

June 2016

Financial year ended 31 July 2016

This memorandum confirms the arrangements for closing the University's group financial statements for the year. I would kindly request your assistance in dealing with the matters listed below.

The University is required to produce financial statements that reflect the financial activity and resulting position of the University and its wider group for the year to 31 July.

These notes are designed to give clear guidance to all those involved in administration of the University's activities. Note that administrators in the international operations will be contacted by Finance separately for their year end results.

The timescales are unavoidably tight as they are designed to comply with external reporting requirements. These instructions will be placed on the [Finance website](#).

The memo is intended to provide all the relevant information required. If anything is unclear or if you have any queries please contact James Dinsdale (Financial Accountant) or your usual contact in Finance.

Please could you also distribute these instructions to all appropriate persons within your area of responsibility.

I should like to take this opportunity to thank everyone for the co-operation and assistance we have received over the past year.

Carol Wright

Director of Finance & Corporate Services

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1 Cash received

Please bank all cash and cheque income received up to 27th July by close of play on 28th July. This excludes petty cash floats shown on the certificate of cash held (see 10 below). Any material amounts banked after the deadline should be notified to your Management Accountant for accrual if necessary.

2 Income and debtors

Please ensure that sales invoices / credit notes relating to 2015/16 that are raised outside of Agresso and need to be manually input to Agresso are with Finance by 2nd August in order to be processed in the correct financial year. Sales invoices should always be marked with the date of delivery.

3 Payment of invoices

Please ensure that all goods or services received by 31st July have had the Goods Received Note (GRN) processed on Agresso. Your Management Accountant will run a report from Agresso at the start of August showing all items GRN'd but not invoiced as at 31st July. This will be used to generate accrued expenditure. Please ensure that all supplier invoices are sent to Accounts Payable for processing as soon as possible. With the holiday period approaching, please ensure that if any P2P authorisers will be on leave they have set up substitutes on Agresso.

4 Expense claims and advances

Please remind relevant staff, students and visitors to bring any expense claims up to date by the end of July and please highlight that claims more than 12 months old will not be paid. Staff with outstanding advances for expenditure incurred in 2015/16 must also provide returns to clear those by the end of July, so that the expenditure can be recorded in the correct financial year.

Please note that the University is looking to update the expense claim process for staff by replacing the paper form with an on-line Agresso form.

5 Year end statements

Reports for period 12 will be on the website by noon on 8th August. Please review these statements and notify your Management Accountant of any errors or omissions by 10th August.

6 Accruals, prepayments and income adjustments

These are accounting adjustments for items not initially processed in the financial year to which they relate. These transactions must all be supported by formal paperwork (eg invoice, goods received note). The main four types of adjustment are:

Adjustment	Reason for adjustment
(a) Accrued expenditure	Where goods or services are received before 31 st July but the supplier invoice is not processed in 2015/16, the expenditure will not automatically appear on the period 12 statement. Therefore it needs to be accrued.
(b) Prepaid expenses	Where a supplier invoice is processed in 2015/16 but relates to goods or services received after 31 st July, the expenditure needs to be treated as a prepayment so that it is taken out of the current year and put into the next.
(c) Income in	Where a sales invoice is raised or income is received in 2015/16

advance	which relates to a supply of goods or services taking place after 31 st July, the income needs to be taken out of the current year and put into the next.
(d) Accrued income	Where goods or services are supplied to customers by 31 st July but a sales invoice is not raised (or income received) in 2015/16, the income will not automatically appear on the period 12 statement and must be accrued.

Adjustments (a) & (c) will show as a charge in the old year; (b) & (d) as a credit. If you have any such items then please use the appropriate template at Annex 1 to notify your Management Accountant. The completed template should be printed, signed and all supporting paperwork attached. Only items with a GRN date on or before 31st July and with a value >£500 will be accrued by your Management Accountant. Please remember to take into account VAT where it is a cost to your project, and to accrue for any timesheets, fee forms and purchase card items relating to the closing year which have not yet been processed. Your Management Accountant will notify you at a later date of your final outturn figures.

7 Purchase cards

Purchase card statements will need to be verified and approved in line with the normal timetable. As the verification process for July's expenditure will not be completed until mid-August, material items need to be included within your accruals. Please also include any reverse charge VAT payable in respect of these material items (please contact vat@reading.ac.uk if you need any advice regarding whether or not reverse charge VAT would be due).

8 Internal transfers / BIFs

If your area generates income from internal transfers, Finance must receive the BIF spreadsheets for activity up to and including 31st July by 2nd August.

9 Stock

All units that hold stock must carry out an annual stocktake. Details of this year's stocktaking and accounting instructions are in Annexes 2 to 4. Please notify Kenneth Onwuneme of your arrangements by 8th July. Please return completed stock sheets to Kenneth in Whiteknights House by 2nd August. Remember to include VAT in the costs unless the project is fully recoverable.

10 Petty cash

Petty cash floats must be reconciled and certificated (see Annex 5) as at 31st July. Please complete the certificate and return to Treasury (Whiteknights House) by 2nd August. The certificate should include all floats held at 31st July. Please note that the University seeks to limit the use of petty cash and replace with other more secure and cost effective forms of payment. Please review all petty cash usage in order to be able to close floats wherever possible.

11 Asset disposals / donations

Assets are items of property, plant and equipment where the cost or value exceeds £10,000 and the item has an expected life of a number of years. In order that assets can be accounted for correctly, it is important that you notify Simon Mealor by 2nd August if during 2015/16 you have either disposed of any assets or received any donated assets.

12 Hospitality register

Please ensure that your departmental hospitality register is up to date with all hospitality and gifts received which are valued over £10.

13 In the event of queries

If you have any queries on these procedures please contact James Dinsdale (Financial Accountant) or your usual contact in Finance.

14 **Reminder of key dates**

Stocktake arrangements to Kenneth Onwuneme

8th July

Banking of cash and cheques received

28th July

Year end

31st July

Paperwork / files to be with Finance

2nd August

- BIFs / upload files
- Completed stock sheets
- Notification of asset disposals / donated assets received
- Excel sales invoices to be with Finance
- Internal transfers to be with Finance
- Petty cash float certificates to be with Treasury

Period 12 transaction listings available on web

8th August (noon)

Notification of final adjustments

10th August

Stocktaking

There follows an outline of stocktaking procedures, template stocksheet and certificate. Completed stocksheets, priced and valued, must be returned along with the certificate to Kenneth Onwuneme in Finance, Whiteknights House.

Please let Kenneth know the date of your stocktake so that we can let the external auditors know the dates of all the stocktakes; they have right of attendance at any, with no obligation to give any notice. They should be asked for proof of identification, which they are required to carry.

Standard stocktaking procedures

1. Stocksheets should be completed and numbered. A certificate should be attached to the front and sent to Finance. The certificate should state the stock value and number of stocksheets attached.
2. The stocksheets should include the location, description for each item, unit of measurement, unit value, quantity counted and total value. Stock should normally be valued on the basis of the lower of cost and net realisable value.
3. Costs should be after normal discounts, but include routine packing and delivery charges.
4. VAT should be included unless the activity is fully VAT recoverable; this can be checked by looking at the tax code on the project set-up. Only trading areas unrelated to education, eg bar stock, are fully recoverable. For all other stocks VAT should be included in the costings. If you are unsure about the VAT status of a project please contact the VAT team in Finance.
5. Computerised stocksheets can be used if they contain all the required information. They must be numbered, totalled, signed and certified.
6. Where stock counts are split into categories, a separate stocktake certificate must be completed for each type of stockholding; for example provisions, bar, cellar, housekeeping, catering disposables, catering provisions.
7. Where practical, two people should take stock and sign the stocksheets. An independent, authorised officer should check and sign the stocksheets.
8. Details of any damaged, slow moving and obsolete stock must be noted.
9. If continuous stock records are maintained the auditors may check these records against the stocktake figures, and report and investigate any significant differences.
10. There should be no movement of stocks during the count where practical.
11. Any material deliveries after the stocktake but before the year end should be notified to Finance for adjustment.
12. If stocktaking is done after the last day of the financial year, any quantities sold or used after the end of the financial year but before the stocktake should be included as stock. Deliveries after the end of the financial year and before the stocktake must be excluded from stock.

THE UNIVERSITY OF READING STOCKSHEET

[illegible]

STOCK CERTIFICATE
Statement of Stock Value at 31st July 2016

School / Service:

Stock type:

Contact name:

I hereby certify that as at 31st July 2016 I held stock to the value of (being the lower of cost and net realisable value): -

£	Project	Acct	Code	*
.....					

£	Project	Acct	Code	*
.....					

£	Project	Acct Code *
.....			

** Please insert the account code to which the year end adjustment should be coded.*

The detailed stock listing is attached on (*number*) stocksheets.

Signature

Name

Date

Please return to Kenneth Onwuneme in Finance together with all of the supporting stocksheets by 2nd August 2016

For Finance Use:

Checked

Date

PETTY CASH CERTIFICATE
Petty Cash Float Balance as at 31st July 2016

Name of School / Service: _____

Contact name re float: _____

Telephone No of contact _____

Project code of float _____

I confirm that the balance held in this float as at 31st July 2016 is as follows:

Amount held in cash	£.....
Amount held as receipts	£.....
Total approved float	£.....

Signature _____

Name of signatory _____

Please return to Treasury in Whiteknights House by 2nd August 2016

For Finance Use:

Checked *Date*