Year End 2018-19

Timetable and Guidance
Aims of this session are to provide:

• A review of the key deadlines and requirements for Year End

• Explanations of accrued and deferred income and expenditure

• Examples of journal templates

• Auditor Guidance - Audit Evidence

• Opportunity for questions
# Key Year End Deadlines

<table>
<thead>
<tr>
<th>Item</th>
<th>Action</th>
<th>Department/Division Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDTs &amp; IDJs</td>
<td>Deadline for 2018-19 IDTs and IDJs</td>
<td>Weds 31 Jul</td>
</tr>
<tr>
<td>Purchase Ledger Input</td>
<td>All purchase ledger input (supplier invoices &amp; credit notes and all types of Expense Payment) from all departments relating to 2018-2019 financial year to be received marked URGENT by Accounts Payable Section by 5.00pm.</td>
<td>Tues 06 Aug</td>
</tr>
<tr>
<td>Sales Ledger Input</td>
<td>Deadline (4.00pm) for all sales ledger input (approved and fully complete)</td>
<td>Tues 13 Aug</td>
</tr>
<tr>
<td>Grants Ledger</td>
<td>All JUL1819 journals posted</td>
<td>Thurs 15 Aug</td>
</tr>
</tbody>
</table>

The detailed Year End Timetable can be found online. The timetable will be emailed to departments in June 2019.
Types of adjustments

**Income**
- Deferred income (‘Receipts in advance’)
- Accrued income (‘Outstanding debtors’)

**Expenditure**
- Deferred expenditure (‘Prepayments’)
- Accrued expenditure (‘Outstanding liabilities’)

Adjustments are required for anything above £10k
Do not make adjustments for Research grant activities – Core and Other only
Deferred Income

• These adjustments are required to defer any sales invoices/income received by 31st July, where the service/product will not be supplied until after 31st July.

• e.g. Short course fees received in July, but the course does not take place until September (next financial year).

• This is only required for items of £10k or more in value, Core and Other only
Accrued Income

• These adjustments are required to accrue any income for services/products that have been supplied by 31\textsuperscript{st} July, and for which income has not been received nor sales invoices raised by Tuesday 13\textsuperscript{th} August.

• e.g. UCL provide teaching for an external entity before 31\textsuperscript{st} July, for which no income has been received nor invoice raised by 13\textsuperscript{th} August.

• This is only required for items of £10k or more in value, Core and Other only
Accrued Expenditure

• These adjustments are required to accrue costs for any services/products that have been supplied to UCL by 31st July, but for which the invoice has not been received by AP by Tuesday 6th August.

• e.g. UCL purchase a computer that has been delivered by 31st July but the invoice has not been received by AP by Tuesday 6th August.

• If the invoice has not been received, an estimate based on a quotation from the supplier should be used to make an adjustment

• This is only required for items of £10k or more in value, Core and Other only
Deferred expenditure

• These adjustments are required to defer any costs that have been prepaid by 31st July, but where the service/product has not been received by 31st July.

• A prepayment is where a service/product has been paid for in advance of being received.

• e.g. UCL pay for equipment before 31st July but do not receive the equipment until September.

• This is only required for items of £10k or more in value, Core and Other only
## Purchase of goods or services cycle

<table>
<thead>
<tr>
<th>Process</th>
<th>Who is performing?</th>
<th>Impact on I&amp;E</th>
<th>Reports affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>PO raised</td>
<td>Department</td>
<td>No</td>
<td>Commitments ('Original value' column)</td>
</tr>
<tr>
<td>Goods received and marked on the systems as &quot;received&quot;</td>
<td>Department</td>
<td>No, but we can do year end adjustment if receipt date is before 31st July by recognising accrued expenditure</td>
<td>Commitments ('Receipt Status' will be 'fully' or 'partially received')</td>
</tr>
<tr>
<td>Invoice received and matched with PO</td>
<td>AP team</td>
<td>Yes</td>
<td>I&amp;E, Commitments, Transactions</td>
</tr>
<tr>
<td>Invoice paid</td>
<td>AP team</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
Example of how accrued expenditure will effect your position

Equipment received in June but the invoice is received and paid in September:

Expenditure for good/service (accrued expenditure example)

When invoice amount should be recognised (accrual)
Example Adjustments

• £12k income due to Department XXX for a short course held in July, income not yet received.

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>EXP</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued income</td>
<td>501240</td>
<td>100</td>
<td>156780</td>
<td>12027</td>
<td>12,000.00</td>
<td>Income due to Department XXX for short course held in July, income not yet received</td>
</tr>
</tbody>
</table>

• £4k income to Department XXX for short course to be held in September, income already received.

Nothing (under materiality)
Example Adjustments

- A telescope for Department XXX received in July with a value of £20k, not yet paid

<table>
<thead>
<tr>
<th>Transaction Type</th>
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<th>Award</th>
<th>EXP</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued Expenditure</td>
<td>515962</td>
<td>100</td>
<td>156780</td>
<td>22199</td>
<td>20,000.00</td>
<td>Telescope for Department XXX received in July, not yet paid</td>
</tr>
</tbody>
</table>

- A telescope for Department XXX paid for in July with a value £14k, not yet received

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>EXP</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Expenditure</td>
<td>515962</td>
<td>100</td>
<td>156780</td>
<td>22199</td>
<td>14,000.00</td>
<td>Telescope for Department XXX paid for in July, not yet received</td>
</tr>
</tbody>
</table>
Journal template

- A reversing journal is required to ensure that income and expenditure is recorded in the appropriate financial years. A correction journal is required to ensure that transactions in the current financial year are recorded correctly in the accounts.

- For the accrued and deferred income and expenditure adjustments, please fill in the ‘Reversing’ tab in the journal template.

- Please note that these entries will be reversed in the following next month.

- For corrections, please fill in the ‘Correction’ tab in the journal template.

- The journal template can be found here: https://www.ucl.ac.uk/finance/policies-corporate-info/year-end-instructions-documents

- Completed templates should sent to School Finance teams by Thursday 15th August at the latest.
Supporting documentation for journals

• Audit evidence – important to ensure that we have proper supporting documentation. Examples are:

• Produced by a third party (supplier invoices, signed contracts with supplier/customer, bank statements, grant award letters)

• Covering memo/email/narrative for internal transactions with explanations

• More guidance on supporting documents from auditors can be found here: https://www.ucl.ac.uk/finance/policies-corporate-info/year-end-instructions-documents

• Please speak to your School Finance team if you have any questions
What does not work from a supporting documentation perspective:

• Journals with no backing evidence or explanation

• Internally generated calculations without accompanying explanation of what is being processed and why

• Emails from another department asking for an accounting entry with no further explanation or evidence.
Other things to consider (where applicable)…

• Clear old PO commitments

• Close completed projects

• Review trading projects to ensure they reflect trading activity only

• Review I&E to capture any unexpected activity
Questions?

These slides will be available at:
https://www.ucl.ac.uk/finance/training/training-resources