverse variance of £37,300.

## **EXPENDITURE**

**Total operating expenses** are £1,958,531 against a budget of £2,300,809, a favourable variance of £342,278. The DoH funded revenue expenditure is £1,016,649 against a budget of £1,000,000, an adverse variance of £16,649. Most departments are showing savings against budget after six months, with the Chief Executive's department being the only exception.

The **Overhead Total** pages (5-7) show that most overhead groupings are within budget. **Payroll costs** show savings of £22,019 after six months. Pension costs are 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. This department has long-term cover for one person on sick leave and one person on maternity leave. The department is also addressing a backlog of work. **Staff travelling and subsistence** has a favourable variance of £14,878 and **Council and Committee Expenses** show savings of £116,921 at this time (the budget was taken at the "worst possible scenario" basis of everyone attending everything).

**Property Services** shows a saving of £12,349 mainly due to an under spend on repairs and maintenance, **Office Services** shows an overspend of £13,820 largely due to distribution and postage costs, **Computer Services** shows an overspend of £15,424 due to internet development and **Specific Departmental Expenses** a saving of £99,836.

**Committees and Working Groups** shows a significant saving of £105,519. 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. Finally JVC costs are showing a £32,301 favourable variance.

## **BALANCE SHEET**

**Fixed Assets** reflect 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. Hence creditors are higher than last month. The **Investments** show the weakened position since the end of March.

**Reserves** now stand at £2,023,829.

## **CONCLUSION**

After the first half 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, but some areas such as Committees and Working Groups seem to be over budgeted.

**PAUL BAKER**  
Finance Director  
21<sup>st</sup> October 2002

**HEALTH PROFESSIONS COUNCIL**

**Management Accounts  
For the 6 months ended 30th September 2002**

## HEALTH PROFESSIONS COUNCIL

## MANAGEMENT ACCOUNTS TO 30 SEPTEMBER 2002

## DETAILED SUMMARY

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>INCOME</b>					
<b>Professions</b>					
Arts Therapists	23,665	24,891	(1,226)	(5.18)	50,064
Chiropodists	107,856	106,946	910	0.84	212,899
Clinical Scientists	43,773	50,526	(6,753)	(15.43)	99,352
Dietitians	82,468	86,279	(3,811)	(4.62)	172,558
Medical Laboratory Scientific Officers	283,146	276,145	7,001	2.47	550,587
Orthoptists	16,077	15,596	481	2.99	30,908
Occupational Therapists	332,885	371,453	(38,568)	(11.59)	727,036
Paramedics	108,295	114,387	(6,092)	(5.63)	224,244
Physiotherapists	519,233	492,899	26,334	5.07	990,329
Prosthetists & Orthotists	8,884	9,997	(1,113)	(12.53)	19,823
Radiographers	316,652	305,528	11,124	3.51	613,892
Speech and Language Therapists	117,616	150,879	(33,263)	(28.28)	285,608
<b>Registration Income</b>	1,960,550	2,005,526	(44,976)	(2.29)	3,977,300
<b>Investment Income (Excluding Unrealised Losses)</b>	50,527	59,500	(8,973)	(17.76)	119,000
	2,011,077	2,065,026	(53,949)	(2.68)	4,096,300
<b>Department of Health Revenue Grant</b>	1,016,649	1,000,000	16,649	1.64	2,000,000
					0
					0
<b>TOTAL INCOME</b>	<b>3,027,726</b>	<b>3,065,026</b>	<b>(37,300)</b>	<b>(1.23)</b>	<b>6,096,300</b>
					0
<b>EXPENDITURE</b>					
<b>Departments</b>					
President	26,909	50,142	23,233	86.34	100,284
Council	96,449	114,032	17,583	18.23	240,082
Chief Executive	91,889	82,216	(9,673)	(10.53)	164,432
Education and Policy	58,328	84,253	25,925	44.45	168,508
Operations	326,465	328,457	1,992	0.61	598,475
Directors	149,299	175,220	25,921	17.36	365,913
IT Department	194,229	195,631	1,402	0.72	364,262
Finance	153,879	185,606	31,727	20.62	339,397
Administration	431,705	435,120	3,415	0.79	865,855
Legal Services	188,974	249,781	60,807	32.18	530,060
Human Resources	25,346	60,095	34,749	137.10	113,354
Communications	32,658	52,336	19,678	60.25	141,802
Committees and Working Groups	182,401	287,920	105,519	57.85	575,840
<b>Operating Expenses</b>	1,958,531	2,300,809	342,278	17.48	4,568,264
<b>Department of Health Funded Revenue Expenditure</b>	1,016,649	1,000,000	(16,649)	(1.64)	2,000,000
	2,975,180	3,300,809	325,629	10.94	6,568,264
<b>TOTAL EXPENDITURE</b>	<b>2,975,180</b>	<b>3,300,809</b>	<b>325,629</b>	<b>10.94</b>	<b>6,568,264</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>52,546</b>	<b>(235,783)</b>	<b>288,329</b>	<b>548.72</b>	<b>(471,964)</b>
<b>Unrealised Losses from Investments</b>	(445,332)	0	(445,332)	100.00	0
<b>(DEFICIT) after Unrealised Losses</b>	<b>(392,786)</b>	<b>(235,783)</b>	<b>(157,003)</b>		<b>(471,964)</b>

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 30 SEPTEMBER 2002

DETAILED SUMMARY

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Income</b>					
Registration fees	59,741	57,420	2,321	4.04	114,840
Registration fees (part year)	50,224	52,659	(2,435)	(4.62)	71,570
Restoration fees	40,810	46,365	(5,555)	(11.98)	92,730
Retention fees	1,480,838	1,534,683	(53,845)	(3.51)	3,069,365
EU fees	36,731	41,213	(4,482)	(10.88)	82,424
Non-EU fees	266,676	253,958	12,718	5.01	507,917
Confirmation letter fees	9,800	9,570	230	2.40	19,138
Grandfathering fees	15,730	9,658	6,072	62.87	19,316
Other	0	0	0	0.00	0
	<u>1,960,550</u>	<u>2,005,526</u>	<u>(44,976)</u>	<u>(2.24)</u>	<u>3,977,300</u>

HEALTH PROFESSIONS COUNCIL

MANAGEMENT ACCOUNTS TO 30 SEPTEMBER 2002

CODE

**INVESTMENT & OTHER INCOME**

BUDGET MANAGER

**Paul Baker**

	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Income</b>					
Other income	0	0	0	0.00	
1401 / / Bank interest - Business Reserve	1,953	2,000	(47)	(2.35)	4,000
1402 / / Bank interest - Money Market	4,085	12,500	(8,415)	(67.32)	25,000
1403 / / Portfolio income	49,671	45,000	4,671	10.38	90,000
1404 / / P & L on disposal of investments (Realised)	(5,182)	0	(5,182)	0.00	0
	<u>50,527</u>	<u>59,500</u>	<u>(8,973)</u>	<u>(15.08)</u>	<u>119,000</u>
1405 / / P & L on disposal of investments (Unrealised)	(445,332)	0	(445,332)	0.00	0

# HEALTH PROFESSIONS COUNCIL

## MANAGEMENT ACCOUNTS TO 30 SEPTEMBER 2002

### OVERHEAD TOTAL

Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Payroll</b>					
Basic	637,233	649,172	11,939	1.84	1,261,042
Overtime	22,855	22,375	(480)	(2.15)	44,750
National Insurance	67,778	63,029	(4,749)	(7.53)	124,920
Pension costs	72,464	104,750	32,286	30.82	209,496
Medical insurance	868	2,000	1,132	56.60	4,000
Staff recruitment	11,527	20,871	9,344	44.77	25,246
Temporary staff	47,953	20,500	(27,453)	(133.92)	41,000
Other payroll expense	0	0	0	0.00	0
	<u>860,678</u>	<u>882,697</u>	<u>22,019</u>	<u>2.49</u>	<u>1,710,454</u>
<b>Travelling and subsistence</b>					
Fares	8,526	17,775	9,249	52.03	35,550
Car expenses and car park	2,730	3,250	520	16.00	6,500
Subsistence	9,126	10,775	1,649	15.30	21,550
Entertaining	715	4,175	3,460	82.87	8,350
Council/committee expenses	0	0	0	0.00	0
Other travelling and subsistence	0	0	0	0.00	0
	<u>21,097</u>	<u>35,975</u>	<u>14,878</u>	<u>41.36</u>	<u>71,950</u>
<b>Council and committee expenses</b>					
Fees	90,513	166,962	76,449	45.79	355,920
Travelling and subsistence	89,086	115,088	26,002	22.59	248,600
Conference expenses	2,530	10,000	7,470	74.70	20,000
Training	0	7,000	7,000	100.00	10,000
	<u>182,129</u>	<u>299,050</u>	<u>116,921</u>	<u>39.10</u>	<u>634,520</u>
<b>Property services</b>					
Business rates	2,650	3,000	350	11.67	6,000
Water	369	500	131	26.20	1,000
Electricity	6,498	6,000	(498)	(8.30)	12,000
Gas	422	500	78	15.60	1,000
Cleaning contractors	8,588	10,000	1,412	14.12	20,000
Cleaning materials	3,849	3,000	(849)	(28.30)	6,000
Waste disposal	1,123	875	(248)	(28.34)	1,750
Repairs and maintenance	15,316	25,000	9,684	38.74	50,000
Maintenance contracts	2,711	2,500	(211)	(8.44)	5,000
Security	0	2,500	2,500	100.00	5,000
Other property costs	0	0	0	0.00	0
Property depreciation	13,000	13,000	0	0.00	26,000
	<u>54,526</u>	<u>66,875</u>	<u>12,349</u>	<u>18.47</u>	<u>133,750</u>

<b>OVERHEAD TOTAL</b>
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Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Office services</b>					
Printing and stationery	128,215	123,000	(5,215)	(4.24)	246,000
Photocopying	3,899	4,000	101	2.53	8,000
Microfilming	212	500	288	57.60	1,000
Postage	106,701	100,000	(6,701)	(6.70)	200,000
Telephone	20,482	15,000	(5,482)	(36.55)	30,000
Telephone system maintenance	0	500	500	100.00	1,000
Mobile telephone	1,494	2,500	1,006	40.24	5,000
Fax	843	500	(343)	(68.60)	1,000
Couriers	1,054	500	(554)	(110.80)	1,000
Office equipment < £500	95	5,000	4,905	98.10	10,000
Office equipment rental	2,793	0	(2,793)	0.00	0
Office equipment maintenance	0	2,500	2,500	100.00	5,000
Staff catering	5,112	6,750	1,638	24.27	13,500
Other office services	3,209	1,950	(1,259)	(64.56)	3,900
Depreciation of office equipment	10,411	8,000	(2,411)	(30.14)	16,000
	<u>284,520</u>	<u>270,700</u>	<u>(13,820)</u>	<u>(5.11)</u>	<u>541,400</u>
<b>Computer services</b>					
Hardware < £500	6,030	3,000	(3,030)	(101.00)	6,000
Hardware maintenance	8,702	5,000	(3,702)	(74.04)	10,000
Software	11,974	16,000	4,026	25.16	32,000
Software maintenance	6,358	11,000	4,642	42.20	22,000
Software development	0	500	500	100.00	1,000
Systems support	6,559	13,500	6,941	51.41	27,000
Internet development	31,731	0	(31,731)	0.00	0
Internet maintenance	0	6,000	6,000	100.00	12,000
Computer media and sundries	3,544	5,000	1,456	29.12	10,000
Disaster contingency plan	4,010	3,250	(760)	(23.38)	6,500
Computer training	3,740	3,000	(740)	(24.67)	6,000
Other computer services costs	1,159	1,000	(159)	(15.90)	2,000
Hardware depreciation	45,117	46,250	1,133	2.45	92,500
	<u>128,924</u>	<u>113,500</u>	<u>(15,424)</u>	<u>111.36</u>	<u>227,000</u>



**OVERHEAD TOTAL**

Excluding Committees and Working Groups

Code	Actual £	Budget £	Variance £	Variance %	Annual Budget £
<b>Specific departmental expenses</b>					
Accountancy assistance	7,000	7,000	0	0.00	7,000
Advertisements and other promotions	8,309	5,000	(3,309)	(66.18)	10,000
Annual report	0	0	0	0.00	50,000
Archive storage	4,815	6,000	1,185	19.75	12,000
Auditors' fees	10,500	10,500	0	0.00	21,000
Bank charges	15,408	12,500	(2,908)	(23.26)	25,000
Books and publications	163	3,900	3,737	95.82	7,800
Conferences	362	7,500	7,138	95.17	7,500
General insurance	9,853	7,500	(2,353)	(31.37)	15,000
Legal insurance	0	26,250	26,250	100.00	52,500
Health and safety	452	1,250	798	63.84	2,500
Legal expenses	146,837	164,667	17,830	10.83	340,000
Library	0	0	0	0.00	0
Other professional fees (inc Scanning & Linking)	22,749	48,500	25,751	53.09	56,000
Pension administration	3,054	2,500	(554)	(22.16)	5,000
Staff functions	846	6,000	5,154	85.90	12,000
Staff Handbook	0	0	0	0.00	0
Personal Performance Consultancy	979	0	(979)	0.00	0
Subscriptions to professional bodies	1,788	2,525	737	29.19	5,050
Taxation assistance	9,682	20,000	10,318	51.59	20,000
Training	1,459	12,500	11,041	88.33	25,000
	<u>244,256</u>	<u>344,092</u>	<u>99,836</u>	<u>29.01</u>	<u>673,350</u>
<b>OVERHEAD TOTAL</b>	<u>1,776,130</u>	<u>2,012,889</u>	<u>236,759</u>	<u>11.76</u>	<u>3,992,424</u>

HEALTH PROFESSIONS COUNCIL

**BALANCE SHEET**  
as at 30th September 2002

	£	£	<i>March 2002</i>	
			£	£
<b>FIXED ASSETS</b>				
Land & buildings, at cost or valuation	1,360,375		1,300,000	
Depreciation	<u>(21,667)</u>		<u>(8,667)</u>	
Net book value		1,338,708		1,291,333
Computer Equipment, at cost	826,093		579,635	
Depreciation	<u>(402,429)</u>		<u>(357,312)</u>	
Net book value		423,664		222,323
Office furniture and equipment, at cost	215,367		95,367	
Depreciation	<u>(55,409)</u>		<u>(44,997)</u>	
Net book value		159,958		50,370
		<hr/>		<hr/>
<b>TOTAL FIXED ASSETS</b>		<b>1,922,330</b>		<b>1,564,026</b>
<b>INVESTMENTS</b>		<b>1,460,753</b>		<b>2,146,012</b>
<b>CURRENT ASSETS</b>				
Debtors and prepayments	712,884		77,076	
Bank balances and cash	<u>641,928</u>		<u>1,300,067</u>	
	<u>1,354,812</u>		<u>1,377,143</u>	
<b>CURRENT LIABILITIES</b>				
<b>Amounts falling due within one year</b>				
Registration fees in advance	71,962		21,301	
Retention fees in advance	1,960,228		670,710	
Creditors and accrued expenses	<u>681,877</u>		<u>549,859</u>	
	<u>2,714,067</u>		<u>1,241,870</u>	
<b>NET CURRENT ASSETS</b>		<b>(1,359,255)</b>		<b>135,273</b>
		<hr/> <b>2,023,829</b> <hr/>		<hr/> <b>3,845,311</b> <hr/>
<b>Represented by:</b>				
Accumulated Fund at 1 April 2002		2,416,615		3,937,196
Surplus/(Deficit) for the period		<u>(392,786)</u>		<u>(91,885)</u>
		<hr/> <b>2,023,829</b> <hr/>		<hr/> <b>3,845,311</b> <hr/>
Note:				
<b>Accumulated Fund 1st April 2002</b>		3,845,311		
Prior Year Adjustment for Income Spread Method		<u>(1,428,696)</u>		
		<hr/> <b>2,416,615</b> <hr/>		