



The Treasurer's job

How to look after your group's money

The aim of this information sheet is to help the treasurer to look after the association's money. It looks at basic rules for handling money day-to-day and keeping records of money which you receive and pay out.

The following topics are covered in this sheet:

- The treasurer and the committee
- Why keep accounts?
- Basic rules for dealing with money
- Receiving money
- Paying out money
- Writing up the cash book
- End of month procedure
- Reports to the committee
- Report to the AGM
- Independent Examination of Accounts

The treasurer and the committee

- H** As treasurer, you have day-to-day responsibility for dealing with money. It is your job to keep accounts and report to the committee.
- H** The whole committee is responsible for deciding how the money will be raised and spent.
- H** Apart from small amounts (which may be left to the treasurer's discretion) the whole committee should agree on spending decisions. The committee, not just the treasurer, is responsible for ensuring that proper records are kept.
- H** Sometimes the committee leaves the treasurer to get on with it alone, only showing an interest at the AGM or when something goes wrong. This is worrying for the treasurer and also means that the association does not make the best use of its money.

The Resource Centre runs sessions for Tenants Associations or other member groups on 'Keeping Accounts'. If you are interested ring the Centre on 606160

The Resource Centre has a small library, with a lot of information on raising money. We also keep a folder of basic information on selected funding sources, [Favourite Funders](#), which is available for groups to view at the centre or on our website.

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Why keep accounts?

- H** Because your association is responsible to all its members for any money which it receives and spends; every member has the right to know how the money has been used.
- H** To keep track of money (eg. to ensure that you have collected all the subs or to avoid paying a bill twice) and to know how much you have available.
- H** To help make the best use of your money. Your records will help you work out how much money the association needs next year and then budget accordingly.
- H** To help with fundraising.
 - | If you apply for a grant to the Council or to a charitable trust, they will ask to see accounts as proof that the association is well run and will use the grant properly.
 - | If you are trying to decide whether to run a raffle or have a stall at a local fete then past records will show which raises the most money.

Basic rules for dealing with money

Each association may deal with its money in a slightly different way depending on circumstances. But there are basic rules for dealing with money which apply to everyone.

- H** Be methodical Keep clear records at the time of money which you receive or pay out. Do not rely on memory to write it up later.
- H** Make sure that you have paperwork for any money which you take in or pay out. Keep paperwork in number or date order. This is best done by using treasury tags or a ring-binder. It will make it much easier to look through your records.
- H** Always record the full amount of cash you receive or pay out. For example, if you take in cash from a jumble sale and then use some of it to buy tea and coffee, you should record both the total takings and the cost of the supplies.

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Basic rules for dealing with money *cont.*



- H Keep the association's cash separate from your own.
- H Do not hold on to large amounts of cash; bank it as soon as possible.
- H Check regularly that the cash in your tin equals the balance in your cash book.
- H Building society or bank account - make sure that two people are required to sign cheques or withdrawal forms. Many associations put down the treasurer, chair and secretary as signatories to the account - any two of the three sign the cheque.
- H Check bank statements carefully.

Receiving money

- H Issue a receipt whenever you take in cash. It is best to use a small duplicate book with numbered pages. Record the total, the date, the name of the person handing over the cash and where the cash came from (eg subs). Hand over the top copy as the receipt and keep your copy in the book.
- H When you receive a cheque, file the paperwork (eg. a covering letter with a grant) and write on it the date on which you received the cheque.

Paying out money

- H Get invoices or till receipts for all purchases. This rule applies to both cash and cheques.
- H When you pay out cash, write out a petty cash voucher. Ask the person receiving the cash to sign for it. Staple the till receipt, firm's bill or bus tickets to the voucher. Give the voucher a number and keep them in number order.
- H Paying by cheque: make a note on the cheque stub of the value of the cheque and who it is made out to. Write the number of the cheque on the firm's bill.
- H Paying by cheque from a Building Society treasurers or savings account: when you ask the building society account to write you a cheque to pay a bill, write the date of the cheque on the bill.

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Writing up the cash book

Your book-keeping will depend on the circumstances of your association. There is no single "right" way. It is best to keep things as straightforward as possible.

Some basic tips for writing up your cash book.

- H** Keep separate records of (a) your cash and (b) your bank or building society account.
- H** Have separate columns in your cash book to record each amount which you receive or spend and also to show how much you have left (the balance). Do this for both the cash account and the bank account. (If you have a building society treasurers or savings account the balance is shown in the pass book) This will help to ensure that you do not spend more money than you have available.
- H** You may be asked to show how much the association has made from jumble sales, or grants or subs. Or you may need to know the spending on phone calls, stationery or bingo cards. So, each time you take in or pay out money record the amount under a heading of this type. There are no standard headings - use ones which are useful to your association, such as items of expenditure which are covered by your Council grant.

End of month procedure

Cash account

- H** If you have a lot of entries each month in your cash account, it is best to rule off the page at the end of the month. Add up each column. Check that the balance in your book is the same as the cash in the tin. Carry over the balance to the new month.
- H** If you have very few entries simply check your balance against the cash in your tin.
- H** If you cannot get your cash account to tally with the cash in the tin, do not carry over the error to next month. Write "error in cash" and adjust the book so that it tallies with the actual cash.



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Cheque account

H When the bank statement arrives, this gives you the opportunity to check that you have written everything correctly in your account book and that the bank has not made any mistakes with your money.

H Tick off each cheque in your book which appears on the bank statement (and any sums which you have paid in). Have you written any cheques which do not yet appear on the statement? Did you make a last minute deposit which is not on the statement? You will need to take these into account.

H NB. Once you are satisfied that you have written up your book correctly, it is your book (not the bank statement) which tells you how much money is available to spend.

Reports to the committee

H Your report gives a summary of the information in your cash book so that the committee knows the financial position. The committee should decide how much detail it needs and whether a verbal report is enough.

H You should always be in a position at any meeting to say how much money the group has available. For small groups, this may even be enough. However, to give the committee a more useful picture, it is best to report:

- money available in cash account and bank or building society
- amount received and amount spent so far this year
- expected bills and income over the next month or quarter

Report to the AGM

This must be a written report showing:

H Total amount received, with a breakdown of the receipts (ie. how much the association received from grants, subs, bingo and so on).

H Total amount paid out, with a breakdown of the payments (how much the association spent on stamps, stationery, etc, and large one-off payments).

See the **Resource Centre** sheet ['How much money do we have?'](#) for an example of how to present a financial report

Treasurer's job

Report to the AGM cont.,

H The amount of money left ("balance of funds") and where the funds are held. You should show how much is in the bank or building society (and give its name) and how much you hold in cash or a float.

Independent Examination of Accounts

H There is no legal requirement for most small community organisations to have an independent examination of their accounts.

H Many organisations, however, include in their constitution a clause that accounts must be independently examined before they are presented to the AGM.

H Some funders, such as the National Lottery, make it a condition of the grant.

H Many small associations choose to have an independent examination as it:

- Provides an itemised written account for the treasurer to present to the AGM.
- Helps reassure a new or unconfident treasurer.
- Helps sort out any problems with the accounts.
- Demonstrates to members and to other organisations that the accounts are in order.

H The independent examiner need not be a professional accountant but must be someone from outside the association who is competent to examine accounts, such as a finance worker, bank manager or Council treasurer.

The Resource Centre can carry out an independent examination of accounts for all Tenant Associations and other member groups. Ring the Centre on 01273 606160 for more information or to find out if your group is eligible for this service.



*For more information on how
to look after your money and
keep your accounts see our
information sheet on 'The
Treasurer's Job'*



Updated December 2008

Bank Accounts

For voluntary and community organisations

Most banks and building societies offer special accounts for small voluntary and community organisations and give free banking as long as your account is in credit. The conditions and benefits vary slightly from bank to bank - the details for each are listed in this fact sheet.

Opening an account

Opening a bank account can take several weeks, or even a few months. We would advise you to fill the application form in thoroughly, and send all the information that is requested. This may be sufficient, but the bank may still write to ask for further details before opening the account.

You will be asked for proof that your group is a voluntary, non-profit making organisation and not a private business. Ensure that you make this clear or you may be treated as a small business and have to pay charges.

This could be one of the following:

- ★ Copy of your group's Constitution
- ★ Letter from the chair and secretary of your group
- ★ Copy of resolution passed at AGM authorising your group to open an account with the bank
- ★ Charity Registration confirmation/Trust deeds (if group is a charity)

At least two people should sign each cheque that your group writes. You can have a pool of people who are named as 'signatories' for the account, any two of whom can sign cheques. The signatories should be people with good credit ratings (ie no 'bad debts') as the banks will run credit checks on all the signatories. Unless they have an account with that bank already it will be necessary for them to go to the branch in person with:

- ★ Proof of identity - eg driving license, passport, child benefit book
- ★ Proof of address - eg utilities bill, benefit book, tax demand.

Many banks now offer internet banking and the use of debit cards. These are very convenient but do not give the security of a cheque payment that requires two signatories. Your group will need to set up a system to ensure the account is checked on a regular basis and that all internet and card payment have to be signed by two people.

Bank Accounts

All the accounts listed offer 'free banking', ie no day-to day charges, unless specified. You will still be charged for things like going overdrawn, stopping cheques, extra statements etc.

When you are looking for information on the internet remember that most banks refer to community and voluntary organisations as 'Clubs and Societies'. Accounts for these groups are usually classed as 'Business Banking'.

Alliance & Leicester

The Alliance and Leicester do not have current accounts for clubs, societies or community groups. They have the following Deposit Account:

Community Instant Reserve Deposit Account

- ★ Pays 0.05% on credit balances of £1 - £2,000 (at 29/12/08)
- ★ Minimum balance £1
- ★ Banking by phone, internet, post or in person
- ★ 10 free withdrawals per month, then £2 charge
- ★ Withdraw cash via cash machines or electronic transfer (BACS)

For an application visit your local branch, phone the number provided, or download from the website.

CAF Bank (Charities Aid Foundation)

CAF is a registered charity which provides tailor-made financial products and services exclusively for the voluntary sector.

CAF Cash Account

- ★ Available to charities and not-for-profit organisations
- ★ Chequebook account
- ★ Banking by internet, phone, and HSBC cashpoints and branches
- ★ Pays 1.77% on credit balances up to £250,000 (29/12/08)
- ★ Initial deposit must be £1000 minimum - then account must always be kept in credit

CAF Gold Account

- ★ Pays 2.52% interest on credit balances (at 29/12/08)
- ★ Can transfer payments to and from CAF Cash account at any time

Alliance & Leicester

For application pack

Tel: 0800 056 5522

<https://www.alliance-leicestercommercialbank.co.uk/content/SU020005.asp>

CAF Bank

Tel. 0870 264 3296

www.cafonline.org



The Cooperative Bank

Western Road
Brighton
Tel: 0800 783 4741
www.co-operativebank.co.uk
(go to Business Banking)

HSBC

North Street, Brighton
Tel: 0800 434 6924
<http://www.hsbc.co.uk/1/2/business/accounts/community-account>
Other local branches in:
Ditchling Rd, London Rd,
Western Rd, Church Rd,
Portland Rd,
Dyke Rd (7 Dials)

Lloyds TSB

171 North Street
Brighton BN1 1GL
Tel: 0800 056 0056
www.lloydstsbbusiness.com/community/accounts/treasurersaccount.asp
Other local branches in:
Preston Circus, St Georges Rd,
West St, Station Road
(Portslade)

Bank Accounts

The Cooperative bank

Community Directplus

- ★ Free banking on accounts with a turnover of less than £500,000 per annum
- ★ Interest paid on balances of £2,000 and above
- ★ Banking by phone, internet, post, local branch or Post Office
- ★ Can apply for project funding of up to £1000 from the Customer Donation Fund

HSBC

Community Account

- ★ For clubs, societies and charities with an annual turnover of under £100,000
- ★ Cheque account with the ability to make and receive payments, by cash, cheque or internet
- ★ No initial down payment or minimum balance
- ★ Free Audit Letter or Certificate of Balance

Community Savings Account

- ★ Transfer funds instantly between your savings and community account
- ★ Pays up to 0.4% on balances (29/12/08)

Lloyds TSB

Treasurers Account

- ★ For clubs, societies and charities with an annual turnover of less than £50,000
- ★ Cheque account
- ★ No interest paid
- ★ No initial down-payment or minimum balance
- ★ Free Banking, but charges will be made for BACS, Direct Debits and bulk payments
- ★ Banking by branch, phone or internet



NatWest Bank

86 Western Road

Brighton

East Sussex, BN1 2NJ

Tel: 0845 302 1763

Community development

banking team

0800 028 2677

<http://www.natwest.com/>

[business/day-to-day/business-current-accounts/g1/](http://www.natwest.com/business/day-to-day/business-current-accounts/g1/community-account.ashx)

[community-account.ashx](http://www.natwest.com/business/day-to-day/business-current-accounts/g1/community-account.ashx)

Other local branches in:

Castle Sq, Lewes Rd, London

Rd and Church Road

Nationwide Building Society

New Oxford House

West Street

Brighton

Tel: 01273 360200

08457 302010

[www.nationwide.co.uk/](http://www.nationwide.co.uk/savings/business_accounts/treasurerstrust/summary.htm)

[savings/business_accounts/treasurerstrust/summary.htm](http://www.nationwide.co.uk/savings/business_accounts/treasurerstrust/summary.htm)

Other local branches in:

Church Rd, London Rd

Triodos Bank

11 The Promenade

Bristol

BS8 3NN

0800 3282181

www.triodos.co.uk

Bank Accounts

NatWest Bank

Community Account

- ★ Cheque book account
- ★ No minimum balance or initial down-payment
- ★ Free audit certificate
- ★ Free banking if your annual expenditure is less than £100,000
- ★ Banking by internet, phone or local branch

Community Reserve Account

- ★ Pays 0.3% on balances up to £25,000 (29/12/08)
- ★ Free same day transfer between accounts
- ★ Free withdrawals

Nationwide Building Society

Treasurers Trust Account

- ★ Passbook, not cheque account
- ★ Pays 0.5% interest on all credit balances (29/12/08)
- ★ Initial down-payment of £50 required
- ★ Cheques can be issued for you by the branch free of charge

Triodos Bank

Triodos Bank works specifically with 'organisations and groups which create real social, environmental and cultural value'. They have a range of accounts specifically for such groups, including Savings Accounts. Their current Accounts provide cheque and deposit books, which can be used at local Royal Bank of Scotland branches:

Charity Current Account

- ★ No minimum opening balance
- ★ Cheque Book and Paying-in Book
- ★ Direct Debits, Standing Orders and other automated payments
- ★ Interest on credit balances
- ★ Some charges made for day to day banking
- ★ Also available to groups which are not registered as charities, but do meet the criteria listed above



Bank Accounts

Triodos Bank continued

Value Reserve Account

- ★ Higher rates of interest paid on balances over £2000
- ★ Transfer funds in or out of the account via BACS or CHAPS

Unity Trust Bank

This is a bank run specifically for non-profit making organisations, and has a variety of current and deposit accounts available. While the rates and facilities don't vary hugely from the high street banks and building societies, the service may be more tailored to your needs and the investment of the bank goes into more ethical areas (community development.)

Ideal Current Account

- ★ Free banking for organisations with an annual turnover of less than £250,000
- ★ Banking by internet, phone or post
- ★ You can nominate a local high street bank and use their counter services eg for cash withdrawals

Ideal Deposit Account

- ★ Pays interest (0.2% at 29/12/08)
- ★ Instant access to funds

Unity Trust Bank
Unity Trust Bank
9 Brindley Place
Birmingham
B1 2HB
Tel: 0845 140 1000
www.unity.uk.com
utb@unity.co.uk



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A published Profit and Loss Account may be a summary of main headings. A Profit and Loss Account produced for consideration by the management of a business may include a detailed analysis of expenses.

Businesses which buy goods and resell them, whether they change those goods by processing them or not, normally make a **Gross Profit**, which is separately identified in the accounts. Some accounts, such as those for a Doctor will not show a Gross Profit.

Some accounts will title the Profit and Loss account page differently. A Doctors accounts will normally be headed "Professional Account", that of a Charity often "Income and Expenditure Account".

The typical format of a Profit and Loss Account is -

- Turnover / Sales
- Cost of Sales
- Other Direct Expenses
- Subtotal
- Gross Profit
- Other Income
- Subtotal
- Overhead Expenses (including *Depreciation*)
- Subtotal
- Net Profit

Other *Direct Expenses* would typically include the wages of people making raw materials into finished goods, or packing materials.

Other Income would typically include Interest Earned on money on deposit.

Overhead Expenses are those expenses which tend not to vary directly with the level of sales. They include Rent, which will only vary with the level of sales, if sales increase to an extent that larger premises are required.

Accounts which we prepare normally show each of the expenses as a percentage of sales. This helps to identify trends in the figures from year to year.

Reminder - [disclaimer](#) applies. Please [feedback](#) your comments.

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BALANCE SHEET

A Balance Sheet is a statement of balances. In reviewing any Balance Sheet, you must consider the real value of each asset and liability in the circumstances which you are considering.

Prior to the Companies Act 1967 it was common for Balance Sheets to be laid out on two pages. The total of the page of assets equalled the total of the page of liabilities. A Balance Sheet is now normally laid out in the following format (with comparative figures which are not included in this example) -

	□	□
<i>Fixed Assets -</i>		
<i>Intangible Assets</i>	20,000	
<i>Tangible Assets</i>	<u>225,175</u>	
	245,175	
<i>Hire Purchase Borrowing</i>	<u>55,210</u>	189,965
<i>Current Assets -</i>		
<i>Stock & Work In Progress</i>	19,200	
<i>Debtors and Prepayments</i>	65,842	
Cash at Bank & in Hand	<u>1,113</u>	
	<u>86,115</u>	
<i>Current Liabilities -</i>		
<i>Hire Purchase Borrowing</i>	-	
<i>Trade Creditors</i>	25,817	
<i>Other or Sundry Creditors</i>	1,200	
<i>Taxes and Social Security Costs</i>	8,610	
<i>Accruals</i>	5,240	
Bank Overdraft	<u>34,123</u>	
	<u>74,990</u>	
Net Current Assets		<u>11,125</u>
Net Assets		<u>201,090</u>
Representing Capital Accounts -		
Partner A		185,630
Partner B (see example)		<u>15,460</u>
		<u>201,090</u>

It will be seen from the above that total assets do equal total liabilities.

In the above example Hire Purchase Borrowing appears in two places. It is commonly deducted from the *Fixed Assets* to which it relates in Sole Proprietor or Partnership Accounts, but is shown under Current Liabilities in Limited Company Accounts.

The ratio of Current Assets to Current Liabilities is important to many businesses. The attitude of its bank to any overdraft affects this. Banks like overdrafts to be temporary in nature, but sometimes they are a permanent form of borrowing. Not many businesses achieve the text book ideal of Current Assets being 2:1 to Current Liabilities, and that may not be the ideal for any particular business.

Accounts sometimes show a bank overdraft when the bank account is not overdrawn and there are no overdraft facilities - for an explanation see [Bank Reconciliation](#).

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