



Community & Voluntary Service

Mid and North Bedfordshire

How to Look After Your Groups Money

1: 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

2: 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.

3: 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 the 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

4: 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 current accounts that pay interest, that have no charges and a bank with convenient branch opening times.

In order to open a bank account, the group must sign a 'form of mandate' to be completed by the committee. When going to the bank they will likely 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.

5: Preparing the budget

When applying for money you will have to draw up a budget of anticipated expenditure. If your group is just starting up then your capital (one off starter costs) and revenue (expenses which will occur again and again) costs are likely to be higher in the first year. You will need to produce a budget on an annual basis and this will need to be done several months before the end of the financial year.

Things to consider when preparing your budget:

- Salaries
- National Insurance, pension contributions, recruitment costs
- Insurance
- Travelling expenses
- Capital expenditure
- Heating, lighting, telephone and fax
- Stationery and publicity
- Building costs, rent, repairs, maintenance
- Any other costs

6: 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

7: Further help

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Reference Books:

- **The Charity Treasurer's Handbook** – by Gareth G Morgan – Directory of Social Change – www.dsc.org.uk - £9.95
- **A Practical Guide to Charity Accounting** – edited by Kate Sayer – www.dsc.org.uk - £18.95
- **A Practical Guide to Financial Management – For Charities & Voluntary Organisations** – by Kate Sayer - www.dsc.org.uk - £18.95

CVS – Mid & North Beds have some of the aforementioned books in our reference library & these can be loaned to CVS members

See Other Related CVS – Mid & North Beds Information Sheets:

- **How to Develop Budgets and Cashflow Forecasts**
- **A Brief Guide to Keeping Accounts and Book-Keeping**
- **Charities and VAT**

This is one in a series of fact sheets produced by CVS – Mid & North Beds, on subjects of interest to voluntary and community groups. It is intended for guidance only and is not a comprehensive statement of the law.