



T3SC Factsheet

Accounts and bookkeeping

Money management – accounts and book keeping

Every group will need to keep a record of how it has spent its money. Both for its own internal purposes and for reporting to external stakeholders such as funders, keeping track of your money is a vital part of managing your group effectively. Whatever system of accounting you choose, from very basic recording of transactions as they occur, paper or computer based, the important thing for your group is to know where the money has gone! Although it usually falls to the Treasurer to do the accounting for the group, it is the responsibility of all the management committee to make sure that the finances of the group are in order. Equally, if things do go wrong money-wise with the group, the management committee cannot just blame the Treasurer, because the rest of the committee has a duty to ensure that the Treasurer is doing his job!

Charity Commission Guidelines

The Charity Commission have produced comprehensive guidelines regarding accounting for charities. These can be found in document CC15a, available from the Charity Commission website at www.charitycommission.gov.uk/publications/cc15a.asp. In essence, these state that all charities should produce annual accounts as a matter of course. In addition, financial records for the charity should be kept for six years. If a charity has an annual income of less than £10,000, they do not need to have their accounts externally scrutinised. Where the annual gross income is between £10,000 and £100,000, accounts must be externally scrutinised, either by an independent examiner or an auditor (this may depend on the specific requirements of your constitution). They must also send an Annual Report and accounts to the Charity Commission within 10 months of the end of the accounting period (this need not be April to March, again the constitution will specify). Charities with annual income above this should consult the guidelines for more information.

A **simple set of accounts** might look like this:

Date	Item	Income	Expenditure	Balance
1.1.05	Gift from Councillor Smith	100		100
3.1.05	Room hire		5	95
	Refreshments for meeting		5	90
8.2.05	Room hire		5	85
	Refreshments for meeting		5	80
10.2.08	Stamps		7.50	72.50
	Stationery		12	60.50
12.4.05	Room hire		5	55.50
	Refreshments for meeting		5	50.50
	John's expenses (petty cash voucher 5)		1.50	49
15.5.05	Insurance		40	9
3.6.05	Subs	30		39

Alternatively, a **balance sheet** might look like this:

Income	This year	Last year
Donations	100	
Subs	30	42
Total	130	42
Expenditure		
Room hire	15	10
Refreshments	15	10
Stamps and stationery	19.50	
Expenses	1.50	2
Insurance	40	
Total	91	22
Balance	39	20
Brought forward from previous year	20	
Balance carried forward	59	

Records of all financial transactions should be kept, so that all monies coming into the group or going out can be accounted for. It is good practice to always keep receipts for any payment and if a large number of payments are being made, receipts could be numbered to correspond to the entry in the accounts (cheque numbers should also be recorded when making payments to aid future checking and tracking of expenditure). Expenses paid to members of the group or the management committee should only be paid on production of a receipt.

Petty cash should be managed in the same way as the group's main accounts. All transactions should be logged and the money in the petty cash box checked regularly to make sure everything balances – there's nothing worse than trying to balance things out 11 months after payments were made, when the group member is no longer part of the group and the receipt cannot be found, or the print on it is so faint no-one can read it!

Keeping accounts up to date can be a painstaking job, and attention to detail is required, but it is far better to keep on top of the job and make entries in the book whilst the details are fresh in your mind, rather than try and remember details months after the event. Well kept accounts always impress external stakeholders and funders and are much more likely to result in positive reactions than jumbled numbers that no-one can follow. Your accounts tell the story of your group's activity over the previous year and should be something you are proud of!

Registered Charity no: 1094744 Company Limited by Guarantee Registered in England No. 4332858

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