

SECTION E

FINANCIAL MANAGEMENT

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E FINANCIAL MANAGEMENT

E1 Accounts

- E.1.1 The Treasurer will be responsible for ensuring that the Community Council's accounts are kept up-to-date. The Treasurer must also ensure that monthly accounts, book of account, bank books and statements, together with a list of all assets are available for inspection at each meeting of the Community Council. The Treasurer will report on any concerns which he/she may reasonably have about the accounts/property to the first available meeting of the Community Council.
- E1.2 At each 31 March the Treasurer shall prepare a set of Accounts comprising of a Balance Sheet and Income and Expenditure Account. These accounts should represent a true record of the Community Council's financial transactions for the previous twelve months. In cases where the Community Council receives a grant from South Ayrshire Council, the grant received and how it was spent shall be disclosed in the Accounts.
- E1.3 The Treasurer shall then arrange for these accounts to be checked and properly vouched for by an auditor or independent examiner. The financial year for all Community Councils shall commence on 1 April and end on 31 March of the following year. Preferably, Annual Accounts should be audited by a qualified accountant (CCAB), but may be persons approved by South Ayrshire Council who have a minimum of an HNC in Accountancy or its equivalent. Proof of qualification will be required, prior to approval. Alternatively, the Annual Accounts may be submitted to Executive Director, Resources, Governance and Organisation of South Ayrshire Council for auditing. Audited accounts must then be submitted to the Head of Policy, Community Planning and Public Affairs, South Ayrshire Council.
- E1.4 Once the audited accounts are received by the Secretary from the Treasurer they shall be distributed to the members of the Community Council and at the next meeting of the Community Council they shall be discussed and, if appropriate, accepted by the Community Council. Thereafter a date for the Annual General Meeting shall be set by the Community Council and the agenda, copies of papers referred to in the agenda and copies of the previous minutes shall be attached to the agenda. Copies of the agenda, papers, minutes and the audited accounts shall be made available to the members of the public at the Annual General Meeting but shall also be made available for inspection at a place specified in the public notice giving intimation of the date and time of the Annual General Meeting. Provided the correct public notification is given it may be possible for Community Councils to make arrangements to ensure that the Annual General Meeting follows immediately after the meeting of the Community Council at which the audited accounts are accepted.
- E1.5 The Treasurer is required to present the accounts to the Annual General Meeting and to reply to any questions which may be raised. If there are no questions concerning the accounts then a resolution accepting them shall be proposed, seconded and put to a vote of all qualified electors present at the Annual General Meeting.
- E1.6 The Community Council shall send a copy of the audited accounts to the Head of Policy, Community Planning and Public Affairs as soon as possible once they have been approved by the Annual General Meeting.

E2 Property Lists

- E2.1 The Treasurer is also responsible for maintaining an up-to-date inventory of all Community Council assets. The list should include all equipment, furnishings and property and should also indicate the normal location where the items are used and stored. The list must be given to the auditor for inclusion in each annual audit and may be made available to any designated officer of South Ayrshire Council if requested. The list must specify the date of acquisition of the property and must specify the source from whom the property was obtained or the source from whom the funds were received to acquire the property. It must also include the estimated value of the property.
- E2.2 The Treasurer is also responsible for the safety and security of all the Community Council's assets unless another person or persons have been specifically appointed, by the constitution or by a minuted resolution of the Community Council, to be responsible.
- E2.3 It is recommended that the Treasurer should seek competent advice appropriate to the value of the assets to ensure their safety and security. The Community Council is also recommended to consider the matter of insuring its assets and it should be the Treasurer's responsibility to provide information to allow a considered decision to be made (see Section J2.5).
- E2.4 If any person wishes to use any asset of the Community Council they should make an application in writing to the Secretary for this. Before agreeing to allow any other person to use an asset, the Community Council must check regarding insurance that it is permissible so to do (See Section J2.5). Any decision to allow any other person to use an asset or property of the Community Council must be taken at a meeting of the full Community Council. If the Community Council agrees to such person making use of any asset or property the Secretary will write to the person confirming the asset which may be used and the period during which it may be used and any other conditions which may be imposed by the Community Council. The person making the request must acknowledge the Secretary's letter in writing and must acknowledge that they have full responsibility for the asset during the period which they make use of it.

E3 Dissolution

On dissolution of the Community Council the Treasurer will co-operate fully with South Ayrshire Council to ensure the proper application of funds and property on dissolution as specified in the Scheme (see paragraph E10).

E4 Community Council's Administration Grant

- E4.1 South Ayrshire Council will make an initial grant for administration, to each Community Council within its area, based on the electorate of each Community Council on the following basis. The initial grant will be awarded triennially following the Community Council elections.

| Electorate | Initial Grant |
|-------------------------|----------------------|
| up to 2,000 | £600 |
| between 2,001 and 3,500 | £650 |
| greater than 3,501 | £800 |

- E4.2 Each Community Council will receive a letter in February/March of each year reminding the Community Council of the process for claiming the next year's administration grant.
- E4.3 In the second and subsequent years of operation of this Scheme, a basic grant reimbursing Community Councils for expenditure on approved items (as per the 'Guidelines for Treasurers' below) for the previous year will be made.
- E4.4 The Head of Policy, Community Planning and Public Affairs must have received copies of all Community Council minutes and sederunts. At least six of the Community Council meetings must have been quorate. Administration grants will not be issued unless copies of Community Council minutes are held on file by South Ayrshire Council (See Section D.14.7).
- E4.6 South Ayrshire Council may review the level of basic grant awarded to Community Councils at any time.

E5 Specific Grant

In addition to the basic grant as outlined in E4 above, South Ayrshire Council may make available additional funds for specific projects. Application forms for additional funds for specific projects can be obtained from the Grants Officer, Resources, Governance and Organisation, South Ayrshire Council, Burns House, Burns Statue Square, Ayr KA7 1UT (Telephone: 01292 616245 or grants@south-ayrshire.gov.uk)

E6 Assistance

- E6.1 South Ayrshire Council shall establish a Forum for Community Councils which shall offer the opportunity for Community Councils to be involved in the Council's policy development processes.
- E6.2 The South Ayrshire Council Forum for Community Councils will endeavour to provide further assistance and training on subjects and issues as identified by the Forum.
- E6.3 South Ayrshire Council will provide each Community Council with a minimum of 13 "lets of premises" per year for the purpose of conducting their meetings. These "lets" will be provided in South Ayrshire Council properties wherever practicable, within the boundary of the Community Council area. Where South Ayrshire Council does not own suitable properties in a Community Council area reasonable expenses for the hiring of a hall or other meeting place will be re-imbursed to Community Councils by South Ayrshire Council.
- E6.4 South Ayrshire Council will make its in-house printing and photocopying facilities available at Council services internal rates to all Community Councils, subject to local negotiation.

E7 Guidelines for Treasurers

- E7.1 The Treasurer must ensure there is an audit trail for all entries of income and expenditure. This entails having evidence of income and expenditure; this usually takes the form of receipts, but could be the number of tickets sold at a certain price, so as to reconcile with the income being quoted. Enter gross income and gross expenditure amounts in the books not the net amount i.e. do not deduct the expenditure from the income before entering into the books.
- E7.2 A note should be kept of any cash advances, and this should be signed by the person receiving the cash advance. Only once the expenditure has been accounted for and receipts provided should the cash book be written up, otherwise double accounting can occur.
- E7.3 The Treasurer must reconcile the bank statement to the books every month/quarter by checking off the items in the bank statement to the Bank Book and agreeing the balance.
- E7.4 The Treasurer must reconcile cash held with the balance in the cash book at the same time as the bank book.

E8 Approved Expenditure for Community Council business

- E8.1 The following list is approved items of expenditure for Community Council business.
- E8.1.1 Telephone calls.
 - E8.1.2 Postage.
 - E8.1.3 Stationery.
 - E8.1.4 Hire of Halls/Rooms for Community Council meetings.
 - E8.1.5 Expenses for attending local ceremonies, South Ayrshire Council meetings.
 - E8.1.6 Subsistence.
 - E8.1.7 Subscriptions.
 - E8.1.8 Affiliation Fees.
 - E8.1.9 Audit Fees.
 - E8.1.10 Honorarium as per E8.3.
 - E8.1.11 Remembrance Day Wreaths.

All expenditure **must** be accompanied by receipts. All expenditure must relate to Community Council business.

- E8.2 Should a Community Council have any queries on approved items of expenditure please contact the Services Planning and Election Manager, Resources, Governance and Organisation (01292 612181 or william.pollock@south-ayrshire.gov.uk or the Community Council's Link Officer prior to any expenditure being incurred.

E8.3 In addition to the above areas of expenditure not more than 10% of the total of the initial grant as detailed in E4 can be used for honorariums. Honorariums may be awarded at the end of each financial year when the financial surplus is known to each Community Council.

E8.3.1 In the event of a fee requiring to be paid for secretarial services, i.e. Minute taking, this fee should be no more than 10% of the administration grant.

E8.4 Up to 20% of the total administration grant can be used for donations to local voluntary organisations within the Community Council area, up to a maximum of £50 per organisation. Community Councils should not build up reserves of money. The Community Council administration grant is public money and any surplus funds should be gifted to suitable projects, activities within the Community Council areas, as described above.

E8.5 Revenue raised from events organised by the Community Council will be disbursed in whichever way it decides at its meetings, but again should be targeted at projects within the Community Council area.

E9 Expenditure Outwith the scope of the Community Council Administration Grant:-

E9.1 The following items of expenditure are not permitted.

E9.1.1 Gifts (over the value of £10).

E9.1.2 Donations to bodies outwith the Community Council boundary.

E9.1.3 Donations to political parties.

E9.2 Any expenditure, other than that listed under 'approved items', must be explained when accounting for the Community Council's administration grant. Failure to do so will delay payment to allow an investigation to take place.

E9.3 South Ayrshire Council's Internal Audit does audit the administration grant process. It is important, therefore, to forward copies of all minutes and detail all items of expenditure. Compliance with the above will expedite the process.

E10 Dissolution of a Community Council

E10.1 A Community Council will be dissolved if it has

E10.1.1 failed to hold any meetings or quorate meetings for a period of six months or

E10.1.2 failed to submit minutes of any meetings for a period of one year.

E10.1.3 insufficient number of Members.

E10.2 No Community Council shall be declared to have ceased to function unless South Ayrshire Council has made attempts to contact the last known members of the Council and has placed an advertisement in the local press to ascertain the extent of any public interest or need for a Community Council in that area.

E10.3 Where a Community Council has been declared to have ceased to function South Ayrshire Council shall cease to send information to that Community Council.

E11 Assets of Dissolved Community Councils

Where a Community Council has ceased to function, the last Treasurer shall

E11.1 submit to the Head of Policy, Community Planning and Public Affairs of South Ayrshire Council, the accounts and all bank books, etc, in his/her possession. Any remaining funds should be disbursed in accordance with the Constitution of that particular Community Council and a statement to that effect given to South Ayrshire Council. If no provision exists in the Constitution then the funds shall be held in trust for a maximum period of three years by South Ayrshire Council until a new Community Council is formed.

E11.2 Before any funds are transferred or gifted, the Community Council shall return to South Ayrshire Council the balance of any grant unexpended for that financial year.

E11.3 Should a Community Council fail to return their accounts to be audited when they have wound up voluntarily, or have ceased to function, South Ayrshire Council shall have the right to take legal action to have the balance of any funds returned to it.

E12 Cashbook

Enclosed is a sample Cashbook which a Community Council may wish to consider using. The Cashbook is available in electronic format, please contact the Head of Policy, Community Planning and Public Affairs, Resources, Governance and Organisation, South Ayrshire Council at communitycouncils@south-ayrshire.gov.uk

GUIDANCE
for
COMMUNITY COUNCILS
on
CASHBOOK COMPLETION

Introduction

One of the key positions is that of Treasurer, and South Ayrshire Council would wish to provide support to Treasurers, with or without experience, in the handling of a Community Council's financial affairs. Financial accounts submitted to the Council have generally been satisfactory but some individual design features and recording of transactions practices have been noted. These forms will assist in standardising the recording of financial transactions, assist audit requirements and enable the Council and Community Councils to collate valuable information on the disbursement of Community Council funds.

Style and Presentation

Community Councils are requested to agree the **Cashbook** forms. There is one style for **Income** and one style for **Expenditure** – and the total values from those sheets are transferred on to an **Income and Expenditure Summary**. Explanations of what to include in which columns are shown later in this guide. A checklist is attached showing the records which should be submitted.

Guidelines

As well as making standard headings for the types of expenditure, the **Expenditure** form has a column for '**voucher reference**' to show the reference number of the receipt. This is so that the receipt, which the Community Council must obtain for each payment it makes, is numbered for cross reference purposes. Receipts should be attached for ALL items. ALL supporting vouchers should be numbered sequentially and stored in numerical order. If for any exceptional reason, this is not possible, then a note of explanation giving as much detail as possible should be signed and dated by a member of the Community Council and attached to the receipts' file.

Benefits

Where Community Councils conform to the Guidelines, South Ayrshire Council's annual disbursement of grants should be completed swiftly and with the minimum of disruption to the activities of Community Councils.

The Income Form

The headings chosen for the **Income** form reflect the headings already being used by most Community Councils.

- **date** the date the money was received
- **received from** enter the details of the organisation which or person who gave the money or the fund-raising event, if this appropriate
- **receipt number** for cross-reference purposes
- **current bank a/c** enter bank if the money was deposited directly into the bank
- **deposit bank a/c** enter bank if the money was deposited directly into the bank.
- **cash** enter cash if the money has yet to be deposited into the bank
- **total** this is the total amount received

Enter the amount received into the appropriate column (numbered 1-7, column 7 is for contra entries).

The **TOTAL** at the bottom of the page is the total of all the items in each column – and should, of course, add both down and across.

If the Community Council has had more items of income than can fit onto one page, please use as many pages as are needed. The final total on the last page is the one which needs to be transferred to the **Income and Expenditure Summary**.

The Expenditure Form

These headings have been used so as to bring more consistency to the recording and reporting of Community Councils' financial transactions.

- **detail** to where the money was paid
- **date** the date the item was paid
- **cheque number/voucher ref.** the **cheque number** if the item was paid by cheque and **voucher reference**
- **payee** the person to whom or the organisation to which the money was paid
- **office bearers** the expenses paid to office bearers, such as Chair, Secretary or Treasurer
- **subscriptions, donations, gifts** voluntary payments to other bodies or persons
- **stationery, photocopying, postage** items of an office supply nature
- **fund-raising and advertising** the cost of staging events and the cost of any sort of advertising
- **bank charges** as shown on the bank statement
- **miscellaneous** miscellaneous expenditure
- **equipment** the purchase or rent of any equipment
- **rent or hall hire heat and light** rent paid for the use of premises including gas or electricity
- **insurance** if paid by the Community Council
- **outings and parties** the cost of social events organised by the Community Council
- **contra** see sample transactions sheet

It is important that every item of expenditure is supported by a receipt.

The **TOTAL** at the bottom of the page is the total of all the items in each column – and should, of course, add both down and across.

If there are more items of expenditure than can fit on one page, please use as many pages as are needed. The final total on the last page is the one which needs to be transferred to the **Income and Expenditure Summary**.

The Income and Expenditure Summary (on the Income Form)

Enter the values in lines 1 to 7 and enter the Total Income into line 8.

Enter the values in lines A to L and enter the Total Expenditure into line M.

Subtract line M from line 8 to arrive at the Net Income or Expenditure and enter this value into box 8 – M.

Bank Reconciliation

To allow reconciliation of both cash and bank balances (and this is considered necessary), a separate cash and bank column is maintained on both the income and expenditure pages. This allows the cash balance to be squared to the cash in hand, and allow a bank reconciliation to be carried out. A basic guide to bank reconciliation follows and a standard reconciliation form is attached.

Bank Reconciliation Guidelines

- 1 A bank reconciliation is necessary because:-
 - (a) the bank statement date may not coincide with the date at which you wish to check the cash book balance.
 - (b) there may be entries through the cash book which may not yet appear in the latest bank statement. Similarly, there may be transactions through the bank statement which are not yet reflected in the cash book.

- 2 The bank reconciliation is carried out as follows:-
 - (a) Bring the cash book up to date by checking the bank statement for any automatic transactions ie direct debits, NACS receipts, bank charges or interest. If there are any, these should be entered in the cash book. The adjusted cash book balance will now be obtained by deducting expenditure from income.
 - (b) Using a standard reconciliation form similar to the attached write down the balance shown on the latest bank statement.
 - (c) Add to this figure any lodgements you have made but which do not appear on the bank statement, ie lodgements not yet credited.
 - (d) Deduct any cheques recorded in the cash book which do not appear on the bank statement. Include those cheques shown as unpresented (or outstanding) on the previous bank reconciliation which are still not through the bank ie cheques not yet presented.
 - (e) This calculation produces the adjusted bank statement, and should agree with the adjusted cash book balance. If the figures now agree, then the bank account has been reconciled.

- 3 If the two figures do not agree, carry out the following checks:-
- (a) re-check figures used in the reconciliation, and check the arithmetic.
 - (b) check the cash book additions, carry forwards and calculations of the balance.
 - (c) check that the cash book figures agree with the bank statement figures.
 - (d) check that no outstanding cheques have been omitted in error.

_____ Bank Account

Bank reconciliation as at _____
£

Balance per bank statement dated _____

| | | | | |
|-----|-------------------------------|---|-------|-------|
| ADD | Lodgements not yet credited:- | | | |
| | Date: | £ | | |
| | | | _____ | _____ |

| | | | | |
|--------|----------------------------|------|-------|-------|
| DEDUCT | Cheques not yet presented: | | | |
| | Cheque No. | Date | £ | |
| | | | | |
| | | | _____ | _____ |
| | Adjusted Bank Balance | | | _____ |
| | Adjusted Cash Book Balance | | | _____ |

* These two figures should be the same.

Completed by: _____

Date: _____

Checked by: _____

Date: _____

COMMUNITY COUNCIL CASHBOOK SAMPLE TRANSACTIONS

Transaction

1. Analysis Columns

A new cash book is set up at the start of each new financial year (1 April). There is a need to decide on an appropriate number of analysis columns.

Entry in Cash Book

- (a) Income – decide on what types of income are received, eg bank interest, council grants, other grants, fund-raising activities, donations and other income. A 'contra' column should also be inserted.
- (b) Expenditure – decide on what types of expenditure are incurred, eg office bearers expenses, honorariums, subscriptions/donations/gifts, stationery/ photocopying/ postage, fund-raising activities, bank charges, repairs/renewals, equipment, rent/hall hire etc, insurance and outings/parties events. A 'contra' column should also be inserted.
- (c) Add these (b) and (c) headings to the top of the analysis columns in the cash book.

2. Opening Balance

The opening cash and bank balances must be entered into the cash book. In this example the Community Council has a zero cash balance, £1000.00 in its current a/c and £2000.00 in its deposit or savings a/c.

- (a) Go to the income side of the cash book.
- (b) Enter the date; enter balance b/f and insert amounts in relevant columns, ie current bank ac/c, deposit bank a/c and cash, also in 'contra' column as it was the balance b/f from previous financial year.

3. Cash Income

This may be in the form of donations if eg the Community Council holds a series of fund-raising days. For example week commencing 8 February 2013:-

| | |
|----------|----------------|
| 8/2/13 - | £ 80.50 |
| 9/2/13 | £ 45.50 |
| 10/2/13 | <u>£ 74.00</u> |
| | <u>£200.00</u> |

Of course, all the above amounts would initially be recorded in the donations record book.

- (a) The cash book is written up weekly: on Friday (if required).
- (b) Go to income side of the cash book.
- (c) Enter either day money was collected or date money paid to Treasurer (in this example money paid to Treasurer on Friday 12/2/13).
- (d) Under 'Received from (Details)' enter 'Donations w/c 8/2/13.
- (e) Under 'Receipt No' enter 'Donations'.
- (f) Under 'Cash' enter the daily amounts or the weekly total (in this case the weekly total as at Friday 12/2/13 is £200.00).
- (g) Under analysis column headed 'Donations' enter amount(s) collected.

4. **Cheque Income**

The Community Council receives its administrative grant from South Ayrshire Council to the value of £600.00 on 21/4/13

- (a) A receipt is sent to South Ayrshire Council, a duplicate of which remains in the receipt book.
- (b) Go to the income side of the cash book.
- (c) Enter date cheque was received – 21/4/13
- (d) Under 'Received From (Details) enter 'Council Grant'.
- (e) Under 'Receipt No' enter number of duplicate receipt (eg 004).
- (f) Under 'Cash Column' enter amount of cheque (£600.00).
- (g) Under analysis column header 'Council Grants' enter the amount again (£600.00).

5. Transferring Cash to Bank

On 21/4/13 the Community Council is holding £600.00 of income which requires to be banked.

- (a) Go to expenditure side of the cash book.
- (b) Enter date cash is being transferred.
- (c) Under 'Detail' enter 'Cash to Bank'.
- (d) Under 'Voucher Reference' enter 'Contra'*.
- (e) Under 'Cash Column' enter amount being transferred (£600.00).
- (f) Under analysis column head 'Contra' enter the amount again (£600.00).
- (g) Go to income side of the cash book.
- (h) Enter the date cash is being transferred.
- (i) Under 'Detail' enter 'Cash to bank'.
- (j) Under 'Receipt No. enter 'Contra'.
- (k) Under 'Deposit Bank A/c' enter amount transferred (£600.00).
- (l) Under analysis column headed 'Contra' enter the amount again (£600.00).

*What is a 'Contra' entry?

A contra entry involves the movement of funds between cash and bank; between bank accounts, or between fun categories (eg Donations to Fund-Raising Activities). A contra entry does NOT change the overall balance of the fund.

6. Making a Purchase by Cheque

The Community Council buys equipment from 'Interoffice' by cheque. On 25/9/13 a purchase totalling £150.00 is made against cheque number 000112. A receipt is obtained and given the next available consecutive receipt number (in this case 021).

- (a) Go to expenditure side of cash book.
- (b) Enter the date purchase was made.
- (c) Under 'Detail' enter 'Interoffice'.
- (d) Under 'Cheque Number' enter "cheque no and receipt no" (000112/021).
- (e) Under 'Bank/Cheque Amount' column enter the amount of the purchase (£150.00).
- (f) Under the analysis column headed 'Equipment' enter the amount again.

7. Establishing a Cash Float

It may not always be possible to make a purchase using a cheque and purchases should not be made from income, therefore a cash float is needed. The Treasurer decides to set up a cash float of £20.00 on 6/10/13 by drawing a cheque (No 000113) from the bank for £20.00.

- (a) Go to the expenditure side of the cash book.
- (b) Enter date cheque is drawn.
- (c) Under 'Detail' enter 'Petty Cash' Float.
- (d) Under 'Cheque No' enter '000113'.
- (e) Under 'Bank/Cheque Amount' column enter the amount of the float (£20.00).
- (f) Under 'Contra' column enter the amount again (£20.00).
- (g) Go to the income side of the cash book.
- (h) Enter date cheque is drawn; detail 'Petty Cash Float'.
- (i) Under 'Receipt No' enter 'Contra'.
- (j) Under 'Cash' column enter the amount of the float (£20.00).
- (k) Under 'Contra' column enter the amount again (£20.00).

8. Petty Cash Purchases

A separate notebook may be kept to record petty cash purchases. The total from this can be transferred to the cash book weekly. The Community Council makes 3 purchases during the week commencing 17/10/13:-

| | | |
|--------------|---|-------|
| Receipt book | - | £1.50 |
| Batteries | - | £1.50 |
| Torch | - | £2.00 |

These receipts have been retained and numbered pc001 to pc003.

- (a) Add up total of the purchases (£5.00). Deduct this from float (£20.00) = £15.00. Check this agrees with actual cash in hand.
- (b) Go to expenditure side of the cash book.
- (c) Enter date; Under Detail enter Petty Cash Purchases – 17/10/13 to 22/10/13 and under 'Voucher Reference' enter pc001 to pc003.
- (d) Under 'Cash' column enter total purchases (£5.00) and under analysis column headed 'Miscellaneous' enter total again (£5.00).

9. Topping up the Petty Cash Float

Since 8 above, has depleted the Petty Cash Float it is necessary to bring it up to its normal level of £20.00.

This should be done after the Treasurer has checked the cash balance and the receipts detailed above in 8.

- (a) Write a cheque for the amount needed to make up the Float (£5.00) Cheque no 000114.
- (b) Go to the expenditure side of the cash book.
- (c) Enter date; under detail enter Petty Cash Top-up, under cheque no 000114.
- (d) Enter amount of cheque (£5.00) under Bank/Cheque Amount column.
- (e) Enter amount again under 'Contra' column.
- (f) Go to income side of cash book.
- (g) Enter date; Under 'Received from (Details)' enter 'Petty Cash Top-up' and under 'Receipt No' enter 'Contra'.
- (h) Under 'Cash' column enter £5.00 and under 'Contra' column enter amount again.

10. Bank Interest

When a bank pays interest this will be shown on bank statements. This must be added to the income side of the cash book.

The bank pays interest of £90.00 on the Deposit Bank A/c on 2/11/13.

- (a) Go to the income side of the cash book.
- (b) Enter date; under Detail enter 'Bank Interest'.
- (c) Under 'Receipt No' column enter 'Bank Statement'.
- (d) Enter amount of interest (£30.00) under 'Deposit Bank A/c column.
- (e) Enter amount of interest under analysis column 'Bank Interest' (£90.00).

11. Out of Date Cheque

If a cheque has not been cashed within six months it may not be accepted by the bank, therefore it has to be written back through the cash book. In November 2013 it is noted that a cheque written in May 2013 had not been cashed (cheque no 00082 for £300.00).

- (a) Go to the income side of the cash book.
- (b) Enter date; under 'Detail' write "Write back of out of date cheque 000082".
- (c) Under; Receipt No' enter original cheque number 000082.
- (d) Under 'Current Bank A/c' enter amount (£300.00).
- (e) Under analysis column 'Other Income' enter amount again.

12. Check Totals

It is possible to check that the 'double entry' system has been followed by calculating 'Check Totals'.

- (a) On income side of cash book add together the cash and bank columns (£).
- (b) Then add together all of the analysis columns (£).
- (c) Do the same on the expenditure side of the cash book (£).

Transaction Reference Column

Note that for reference has a transaction reference number. These correspond to the examples above and will not be featured in your actual accounts when you prepare them.

Preparation of Year End Statement

The above transactions are to be added together on each side of the cash book and the totals transferred, once satisfactorily balanced to the document:

YEAR END STATEMENT – RECEIPTS AND PAYMENTS STATEMENT FOR YEAR TO 31/3/XX.

Note

- b/f - brought forward
- c/f - carried forward
- w/c - week commencing

When transferring the income and expenditure details to the Receipts and Payments Statement ignore the contra column totals. These are simply used to balance the income and expenditure totals.

Community Council Cashbook

Community Council

INCOME

| Trans. Ref | date | received from (details) | Receipt No | current bank a/c | deposit bank a/c | cash | total | bank interest | council grants | other grants | fund-raising activities | donations | other income | Contra |
|------------|----------|-----------------------------------------|----------------|------------------|------------------|--------|---------|---------------|----------------|--------------|-------------------------|-----------|--------------|---------|
| 2 | 1.9.13 | Balance b/f | | 1000.00 | 2000.00 | 0.00 | 3000.00 | | | | | | | 3000.00 |
| 3 | 14.9.13 | Donations w/c 9.9.04 | Donations | | | 200.00 | 200.00 | | | | | 200.00 | | |
| 4 | 18.9.13 | Council Grant | 004 | | | 600.00 | 600.00 | | 600.00 | | | | | |
| 5 | 18.9.13 | Cash to Bank | Contra | | 820.00 | | 820.00 | | | | | | | 820.00 |
| 7 | 6.10.13 | Petty Cash Float | Contra | | | 20.00 | 20.00 | | | | | | | 20.00 |
| 9 | 26.10.13 | Petty Cash Top-up | Contra | | | 5.00 | 5.00 | | | | | | | 5.00 |
| 10 | 2.11.13 | Bank Interest | Bank Statement | | 90.00 | | 90.00 | 90.00 | | | | | | |
| 11 | 5.11.13 | Write back of out of date cheque 000082 | 000082 | 300.00 | | | 300.00 | | | | | | 300.00 | |
| 12 | | | TOTAL | 1300.00 | 2910.00 | 825.00 | 5035.00 | 90.00 | 600.00 | | | 200.00 | 300.00 | 3825.00 |

Enter on to Income and Expenditure Summary at line

Less Expenditure (M)

Net Balance (8-M)

1000.00

4055.00

(NAME) COMMUNITY COUNCIL
RECEIPTS AND PAYMENTS STATEMENT FOR
FINANCIAL YEAR TO 31.3.XX

| | £ | £ | £ | £ |
|---------------------|---------|----------------|--------------------------|----------------|
| Balance b/f: | | | | |
| Cash | 0.00 | | | |
| Current a/c | 1000.00 | | | |
| Deposit a/c | 2000.00 | 3000.00 | | |
| Bank Interest | 90.00 | | Miscellaneous | 5.00 |
| Council Grants | 600.00 | | Equipment | 150.00 |
| Donations | 200.00 | | | |
| Other Income | 300.00 | | | |
| TOTAL INCOME | | 1190.00 | TOTAL EXPENDITURE | 155.00 |
| | | | Balance c/f: | |
| | | | Cash | 20.00 |
| | | | Current a/c | 1125.00 |
| | | | Deposit a/c | 2910.00 |
| | | 4190.00 | | 4055.00 |
| | | | | 4210.00 |

Accounts prepared by(signature)(date)
(designation)

Accounts audited by 1(signature).....(date)
(designation)

2(signature).....(date)
(designation)

Bank Reconciliation as at _____

£

Balance per bank statement dated _____

ADD Lodgements not yet credited:-

Date: £

DEDUCT Cheques not yet presented:-

Cheque No. Date £

Adjusted Bank Balance

Adjusted Cash Book Balance

* These two figures should be the same.

Completed by: _____

Date: _____

Checked by: _____

Date: _____