

**RM Finance
and
SIMS FMS6 Users**

**USER BULLETIN No.220 (RM)
USER BULLETIN No.176 (FMS)**

October 2015

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Included in this Bulletin:

- **Interim Capital Return – due by 11th Dec 2015**
- **Capital Shuffle**

Financial Systems Helpline

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Herts for Learning

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Capital Return

The Capital Return is to be submitted twice yearly. The information contained in the bulletin will help schools to complete the first of the returns.

The last date for submission of the interim return is;

- **11th December 2015 for entries up to and including 30th September 2015**

Schools Capital Return 2015/2016 - INTERIM - 1st April 2015 to 30 September 2015
Return submitted: 06/10/2015 18:42

For completion by ALL schools with the exception of VA schools

Instructions for completing this form:-

- all three sections of this Return (including the Lease Information section) must be completed before this Return can be submitted
- the purpose of this form is to report an estimated Interim position as at 30 September 2015;
- enter all Expenditure (invoices paid) to 30 September 2015;
- for Income, please enter details of all income you are expecting for 2015/16, including best estimates of any amounts not yet received
- the interim report will assist in accurate and timely reporting for capital expenditure ahead of the closure of the statement of accounts;
- enter the values without the £ sign, eg, 100.50;
- do not leave cells blank. Enter 0 where necessary to enable correct calculation of the automatic checks built in to the Return;
- as you complete each section, please click on the Save button: this should eliminate any system/timing out issues on the live system;
- a draft of the current page of the Return may be printed at any time by clicking the Print button on that page;
- after submission each of the pages of the Return must be printed and must be retained for 7 years (2015/2016 Financial Year plus 6 years)
- click the Submit button at the foot of the Return when all entries have been made & validated;
- ensure that figures reconcile correctly and that all required information has been provided;

**We do not expect there to be any overspend on capital !!!
If more has been spent than received, money must be moved from
revenue to capital to fund the 'overspend'.**

If you have any queries regarding completion of this Return, please contact the Capital Finance Team, Lexi Schultz on 01992 555365, Suzanne Swain on 01992 555677, Shelley Gardiner on 01992 555950 or email capital.finance@hertfordshire.gov.uk

Please notify Capital Finance Team of all disposals using the 'Plant and Asset Disposals' option on the Solero menu

Please note:

- The capital return must be completed to inform Hertfordshire County Council of the Assets that the school controls.
- The capital return includes a section about leases. This section must be reviewed and completed
- Please provide details of new leases entered into during the period 1st April 2015 to 30 September 2015 to financial.accounts@hertfordshire.gov.uk (or hard copy to Financial Planning and Accounts, Herts Finance, County Hall Post Point CHO 316).
- All assets are depreciated, but for LA Maintained schools this operation is completed centrally by Herts Finance.
- All assets depreciate over different lengths of time.
- A computer may only be useful for 3 years, furniture may last for 5 years, and buildings may have a much longer life.

- The capital team are assuming that the assets on the capital return have a life of 3 years.
- **If your asset will be useful for longer than 3 years you should send an email to the address below with details of the asset and how long it will be useful to you.**

capital.finance@hertfordshire.gov.uk

Lease Information

The authority is required to report on any lease agreements that it holds, which includes those held directly by schools.

There can be confusion between agreements that are rentals and those that are leases. The key difference is that a lease is an agreement whereby the lessor conveys to the lessee (i.e. the school) in return for a payment(s) the right to use an asset for an agreed period of time. A lease would also include any hire purchase agreements. Generally speaking rentals are open ended and can be cancelled without penalty, other than a notice period, at any time.

Capital - Checking the Brought Forward

In RM Finance

To check the breakdown of Capital Balances brought forward
Reporting >> Custom >> Report Setup >> LMSFR4

LMSFR 4 Information		£
(B01) Committed Revenue Balances	400.00	
(B02) Uncommitted Revenue Balances	28661.30	
(B03) Devolved Formula Capital Balance	3500.00	←
(B04) Other Standards Fund Capital Balances	0.00	
(B05) Other Capital Balances	0.00	
(B06) Extended School Balances	0.00	
Accrued Balance Brought Forward	157730.81	🔒

In FMS

To check the breakdown of Capital Balances brought forward

If the 2014 financial year has not been finalised,
change the financial year from 2015 to 2014.

Click on  to change the financial year Highlight 2014 and select.

Year	State	Periods	Lowest Open	Archived
2015	Started	12	1	No
2014	Closed - Not Finalized	12	13	No

Reports>CFR>CFR Reports>Preliminary>Tab 5 Balances

CFR Report - Preliminary									
1: Income		2: Expenditure		3: Capital Income		4: Capital Expenditure		5: Balances	
Code	Heading	B/Fwd	Calculated	Apportioned	Actual	Status			
B01	Committed Revenue Balances	0.00	0.00	0.00	0.00	✓			
B02	Uncommitted Revenue Balances	0.00	1691733.84	1691733.84	1691733.84	✓			
B03	Devolved formula capital balance	0.00	0.00	23284.72	23284.72	✓	←		
B05	Other capital balances	0.00	23284.72	0.00	0.00	✓	←		
B06	Community Focused School Revenue Bals	0.00	0.00	0.00	0.00	✓			
	Validation for check 93				1691733.84	✓			
	Validation for check 95				0.00	✓			
	Validation for check 97				23284.72	✓			
Totals		0.00	1715018.56	1715018.56	1715018.56				

Your balances may be in B03 and/or B05

**If the 2014 financial year has been finalised
In the financial year of 2015**

Reports>CFR>CFR Reports>Preliminary>Tab 5 Balances

The balances should appear in the B/Fwd Column

CFR Report - Preliminary									
1: Income		2: Expenditure		3: Capital Income		4: Capital Expenditure		5: Balances	
Code	Heading	B/Fwd	Calculated	Apportioned	Actual	Status			
B01	Committed Revenue Balances	0.00	0.00	0.00	0.00	✓			
B02	Uncommitted Revenue Balances	87095.36	8362.38	8362.38	95457.74	✓			
B03	Devolved formula capital balance	7532.00	0.00	0.00	7532.00	✓	←		
B05	Other capital balances	0.00	0.00	0.00	0.00	✓			
B06	Community Focused School Revenue Bals	0.00	0.00	0.00	0.00	✓			
	Validation for check 93				95457.74	✓			
	Validation for check 95				0.00	✓			
	Validation for check 97				7532.00	✓			
Totals		94627.36	8362.38	8362.38	102989.74				

Log onto Solero

www.thegrid.org.uk/solero

1. Select your school name from the drop down box.
Enter your school number
Enter your password
2. You will then see the main Systems Menu screen. Select the Interim Capital Return 2015/2016

The return has three parts;

- Capital Financing
- Capital Expenditure
- Lease Information

3. Status of your school at the time of completing this return:
3a. Date converting to Academy (if applicable):

Please select
Please select
Academy
Community
Free school
Foundation
Voluntary aided
Voluntary controlled

Please select the type for your school.
Community = Local Authority maintained

If the school is or has turned into an Academy, please select Academy and enter the date of the conversion.

May 2015						
Mon	Tue	Wed	Thu	Fri	Sat	Sun
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Academy
01/05/2015
N.B. Any chan
Today is 7 October 2015

It may be beneficial to complete the Expenditure section before completing the Financing section. Click on **Record Capital Expenditure**

The Expenditure section will populate part of the Financing section indicating where the income needs to be allocated.

Click on **Add a new project**

Add Capital Expenditure Project

PLEASE ENTER AS POSITIVE FIGURES ONLY - DO NOT INCLUDE REVENUE EXPENDITURE

* - means mandatory field

PART 1 - CAPITAL EXPENDITURE DETAIL

Project Name *

Status as at 30 September 2015

HCC or Schools own project?

Landlord Consent Requested?

Capital Expenditure 2015/16 (to 30 September 2015) *

Classification *

Additional information - briefly describe items within classification *

PART 2 - CAPITAL EXPENDITURE FINANCING

Devolved Formula Capital (DFC) allocation

Salix Loan Income direct from Salix (not HCC) received in 2015/2016

Private Capital Income

Revenue to Capital Transfers

Other Capital Income

The useful life of any Vehicle, Plant, Furniture & Equipment and Intangible Asset will be assumed to be 3 years. Schools should email Capital.Finance@hertfordshire.gov.uk, if the useful life of the asset is significantly different from 3 years.

Enter the details of the project under Part 1

Project Name, Status, etc

Enter the amount of money spent so far, and select a classification.

Enter the detail of the items purchased.

Enter how the capital expenditure was financed under Part 2

This could be Devolved Capital, Private Capital etc.

Once the project line has been completed please click on Save

Add another project if required

**Additional Information

Please break down the components of the project, if appropriate.

For example, if the project was for a Server including Wireless equipment, made up of different elements:

- The server should be one project component
- The wireless equipment should be another project component etc

All the components for the project can be called the same Project Name, but the description should show the details for example:

Server

Wireless equipment

DO NOT INCLUDE EXPENDITURE ON ITEMS WHICH HAVE BEEN REIMBURSED BY HCC

CAPITAL EXPENDITURE DETAIL

Project name (Select to Edit)	Status as at 30 September 2015	HCC or Schools own project?	Classification	Additional information	Landlord Consent Requested?	Capital Exp. 2015/16 (to 30 September 2015)	Devolved Formula Capital (DFC) allocation	Salix Loan Income	Private Capital Income	Revenue to Capital Transfers	Other Capital Income	Total to be financed (must equal nil)	Select to Delete
Server Project	Complete	Schools Own	ICT Equipment	Server	No	4500	4500	0	0	0	0	0	<input type="checkbox"/>
Server Project	Complete	Schools Own	ICT Equipment	Wireless routers x 2	No	2500	0	0	0	2500	0	0	<input type="checkbox"/>
				Capital Expenditure Totals		7000	4500	0	0	2500	0		<input type="checkbox"/>

Add a new project

Successfully saved!

Delete selected project(s)

Please note:

Every item of a capital project that is individually worth more than £2000 will have a separate project component, for instance, if a new laptop is worth more than the £2000 de minimis level it should be noted separately.

If you have purchased 4 storage racks for a new classroom that collectively come to more than the £2000 de minimis, they can be noted together with a description of “Racks for New Classroom x 4”.

It is no longer sufficient to group everything together and call it “general equipment”.

Please note:

- The capital return must be completed to inform Hertfordshire County Council of the Assets that the school controls.
- All assets are depreciated, but for LA Maintained schools this operation is completed centrally by Herts Finance.
- All assets depreciate over different lengths of time.
- A computer may only be useful for 3 years, furniture may last for 5 years, and buildings may have a much longer life.
- The capital team are assuming that the assets on the capital return have a life of 3 years.
- **If your asset will be useful for longer than 3 years you should send an email to the address below with details of the asset and how long it will be useful to you.**
capital.finance@hertfordshire.gov.uk

Capital Financing

Once all the expenditure has been entered

Click on



The button takes you to the initial screen, where the capital income is entered.

Enter your brought forward balances into the appropriate section.

B03 – Devolved Formula Capital

Devolved Formula Capital (B03):					
	Balance Brought Forward 15/16 £	Total Income Due 15/16 £	Total Income available to Finance Capital 15/16 £	Total used to Finance Capital 15/16 £ (FROM CAP EXP)	Balance Carried Forward 15/16 £
4 Devolved Formula Capital :	3500	5500	9000	4500	4500

Enter the Balance Brought Forward.

Enter **all** income that you are expecting to receive for the Financial Year, even though you may not have received all of it at this stage.

Please refer to the actual amount of the income received so far. You will have received the second payment for Devolved Formula Capital on the September Biscuit report. The Capital income for the current year advised on the budget shares is rounded, the actual amounts received may be a few pennies more or less.

Take the amounts received so far and estimate the remainder. For instance if you have received 2 quarterly receipts of income of £1250.10, you will have received £2500.20 so far. Double this figure to work out the total amount for the year.

Note that the total expenditure has already been populated against this section and until the financing is completed, the carry forward will be negative. The Calculate Income Totals button is found at the bottom of the screen and can be clicked on once all other income is entered.

Calculate Capital Income Totals

B05 – Other Capital Monies

Enter the Balance Brought Forward and **all** of the income that you are expecting to receive for the Financial Year.

This will include balances of privately raised capital funds, balances of monies transferred from revenue to support capital.

Note that the total expenditure, if any, will have already been populated against this section.

If a school has incurred Salix expenditure in capital, a capital shuffle must have been completed. The capital shuffle income should, in this instance, be shown against line 5, not 7.

All other capital shuffle income should be shown in line 7 as usual.

Other Capital monies (B05):					
	Balance Brought Forward 15/16 £	Total Income Due 15/16 £	Total Income available to Finance Capital 15/16 £	Total used to Finance Capital 15/16 £ (FROM CAP EXP)	Balance Carried Forward 15/16 £
5 Salix Loan Income direct from Salix (not HCC) received in 2015/2016	0	0	0	0	0
6 Private Capital Income :	0	0	0	0	0
7 Revenue to Capital Transfers :	0	2500	2500	2500	0

8 – Other Capital Income

The detail of **other** capital income, not included above, should be entered in box 8a along with the carry forward and income for the whole year in the appropriate box.

8 Other Capital Income as specified below :					
Enter description and breakdown of Other Capital Income					
	Balance Brought Forward 15/16 £	Total Income Due 15/16 £	Total Income available to Finance Capital 15/16 £	Total used to Finance Capital 15/16 £ (FROM CAP EXP)	Balance Carried Forward 15/16 £
8a grant from sports england	0	0	0	0	0

Note that any expenditure will have already been populated against this section.

Calculate the Total Capital Income

To update the figures click on

Calculate Capital Income Totals

	Total Income available to Finance Capital 15/16 £	Total used to Finance Capital 15/16 £ (FROM CAP EXP)	Balance Carried Forward 15/16 £
9 Capital Funding Balance at 30 September 2015	11500	7000	4500

Please remember that any changes to the Return have NOT yet been saved

N.B. This does not save

Calculate Capital Income Totals

The calculation shows;

- The total capital income that was available to spend for the current year.
- The capital income spent so far.

- The current balance that is available to carry forward to next financial year.

It is not possible to overspend on Capital. Should the Balance Carried Forward show a negative figure the Capital Shuffle would need to be completed or errors corrected.

Check the Projected Capital Balance to carry forward at 31st March 2016

This should be the B/F total **plus** Income for the Year **less** Expenditure and should agree with your accounting system.

Leases

The Capital return cannot be submitted without completing the lease section.

Lease Information

The authority is required to report on any lease agreements that it has, which includes those held directly by schools.

There can be confusion between agreements that are rentals and those that are leases. The key difference is that a lease is an agreement whereby the lessor conveys to the lessee (i.e. the school) in return for a payment(s) the right to use an asset for an agreed period of time. A lease would also include any hire purchase agreements. Generally speaking rentals are open ended and can be cancelled without penalty, other than a notice period, at any time.

Please provide details of new leases entered into during the period 1st April 2015 to 30 September 2015 in the table below; and send a copy of the lease to financial.accounts@hertfordshire.gov.uk (or hard copy to Financial Planning and Accounts, Herts Finance, County Hall Post Point CHO 316).

To add a new lease

Add a new lease

Add Lease Information

* - means mandatory field

Lessor (payments made to) *	<input style="width: 90%;" type="text" value="Siemens"/>
Asset(s) being leased (type, make, model) *	<input style="width: 90%;" type="text" value="Copier"/>
Length of lease (e.g. 12 months, 5 years etc) *	<input style="width: 90%;" type="text" value="5 Years"/>
Payment frequency (per month / quarter / year) *	<input style="width: 90%;" type="text" value="Quarterly"/>
Payments (£) *	<input style="width: 90%;" type="text" value="550.00"/>
Approx. value of asset at beginning of lease (i.e. if bought) *	<input style="width: 90%;" type="text" value="12000"/>
Please tick if there is an option to buy at the end of the lease <input type="checkbox"/>	

Complete the information and click on save.

Once all new leases have been added select the correct response from the drop down box.

Please choose from the dropdown list to confirm that this section of the Return has been considered:

Please select
Please select
All new leases recorded
No new leases

Leases

If your school has not had any new leases select the No new leases option.

Click on the Capital Financing button to go back to the main section.

<< Capital Financing

DECLARATIONS

All the declarations should be discussed with the Head teacher before submission.

Capital Allocation from 2012/13

- Complete the section concerning the capital allocation from 2012/13.

Devolved Formula Capital allocation for 2012/13 - Confirm that the DFC allocation for 2012/13 was spent by August 2015

10. Please tick the box to confirm

OR If the 2012/13 allocation has not been spent

11. Please give concise explanation why

projects delayed

Asset Disposal

Schools must complete asset disposal forms when assets are disposed of.

- Tick to confirm that the disposal forms have been completed.

Disposal of Furniture & Equipment assets purchased from capital - Confirm that all disposals of furniture & equipment assets purchased from capital have been notified through the asset checking exercise or via Solero (using the 'Plant & Equipment Disposal' form)

12. Please tick the box to confirm

Asset Checks

The Capital Team have to ensure that the asset record that they hold for a school can be verified. This forms part of the Hertfordshire County Council audit each year.

Schools are required to complete the following declaration.

As part of our ongoing Fixed Asset register checks, we may ask you if you can prove physical existence of any ICT or furniture and equipment asset purchased on or before the 31/03/2011 that you have not subsequently informed us as being disposed of. This would include items such as ICT, tables and chairs and security cameras, but not building costs to maintain/improve a roof for example. If you would be unable to correctly identify and prove existence of all such assets purchased on or before the 31/03/2011 please tick NO. Otherwise tick YES

13. Yes the school can fully verify assets purchased on or before the 31/03/2011

No the school can not

If you have not completed an asset disposal form for an item of ICT, furniture and/or equipment purchased before 31/03/2011 and cannot verify the existence of the asset, you must tick No.

Final Declaration

Complete the declaration box

DECLARATION - this MUST be completed before submitting the Capital Return to the Capital Finance Team that the data supplied above is correct and accurate	
14. Declaration	<input checked="" type="checkbox"/>
15. Contact name	<input type="text" value="Mr V Stern"/>
16. Contact telephone number	<input type="text" value="01992 123245"/>
17. Contact email address	<input type="text" value="stern@apex.herts.sch.uk"/>

Saving and Submission

Save your data as you complete each section. Pressing the Save button will calculate and validate the totals for the sections where you have entered data. If the totals validate correctly, the data you have entered so far will be saved on the database and a message will appear to confirm this.

You can come back to finish the remainder of the form later. If you left the form on the screen and it has timed out when you return to it, log into SOLERO again and select the Capital Return menu item. Any data already saved will appear on the form when you go into it again.

Save all values

Press the Submit button to confirm that you have completed the return. This will calculate and validate the totals for each section and will also run some additional checks across the form to ensure that all information has been entered as required and that the return balances correctly. If these checks run successfully, the data will be saved and a message will appear to confirm this.

After submission, please print each page of the Return for your records by clicking the Print button on that page.

Submit/Finish Return

Click on

Save all values

When you are ready to submit the return;

Click on

Submit/Finish Return

If you have any queries regarding completion of this Return, please contact the Capital Finance Team:

Telephone Lexi Schultz on 01992 555365, Suzanne Swain on 01992 555677 or Shelley Gardiner on 01992 555950

Email capital.finance@hertfordshire.gov.uk

Revenue Contribution to Capital (Capital Shuffle)

If you need to Capitalise some of your Revenue to cover the additional cost of a Capital Project, you must do a **Capital Shuffle**.

Revenue can only be capitalised if the cost has been incurred during this financial year, or the building work is under way or imminent.

Please be aware that once revenue has been moved into capital it cannot be moved back.

Capital Shuffle For RM Users

Capitalising Revenue

- Expenditure transaction to CFR E30 (Analysis code/Ledger code 660400) - this transaction should be reconciled

- Income transaction to CFR CI04 (Analysis code/Ledger code 750800) – this transaction should be reconciled

Followed by

- Income **allocation** to CFR CI04
- Expenditure **allocation** to CFR CE02 or to where it is to be spent

When posting the actual cash transactions:

- Post as normal to CFR CE02 or to the correct area of Capital expenditure

Capital Shuffle for FMS Users

How to do the Capital Shuffle

Post a normal journal as follows:

Debit Ledger Code 660400 –Cost Centre E30 Revenue Contribution to Capital

Credit Ledger Code 750800 – CI04 Direct Revenue Financing

Followed by

- Income budget **allocation** to CFR CI04
- Expenditure budget **allocation** to CFR CE02 or to where it is to be spent

To allocate in FMS, navigate to Focus/Budget Management/Cost Centre Allocation.

Income received towards a Capital project

If you have received a donation that you wish to use towards a capital project this can be coded directly to Capital Income.

For non VA schools please advise School Funding Unit of the source of the income and the amount. (email: csf.sfu@hertfordshire.gov.uk)

- Income transaction to CFR CI03

Followed by

- Income **allocation** to CFR CI03
- Expenditure **allocation** to CFR CE02 or to where it is to be spent

When posting the expenditure transactions:

- Post as normal to CFR CE02 or to the correct area of Capital expenditure

Capital Budgets

Please ensure that separate budget accounts/cost centres are set up for each capital project undertaken during 2015/16. This will enable expenditure on capital items relating to each project to be held in one account and identifiable to a particular capital scheme.

Please be aware that you may be requested to provide additional information to the Authority and its external auditors on expenditure from your capital budgets.

Further guidance on capital, including the main distinctions between capital and revenue expenditure, and principles of proper accounting treatment can be found on the School Funding Unit pages on the Grid, <http://www.thegrid.org.uk/info/sfu/publications.shtml>

Support

If you are unsure of any of these processes please contact the Financial Services for Schools Helpline on the appropriate number noted at the beginning of this bulletin.