**Introduction to the St AGBIS School Management Accounts**

**Scenario** - your Chair of Governors noticed that you attended the AGBIS ‘Finance for the Non-Financial Governors’ seminar and has persuaded you to join the Finance Committee - you are about to attend your first meeting. The Bursar has already promised to explain everything to you at the meeting and the Chair is expecting you to ask a number of questions. Study the accounts and be ready to pose some searching questions to the Bursar and Accountant.

**Notes** - the following notes contain all the information required to interpret the St AGBIS management accounts.

1. The account structure is as follows:
   1. Title page
   2. Variance report – a detailed (or not?) narrative by the Bursar, explaining the difference between the budget and actual/forecast position
   3. Detailed statement of financial affairs – a detailed set of ‘profit and loss’ figures for the current year
   4. Funds distribution chart of the autumn term spending
   5. Five year cash flow projection figures
   6. Five year cash flow projection chart

(note b, c and d refer only to profit/loss items so as to equate to the end of year accounts – the impact of capital expenditure is shown in f)

1. The management accounts are as presented to the spring Finance Committee meeting and hence contain the actual income and expenditure for the autumn term and the projected position for the end of year forecast (often referred to as the Forecast of Outturn (FOO)). The budget for the current year was set in the June preceding the start of the academic/financial year and is shown alongside the forecast figures. Last year’s actual figures are also shown for comparison (hint!).
2. Terms are defined by months as follows (note they are not an even number of months):
   1. Autumn term – Sep – Dec
   2. Spring term – Jan – Mar
   3. Summer term – Apr – Aug
3. Other information to be considered:
   1. All staff received a 2% cost of living pay rise in September.
   2. A new teaching block is currently under construction and will complete over the Easter break. The total building costs are expected to be c. £955k (the original estimate was £900k and a 10 year loan to that amount has been agreed by the bank - the loan will be drawn down in stages to pay the builders as required).
   3. There is also some significant work required in the summer break to refurbish some old classrooms – the Finance Committee has directed the Bursar to undertake this work from the normal maintenance budget.
   4. Several pupils each year spend a term away at a school in France (they pay 50% fees to retain their place at St AGBIS).