

5.1.4 Finance Update FY2022-23

Purpose

To enable the Board to review the financial position of the WCA.

Background

The provisional FY2022-23 (H1) Profit and Loss Forecasted Financial Results and the FY2022-23 (Q3) Cash Flow Forecast are detailed below:

FY2022-23 H1 Profit or Loss Forecast (1 October 2022 to 31 March 2023)

	Half Year			FY23
	Actual (£) *	Budget (£)	Variance (£)	Total Budget (£)
Membership Fees	700 500	693 454	7 046	1 485 490
Interest Received	5 516	252	5 264	504
Closing Surplus FY22**	721 873	979 735	(257 862)	979 735
Other income	0	0	0	0
Total Income	1 427 889	1 673 441	(245 552)	2 465 729
Remuneration	522 973	587 703	(64 730)	1 183 899
Administration	89 824	70 656	19 168	143 511
Governance	3 838	14 793	(10 955)	29 661
Financial Charges	17 433	1 215	16 218	2 469
Depreciation & Amortisation	8 740	4 812	3 928	9 624
Work Programme	169 665	128 052	41 613	256 500
Total Expenditure	812 473	807 231	5242	1 625 664
Net Profit / (Loss)	615 416	866 210	(250 794)	840 065

** Subject to audit finalisation

- Total income £ 1 427 889.
- Surplus brought forward has been aligned to the final external auditor report for FY2021-22 and represents a negative variance from initial estimates, due to system finalisation and final prelim figures not yet available at time of preparation of budget.
- Total remuneration variance to budget is largely due to timing differences between budgeted expenditure and actual expenditure that will be incurred throughout the year.
- Total administrative (office) expenditure can be summarised as timing difference in the actual recognition of the operating expenses.
- Total Governance expenditure is below the budget and are expecting to meet the budget halfway during Q3 in terms of auditor's remuneration and legal expenses.
- Financial charges impacted mainly by foreign exchange losses. Hedging to protect the WCA against unexpected foreign exchange losses are under review.
- Total depreciation and amortisation expenditure is above budget mainly due to the incorrect fixed asset base used for budgeting purposes. Foreseeable estimates will be more in line with expectations due to an accurate fixed asset base where depreciation will be based on. No amortisation budgeted for in FY2022-23 budget.
- Total Work Programme expenditure is above budget due to uncertainties of travel restrictions are unknown at time of the FY2022-23 budget preparations. Difference can be further defined as timing variance of recognition of actual expenses to the budget.

FY2022-23 Q3 Cash Flow Forecast (1 April 2023 to 30 June 2023)

	Q3
Opening Balance – 1 April 2023 (£ 25 000 + £ 150 883)	1 175 883
Forecasted Payments for Q3	(406 373)
Forecasted Receipts for Q3	183 879
Forecasted Closing Balance – 30 June 2023	953 389
Actual Closing Balance – 30 June 2022	1 043 076

- Forecasted balance for Q3 is slightly below prior years driven mainly by the timing differences of expenses and revenue budgeted for.
- Cash management continues to be monitored carefully.

Recommendation

The Board is requested to note the provisional FY2022-23 (H1) Profit and Loss Forecasted Financial Results and the FY2022-23 (Q3) Cash Flow Forecast.