

Cheshire Federation of Young Farmer's Clubs

Financial Policy

Purpose

The introduction of this Financial Policy and Treasurer's Guidelines should highlight the fact that Cheshire County Federation of Young Farmers' Clubs ("Cheshire YFC") is determined to ensure that both Cheshire YFC and member Clubs finances are maintained and run with the appropriate level of governance.

The Treasurer is responsible for the Club's finances and therefore accountable to the membership and the Treasurer has a duty to be transparent and accountable to all members and donors. The Treasurer should act as if a registered charity (even if not) and follow appropriate guidance and recommendations of the Charities Commission. This summary highlights some of the key areas, but is by no means exhaustive in covering all the recommendations of the Charities Commission.

By following this policy the Treasurer will not only protect the Club and their assets (cash) but also protect their own good name.

The Treasurer has a duty to ensure Clubs funds are used in furthering the objectives of your Club, as stated in the Cheshire YFC constitution:

- To advance the education of young members of the public at large in agriculture, home crafts, country life and related subjects; and
- In the interests of the social welfare of such members, to provide and promote the provision of facilities for recreation and other leisure time occupations being facilities which will improve their conditions of life and will assist in the development of their spiritual and mental capacities, self-reliance and individual responsibility so that they may grow to full maturity as individuals and members of the community.

Cheshire YFC interprets this as the provision of Social, Sporting and Educational activities for its members in the rural community.

The Treasurer is therefore one of the most important roles in the Club, and it is vital that the Treasurer is fully involved in the day to day running of the Club.

Commitment

Reporting requirements

Cheshire YFC and all Clubs affiliated to Cheshire YFC must prepare annual accounts that are presented and agreed at their AGM, and file a copy with the Cheshire YFC Treasurer within 10 months of the end of the financial year end.

At committee meetings members should be provided a summary of the surplus and deficit of events since the last meeting and the cumulative surplus or deficit to date in the Financial Year.

If gross income is £100,000 or less accounts may be prepared on the receipts and payments basis (recording cash transactions) or Accruals basis (show transactions in relation to the period they relate to irrespective of the timing of cash movement)

If gross income is over £100,000 accounts must be prepared on the Accruals basis.

Accounts presented at the AGM must be reviewed in line with the below requirements (please note that these are minimum requirements). A statement should be included in the accounts to the effect that they have been reviewed in line with the below guidance:

- Gross income or gross expenditure is below £25,000. An Independent Examiner must be appointed who is an independent person to review the accounts. This must be someone with the ability and experience to carry out a competent examination of the accounts such as an accountant, bank or building society manager, however must not be an immediate relation of the Treasurer
- Gross income or gross expenditure does not exceed £100,000. An Independent Examiner must be appointed, who is not an immediate relation of the Treasurer, who must have an accounting qualification to enable a competent examination of the accounts.
- Gross income over £100,000 – please obtain guidance from the County Treasurer

If the Club is a registered Charity, the Treasurer will have additional reporting obligations as follows:

- Submit to the Charities Commission the Annual Return within 10 months of the end of your financial year end if total income is over £10,000

- Submit to the Charities Commission Annual Accounts and Trustees Report within 10 months of your financial year end if total income is over £25,000.

Record Keeping

It is the Treasurer's responsibility to keep books and records that fully substantiate all transactions undertaken and keep them for 6 years after the year they relate to.

Keep a record of each transaction separately:

- Record separately each receipt paid into the bank account;
- Record separately each cheque paid out;
- Record separately any cash transactions.

The use of either a spreadsheet or a traditional cash analysis book to record all transactions is recommended (please contact the Cheshire YFC Treasurer for a spreadsheet template if interested).

Bank statements should be reconciled whenever received to the "cash book", however as a minimum quarterly. This ensures your records are accurate.

Remember to:

- Use a receipts book to record all cash received (obtain a signature as evidence of money received);
- Complete the paying in book counterfoil at the time of banking;
- Complete the cheque book counterfoil at the time the cheque is written.

Budgets

An important role is providing financial guidance to other members of the Club. This is done by helping set an Annual budget and by providing a budget for each individual event organised. This will help with the following:

- Setting subscription fees at appropriate levels to ensure the running costs of Club are covered;
- Break even attendance at events is known;
- Events can be organised to make a surplus;
- Awareness of maximum costs that can be risked before organising an event.

Receipts

- Bank all cheques and cash received promptly.

- Use a receipt book to record all receipts and provide a copy of the receipt.
- Never turn a cash receipt into a cash payment. It is the easiest way to a bookkeeping disaster and you will not have a record of what you have paid for future years.

Payments

- All cheques must require two signatures from the Club's current officials, which must be stipulated on the bank mandate.
- Cheque signatories must be kept up-to-date.
- Never sign a blank cheque (either amount or payee) or ask another signatory to sign a blank cheque, otherwise you should tell your members that cheques only require one signatory
- Ensure you have an invoice or receipt to substantiate each payment, best practice is to get the second signatory to initial the invoice, when they are signing the cheque to pay it

Cash transactions

Dealing in cash represents an extra degree of risk, therefore it is sensible to make every effort to reduce cash transactions to a minimum.

It is recognised that the receipt of cash is unavoidable whether at events or through the sale of tickets. Therefore the use of a receipt book as detailed above is vital to keep good records.

Do not retain incoming money to make future cash payments. Best practice is for payments to be made by cheque, unless utilising a cash float that has been created for that specific purpose.

Fund raising

Cheshire YFC or the Club are either a registered Charity or akin to a charity, therefore do not be embarrassed to raise funds for your own club. However remember they have to be spent in line with section 1.

Money can only be raised for other Charities/ Good Causes if:

- Prospective donors are clear which Charity the funds will benefit;
- The funds raised belong in law to the beneficiary charity and the collecting charity (i.e. YFC) can only contribute to the costs of the fundraising if the purpose of the fundraising is within the collecting charity's objects, otherwise the costs of fundraising have to be deducted from the funds raised;
- Separate financial records should be kept; and

- The permission of the beneficiary charity needs to be sought before using their name and it is essential that they approve copies of any fundraising literature;
- It is also recommended that it be verified that the beneficiary Charity is a registered Charity before fundraising starts.

Gift Aid

If your Club is a registered Charity it will be eligible to register for the Gift Aid scheme. This is a useful mechanism to maximise the value of private donations/sponsorship. Please contact Cheshire YFC Treasurer for more information on how to register and run this scheme and the potential benefit by maximising the value of donations.

Each club within the Cheshire County Federation of Young Farmers' Clubs will hold a copy of this policy to which they make aware to their members.