

HOW TO LOOK AFTER YOUR GROUP'S MONEY

Why keep accounts?

- All voluntary groups should keep proper accounts and in most cases there is a legal necessity to do so
- Well-kept accounts will show members, funders and the general public that the organisation is operating effectively
- Accounts provide the group with valuable sources of information about its activities
- A group that keeps good accounts will be able to compare actual income and expenditure with budgeted figures
- Proper accounts will protect individuals against temptation and unfounded accusations

What will you need?

You will definitely need:

- a cash-book
- files for bank statements, copies of financial reports and invoices
- a receipt book

You may probably need:

- a petty cash tin and a petty cash book
- expenses claim forms
- wage slips
- PAYE and NI information

A cash-book will keep all your financial records in order and will include all receipts and payments that have happened throughout the year. It should be totalled and balanced each month and checked against the bank statement.

The role of the treasurer

The treasurer's job is to look after the group's finances on behalf of the management committee and his/her responsibilities may include:

- preparing budgets
- coordinating fundraising
- overseeing and recording financial transactions
- checking bank statements and reconciling with the cash-book
- reporting to the management committee and the funders about the group's financial position
- ensuring that the bank mandate forms, etc, are completed and up-to-date
- advising on financial implications of proposals
- preparing the annual accounts to be presented at the Annual General Meeting

Bank account

Charities and voluntary organisations are advised to have a current account which should be in the name of the group not an individual. When choosing a bank look out for one with current accounts that pay interest, has no charges and has convenient opening times.

In order to open a bank account the group must sign a Form of Mandate to be completed by the committee. It is likely the bank will want to see your constitution and the minutes that agree the opening of the account. Most groups will authorise around four people to sign cheques so that any two can do so.

Seven important steps to proper accounting

- All cheques need two signatories
- Cash-books need to be written up and balanced regularly
- Receipts should be issued when cash is received and a copy kept for records
- When cheques are signed the person signing should see the appropriate invoice
- Prepare budgets wisely so that income targets are not too excessive
- Incoming cash should be kept separate from petty cash
- Don't pay bills without an invoice

FURTHER HELP

CVS—Mid and North Beds

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Telephone 01234 354366
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Email info@cvsmidandnorthbeds.org.uk
Website www.cvsmidandnorthbeds.org.uk
Registered Charity No 1091423
Company Limited by Guarantee No 4312967

HM Customs and Excise—www.hmrc.gov.uk

Sayer Vincent financial management issues for charities—www.sayervincent.co.uk

Reference books:

- **The Charity Treasurer's Handbook** by Gareth G Morgan, Directory of Social Change—www.dsc.org.uk—£18.95
- **A Practical Guide to Charity Accounting** edited by Kate Sayer, Directory of Social Change—www.dsc.org.uk—£18.95

