

Accounting and village halls

This information sheet provides information for treasurers and trustees on the financial management of a village hall. It gives guidance on the financial policies and procedures which will safeguard the assets of the charity, manage risk, guide decision making and protect the officers and trustees from risk.



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Introduction

This guidance applies to all village hall management committees whose activities are charitable regardless of whether the charity is registered, excepted or exempt.

Accounting and reporting by charities is regulated by the Charity Commission under the Charities Acts 2011, the Statement of Recommended Practice (SORP 2005) and The Charities (Accounts & Reports) Regulations 2008.

Charity Commission guidance on charity finance is wide ranging and readily accessible on the Charity Commission website www.charity-commission.gov.uk The Charity Commission reporting requirements should be regarded as the minimum standard for village halls: hall committees are recommended to follow 'best practice' in their financial management regardless of the level of reporting demanded by the Charity Commission.

Hall committees should be aware that their governing document (trust deed) may have clauses relating to financial management. If the governing document demands a higher standard than that currently required by the Charity Commission, then the governing document must be observed.



Village hall management committees often entrust the day to day management of their finances to the treasurer or finance officer and may expect more of their officers than is either fair or reasonable. All committee members, not just the treasurer, are jointly responsible, as trustees, for the proper conduct of the charity and its financial management. A well managed hall will have financial policies and procedures which safeguard the assets of the charity, manage risk, guide decision making and protect the officers and trustees from risk.

The Charity Commission publish, on their website, up-to-date information on all registered charities including the names of the trustees and the income and expenditure for each year. This transparency is welcomed by the public and funding agencies and sets the tone for the manner in which village halls should present their annual accounts (and annual report) to their communities. It also raises the game in terms of the detail of reporting demanded by committees at their regular meetings.

Although some may feel that the foregoing paragraphs imply the need for specific accountancy skills on the part of treasurers and trustees, this is not the case: for the majority of village halls, the Charity Commission requirements are for simple accounts which can be achieved by anyone, with or without book-keeping knowledge, especially with the help of user-friendly computer software which has been developed for the purpose.

1. Legal obligations

1.1. Keeping records

All charities must keep proper accounting records and retain them for 6 years. Records include:

- Invoices (receipts for cash purchases) for all payments; each invoice should be endorsed with the date of payment, cheque number, cheque amount and initials of signatories.
- Income voucher – a ‘paying in’ slip showing the date of the event, the source of the income, the amount and the name of the person handing it to the treasurer; copies of hiring agreements showing date, name of hirer and amount due; copies of any invoices issued by the hall endorsed with date of payment and cheque number
- Bank statements for each account, filed in order

All charities must keep proper accounting records and keep them for six years

- Bank paying in books (used and partly used)
- Cheque books (used and partly used)
- Petty cash book and vouchers for each payment made
- Analysis book showing entries for each transaction
- Minute Book (or file with copies of minutes of every meeting where financial reports were tabled or decisions taken with financial implications)
- Minutes of AGM, Annual Statement of Accounts with independent examiner's report, and Charity's Annual Report.

1.2 Preparing accounts

Accounts must be prepared in accordance with current Charity Commission guidance. Charities with an income below £250,000 can choose to prepare 'simple' accounts. Charities with income above £250,000 are required to prepare accrual accounts

Simple accounts

These are a summary of receipts and payments for the year and a list of assets at the year end. Receipts and payments categories should be consistent from year to year and will include, for example:

Receipts (Income)

- Donations, legacies and grants
- Fundraising events e.g. raffles and coffee mornings
- Interest on deposit account
- Dividends on investments
- Members' subscriptions
- Hire of hall and equipment

Payments (Expenditure)

- Cost of fundraising events
- Repairs and maintenance
- Light and heating
- Water and sewerage
- Insurance
- Telephone, internet and postage
- Printing, postage, stationery and computer supplies
- Bank interest and charges
- Wages and national insurance

If the charity has 'restricted funds' or 'endowment funds' these must be accounted for either as individual items in the receipts

and payments summary account or by separate accounts. The purchase or sale of assets should be treated similarly. Restricted funds mean a grant or funds raised for a specific purpose (e.g. new heating installation). Endowment funds usually mean assets donated or bequeathed in trust where the capital is invested and the charity has the benefit of the income only.

The assets essentially are the amounts held in bank and building society accounts and other invested funds. It is not necessary to value other fixed assets such as the building and its equipment although an inventory should be kept listing all these items and this should be checked every year.

There is no statutory format for receipts and payments accounts: full guidance and a proforma account form are to be found in Charity Commission guidance CC16.

Accrual accounts

Charities with income above £250,000 need to prepare accruals accounts which give a true and fair view of the charity's affairs. Charity Commission Guidance CC17 should be consulted and it is recommended that as an audit is also required above this threshold professional advice should be sought. Some village halls with income below the £250,000 threshold may choose to prepare accrual accounts because their governing document requires it, a significant donor requests it or the charity is in the midst of a major investment programme and wishes to give much fuller information to stakeholders.

Accounts for company charities

Company charities must prepare accruals accounts which conform to the Charities SORP, including a statement of financial activities, balance sheet and notes to the accounts; a report by a registered auditor if gross income is over £250,000 or an audit exemption report if gross income is over £90,000 and not over £250,000. Company charities are subject to both Company Law and Charity Law and it is recommended that professional advice is sought.

A village hall trust must have their accounts audited if their income exceeds £250,000 or if their governing document requires it regardless of income.

1.3 Audit or independent examination of accounts

Village halls must have their accounts audited if their income exceeds £250,000 or if their governing document requires it regardless of income. Below this threshold, an independent examination is required if the income is above £25,000. However best practice is that all charities have their accounts independently examined or audited. There are statutory requirements for the format of an independent examiner's report which must be met: the Charity Commission produces a proforma Independent Examiner's Report on the Accounts (CC IER) which meets the legal requirement.

1.4 Trustees' Annual Report

All charities must produce a Trustees' Annual Report about the charity's activities for the public benefit. There is a statutory format for this report (CC TAR) which can be downloaded from the Charity Commission website. ACRE has a template annual report for a typical village hall. This is available from your local ACRE Network member.

1.5 Reserves Policy

Trustees must state in their annual report whether or not they have a reserves policy, and if they have one, what it is. Generally speaking, unrestricted funds held by the charity should be applied for the purposes of the charity and not held indefinitely. So, if there is a large surplus being carried forward, the trustees need to explain:

- what the trustees consider to be an appropriate level of reserves
- how much the charity has in reserves at the end of the year
- why the trustees need to hold reserves (e.g. meeting variations in income and expenditure; meeting known future needs such as replacement and refurbishment; to cover situations that may happen e.g. identified risks or contingencies)
- if some of the reserve has been designated by the trustees for a particular purpose that should be stated with an indication of when designated reserves will be spent. If the object of the designation no longer exists, the designation should be cancelled and the funds returned to the general reserve of

re-designated for another purpose.

NB. Restricted funds are not classed as reserves and should not be included in the Reserves Policy statement.

1.7 Documents available to the public

All charities must make the accounts and the Trustees' Annual Report available to the public on request. This is vital underpinning to the principle of public accountability, and must be complied with in all cases. It is open to trustees to make a reasonable charge to cover the costs of complying with the request (e.g. photocopying and postage).

1.8 Declare charity status

All registered charities must state that they have charity status on documents such as fundraising appeals, advertisements for events, letters, cheques, bills, invoices and receipts. The words: 'Registered Charity No. XXXXXXXX' is sufficient.

1.8 Reporting requirements

The Charity Commission, as the regulatory body for charities, sets 'thresholds' for reporting requirements of charities as defined in the Statement of Recommended Practice Charities SORP 2005 (2nd edition - May 2008). It should be noted that the reporting requirements are less stringent than the legal obligations of charities - you may not need to send in your accounts but you still have to prepare them! For accounting years ending after 1st April 2009, the reporting requirements are:

Income	Charity Commission Reporting requirement
>£25,000	Annual Update
£25,000- £250,000	Annual Return Receipts and Payments or Accrual Accounts Independent Examiner's Report or Auditor's Report Trustees' Annual Report

£250,000-£500,000	Annual Return Accrual Accounts Independent Examiner's Report or Auditor's Report Trustees' Annual Report
£500,000+	Annual Return Accrual Accounts Auditor's Report Trustees' Annual Report

2. Financial policies and procedures

Village hall management committees, as charity trustees, are expected to be prudent in their actions to ensure that the charity is financially sound. In effect they are managing a business where the principal income is from hiring out the hall and the main expenses relate to the cost of maintaining a building as a welcoming venue for community activities. Operating without a business plan and making financial decisions 'on the hoof' is neither prudent nor financially sound. Good practice demands financial planning integrated with wider organisational planning and management, risk assessment and a framework within which decisions are taken – a financial policy.

A financial policy will state how the trustees will:

- observe the terms of the trust deed (governing document)
- protect the trust's assets
- conform with legislation
- protect committee members, officers and the public from risk
- make decisions which are prudent and consistent with the objects of the charity
- control and manage reserves, investments and borrowing, taking professional advice where needed;
- be financially sustainable by managing cash flow and monitoring and reviewing financial performance during the year, taking timely corrective action where needed;
- review the sources of its income and develop a strategy to raise the funds it needs;
- assess the financial risks involved with existing and new ventures and manage the risk of loss,

waste and fraud by having robust financial controls and procedures in place;

- minimise the operational risk to the charity from trading activities;
- prepare its annual report and accounts in accordance with best practice and current legal requirements.

Some elements of a finance policy will be in the governing document (which must be observed) but older documents may be minimal on this issue and there may be some omissions which the committee would like to address.

The main practical issues are:

- what the trustees can lawfully use the trust money for
- whether, and in what circumstances, it is lawful for a trustee to be reimbursed or paid for goods or services
- the arrangements for independent examination or auditing of accounts
- who has authority to sign cheques and other transfer documents
- who should receive the bank statements
- A statement about reserves and to what extent they should be regarded as 'designated' or 'restricted' funds
- reporting requirements for the treasurer to observe (how often to report to committee and what format or detail will be expected)
- arrangements for insuring trust property and frequency of reviews
- arrangements for paying creditors
- arrangements for handling income and payment into the bank
- arrangements for taking bonds or deposits from hirers and for the payment of dues.

Some of these issues can be presented as policies and others are more detailed statements of procedures. It is best to differentiate between the two although they may be presented in the same document. An example of a finance policy is given in Appendix A.

It is good practice to have a financial policy.

3. Reports to regular meetings of trustees

The treasurer's report to the regular meetings of the trustees is a vital component in the management strategy of the organisation. The trustees are collectively accountable for the conduct of the organisation – it is not the treasurer's prerogative to 'control' the finances of the organisation!

The treasurer's report should be in sufficient detail for every trustee to have a clear picture of the current state of the accounts in relation to the previously agreed budget for the year. The report should be written with a copy for every trustee.

At the minimum the report should state:

- list of payments made since last report
- list of receipts since last report
- bank balances – all accounts
- movements between bank accounts
- summary account compared with budget for year with variations indicated
- list of any amounts outstanding to creditors and from debtors
- ideally the format of the monthly report should follow that of the annual report in terms of categories of income and expenditure.

Example: Monthly Report to Committee

Greenacres Village Hall Income and Expenditure Account 1st June 2010 - 30th June 2010				
Category	Records	Expense	Income	Total
Energy	2	197.00		
Insurance	1	96.92		
Maintenance	1	239.00		
Rates & Water Charges	1	16.66		
Wages	4	200.00		
Bank Interest	1		2.47	
Hire of Hall	5		530.00	
Total	15	£749.58	£532.47	-£217.11

It is easy to see that this month expenditure has exceeded income. Whether that is cause for concern depends on other information which is not evident in this simple report on income and expenditure.

However, a budget report for the 'year to date' gives a much more informative account of the state of the hall's finances. This report should also be corroborated by reporting on the balances in cash and in all bank accounts. This is shown below:

Greenacres Village Hall Budget comparison: Income and Expenditure Account 1st Jan 2010 - 30th June 2010				
Category	Records	Actual	Budgeted	Difference
Hire of Hall	33	3,400.00	2,727.40	672.60
Grants & Donations	2	510.00	877.73	-367.73
Events	1	219.40	1,487.67	-1,268.27
Bank Interest	6	13.59	12.40	1.19
Cost of Fundraising	1	-10.63	-183.48	172.85
Administration	1	-32.00	-84.30	52.30
Rates & Water Charges	5	-140.94	-189.43	48.49
Maintenance	1	-239.00	-396.71	157.71
Insurance	6	-581.52	-580.19	-1.33
Energy	12	-1,182.00	-1,173.28	-8.72
Wages	26	-1,300.00	-1,295.76	-4.24
Total	94	£656.90	£1,202.04	£-545.14

Balances	As at 1st January	As at 30th June
Current Account	£301.10	£944.41
Reserve Account	£10,000.00	£10,013.59
Cash in hand	£0.00	£0.00
Total	£10,301.10	
Surplus/Deficit for year to date	£656.90	
Total funds at 30th June 2010	£10,958.00	£10,958.00

These balances include £0.00 Restricted Funds

Comparison with the budget is a good way to keep a handle on what is actually happening during the year. The

report shows a surplus for the period of £656.90 and some variations in forecast (budget) which should provoke discussion! Overall the hall has a budget shortfall of £545.14 half way through the year. The most significant shortfall is in Events income which suggests that some planned events have just not happened!

Time for action!

The monthly report should be formally received by the trustees and minuted with a copy signed and dated by the chair and filed in the minute book. Any decisions taken as a consequence of the report should also be minuted.

Preparation of monthly reports is a simple task using appropriate computer software. Tees Valley Rural Community Council has developed an easy to use finance management programme, 'Easy Accounts', for village hall management trustees. See page 24 for further information.

4. Preparing a budget

The process of setting a budget is not difficult – the starting point is the outcome figures from the preceding year. These may need adjusting upwards or downwards to reflect anticipated changes. The biggest sums in the annual statement of income and expenditure are the ones to concentrate on when trying to assess the budget: these will be payments like energy, insurance, routine maintenance and planned maintenance and income from hiring and fundraising events.

It will rarely be the case that the preceding year outcome figures can be adopted as a budget without adjustment. The skill is in anticipating change and planning for maintenance rather than 'fire-fighting'. The budget will never be a perfect forecast but it will act as a guide and a

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check on income and expenditure through the year.

A well managed village hall will plan a budget with clear financial objectives. The objectives will be influenced by the Finance Policy and targets may need to be set such as:

- To ensure that income exceeds expenditure by a margin of x%
- To increase the income from hiring the hall by y%
- To reduce the cost of energy used in the hall by z%

To give effect to such objectives will require an effort by trustees to increase the number of groups using the hall and maybe also increasing the hire charges. Reducing the cost of energy may require a change of supplier as well as energy efficiency measures. However, from a financial standpoint, some calculations will be required to arrive at attainable targets and these will be incorporated in the budget for the forthcoming year.

Setting hiring charges

Hiring charges are the principal source of income for halls and therefore a critical factor in the budget. Calculating hiring rates is not an exact science – there are many variables in the equation. The simplest formula, aimed at recovering running costs from hiring income, is:

Costs: Add up the revenue budget costs - Administration (include Licence Fees), Rates & Water Charges, Maintenance, Insurance, Energy, Wages. Divide the total by the total number of hours let to regular hirers the previous year (or average of 3 years). This gives the basic hourly rate which will balance the books.

However, this is a crude formula and can be enhanced in one or more of the following ways:

- Add a contingency (10-15%) to cover the risk that a regular hirer may drop out during the year
- Add a sum to reflect a contribution towards the long term capital plan for the hall – renewals and refurbishments for which you have established a
- Increase the hourly rate for hiring to public bodies, businesses and private party bookings
- Lower the hourly rate for some categories of hirers – may be for start-up groups to encourage

them, for young people's groups or other reasons agreed as policy by the trustees

- Lower the hourly rate for everyone to reflect a subsidy generated by other fund-raising activities.

Village halls have some of the lowest rates for hiring an activity space yet there is often resistance to raising rates for fear that it may reduce usage. Whatever the agreed calculation, hiring rates cannot stay low for ever if costs continue to rise. Best practice is to review the rates every year and to raise them a little and often rather than leave them for several years and then try to make up for lost revenue with one huge increase. For example with an hourly rate of £5, an affordable annual increase of 50p per hour aggregates to a 50% increase over 5 years (£2.50) which might be unacceptable in a single leap.

The computer software referred to in Section 3 is designed to make budget management a simple process which will allow treasurers to prepare a budget report for trustees quickly and easily.

5. Avoiding problems

Accounting for the village hall does not require formal training in book-keeping but it does require a formal framework (the finance policy), discipline and dedication. The temptation to take short cuts should be resisted – it will have unintended consequences which will lead to problems for treasurer, trustees and the independent examiner. Some of the common pitfalls are listed below – all best avoided!

Cash handling

- Fundraising events and payments by hirers often generate cash which has to be counted and banked. It is a chore and it has elements of risk so where possible ask for payment by bank transfer or cheque.
- Treasurers receiving cash should ask the payer to complete a 'pay-in' slip showing the source of the money, the date, the payer's name and an amount. If practical, the cash should be checked by two people in the presence of the payer.
- Cash received should be paid into the bank as soon as possible and without any deduction. Do not use the cash to fund petty cash purchases or to pay for sup

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plies and services in cash. (This may seem a good idea but it corrupts the audit trail which should be able to trace income records in the accounts through to the bank statement.)

- Keep a petty cash book on the 'imprest account' principle: the treasurer draws a cheque for (say) £50 and cashes it at the bank. All petty cash payments are made from this amount and recorded in the petty cash book and matched with a receipt or (where a receipt is not available) a petty cash voucher. When the £50 is almost exhausted, the treasurer adds cheque to match the total, which with cash in hand will then equal £50.
- Do not pay for goods and services or wages in cash. You may inadvertently be contributing to the black economy (which is fraud). Always use either cheque or bank transfer and insist on a genuine invoice for the goods.

Payments to trustees

You must not make payments to trustees for services they provide unless the charity trust deed allows it and the trustees have approved it at a meeting where the beneficiary trustee was not present (having declared an interest and left the meeting). If the services have been sought (by tender or quotation) from others, then the interested trustee should not have been present at any stage of the process (having declared an interest and left the meeting). All such proceedings must be recorded in the minutes in sufficient detail for there to be no doubt that the trustees have acted entirely properly.

If the trust deed (governing document) does not specifically allow payments to trustees and circumstances arise where such a payment is in the best interests of the charity, then written application must be made to the Charity Commission explaining the circumstances. No payment should be made until the Charity Commission have approved it.

Cheque signing

Cheques normally require two signatures which is fine when they are signed at a meeting but less convenient at other times. A common bad practice is for one of the signatories to sign a few cheques 'in advance' for the convenience of the treasurer between meetings. It is obviously unwise to sign a blank cheque, but worse than that, it breaches the trust by which the trustees are bound and immediately places the treasurer at risk by putting all the responsibility on him/her to complete the transaction and it defeats the object of joint signatories to cheques. Beware: many instances of fraud have their origin in such bad practice. Cheques should be fully made out before any signature is appended and the cheque should be checked by both signatories against the actual invoice which is being paid - the invoice should be endorsed with the cheque number, marked PAID, dated and initialled by both signatories.

Trustees authorised to sign cheques and other financial instruments must not be closely related to each other.

Related persons

Trustees authorised to sign cheques and other financial instruments must not be closely related to each other. (Co-habitees should be considered as 'related' in this instance).

The independent examiner of accounts should be known to more than one trustee but should not be involved in the day to day management of the village hall or be a close relative of a trustee.

Contracts for goods and services

Trustees must never agree to the purchase of goods or services unless they have evidence that there are sufficient funds already available to settle the account. If trustees ignore this principle, they will be personally liable for the debt.

Keeping good records

While accepting that treasurers are unpaid volunteers, the job does demand a certain discipline and a commitment of time to do it well. The discipline is most necessary in the

proper recording of every transaction with sufficient detail for the examiner of accounts to be able to follow the trail of income and expenditure from source to final account. The transaction date is when it actually happened – the day of the jumble sale, the date of the hiring, the date on an invoice to be paid: Not the wet Sunday afternoon when the treasurer recorded it! Other details are equally important – the source of income, the category in the accounts and sufficient footnote to explain how the amount was arrived at. Similarly, cheque book stubs and paying-in book counterfoils should be completed in every detail. This, with orderly filing of invoices and bank statements, is really all that the job requires whether using hand written or computer records.

The computer software (referred to in Section 3) presents a common transaction form to be completed for income and expenditure – when every box is filled the job is done. And once entered, that is the only input required for the software to deliver reports and analysis to suit any likely need of a village hall account.

Hiring agreements

Hiring agreements setting out the full conditions of hire should be signed by hirers on booking. The agreement should state the rate to be charged, the deposit paid and the balance to be paid (and date due). This is a formal contract. The hirer should issued with an invoice on properly headed stationary – invoices to be dated on issue and serially numbered. A copy of the invoice should be given to the treasurer to whom payment will be made. Caution: Never let the hall without a signed hiring agreement and payment of deposit – you will have trouble getting the money after the event!

Bank statements

Ideally bank statements should be sent to the chairman rather than the treasurer so that a trustee other than the one managing the transactions has sight of these important documents. Obviously the treasurer needs the statement to reconcile the accounts so a copy can be made and sent to him unless he has access through on-line banking.

Caution: Auditors have reported bad practice where the accounts are ‘made up’ from the bank statement rather

than from original vouchers – a pointless exercise as there is no check on the bank statement's accuracy.

Payments to employees

Payments to employees should always be by cheque or bank transfer and accompanied by a wages slip showing gross wage and any deductions. The start date and end date for each employment must be recorded and minuted and a contract of employment issued which includes the job description, rate of pay, holidays and a grievance procedure. New employees need a P45 from a previous employer and the employment should be reported to HMRC. The payment of tax and National Insurance is the employer's responsibility – HMRC provide full guidance and forms for on-line processing on an 'Employer CD-ROM'. Always refuse to pay an employee in cash.

The hiring agreement should state the rate to be charged, the deposit paid and the balance to be paid (and date due). This is a formal contract.

APPENDIX A - Sample Finance Policy

1. The trustees will manage the assets of the charity in accordance with the Greenacres Village Hall Trust Deed dated 1st March 2001.
2. The trustees will insure the Trust Property with a reputable Insurance Company on an 'All Risks' basis for its full rebuild value; the sums insured shall be reviewed at each policy renewal.
3. Financial records will be kept to ensure that Greenacres Village Hall meets its legal and other obligations under Charity Law, Revenue and Customs and common law.
4. The financial year will end on 31st December and accounts for each financial year will be drawn up and approved by the trustees prior to being presented to the Annual General Meeting held in March.
5. The accounts will be independently examined by an auditor or examiner of accounts appointed by the AGM.
6. The trustees will approve an income and expenditure budget prior to the start of each financial year and monitor financial performance at every meeting.
7. The trustees shall approve a Reserves Policy and determine the extent and nature of reserves designated as Restricted Funds.
8. All funds will be held in accounts in the name of Greenacres Village Hall at such banks and on such terms as the trustees shall decide. All cheques and transfer documents shall require the signatures of two of three trustees authorised by minute of a Committee Meeting.
9. The treasurer shall present a financial report to every meeting of the trustees: the format and content of the report to be decided by the trustees.
10. All expenditure shall be properly authorised and documented; all income shall be paid into the bank without delay.
11. The trustees will undertake a financial risk assessment of all trust activities and review it annually.

Sample Financial Procedures

1) Financial Records

The following records shall be kept up to date by the treasurer:

- a) A cashbook analysing all the transactions in the Greenacres Village Hall bank account(s).
- b) A petty cash book if cash payments are being made.
- c) Inland Revenue deduction cards P11 and Schedule D numbers for freelance workers.

2) Payment Procedure

- a) The treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.
- b) Blank cheques will NEVER be signed.
- c) The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- d) No cheques should be signed without original documentation

3) Income Procedure

- a) All income will be paid into the bank without deduction
- b) Cash is to be counted by the person collecting it and placed in a bag with a pay-in slip showing source, date, amount and signature of collector; the cash to be handed to the treasurer who should count the cash in the presence of the collector (or other person if collector not present) and confirm the amount.
- c) Hiring agreement forms showing conditions of hire, date, purpose of hire, the rate per hour and total due must be signed by the hirer on booking. An invoice will be given to the hirer with copy to treasurer who will collect the outstanding balance and account for the income.

4) Payment Documentation

- a) Every payment out of the bank accounts will be evidenced by an original invoice. The cheque signatory should ensure that it is referenced with the Cheque number; Date cheque drawn; Amount of cheque and who signed the cheque.
- b) The only exceptions to cheques not being supported by an original invoice would be for such items as advanced booking

- fees for a future course, deposit for a venue, VAT, etc.
Here a cheque requisition form will be used and a photocopy of the cheque kept.
- c) Wages. There will be a clear trail to show the authority and reason for EVERY such payment; e.g. a cheque requisition, asking for payment to an employee, the Inland Revenue, etc. All employees will be paid within the PAYE, National Insurance regulations.
 - d) All staff appointments/departures will be authorised by the trustees, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be authorised by the trustees.
 - e) Petty cash will always be maintained on the imprest system where by an Officer is entrusted with a float as agreed by the trustees. When that is more or less expended, a cheque will be drawn for sufficient funds to bring up the float to the agreed sum, the cheque being supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required.
 - f) Expenses/allowances. Greenacres Village Hall will, if asked, reimburse expenditure paid for personally by staff or trustees on behalf of the charity, providing: Fares are evidenced by tickets; Other expenditure is evidenced by original receipts; Car mileage is based on local authority scales; No cheque signatory signs for the payment of expenses to themselves.

APPENDIX B

Suggested model for a reserves policy (see Section 1.5 for further information)

..... Village Hall Reserves Policy

A formal policy on reserves was agreed at the _____ meeting of the executive committee.

It states:

The trustees have set a reserves policy which requires reserves be maintained at a level which ensures that _____ organisation's core activity could continue during a period of unforeseen difficulty.

A proportion of reserves be maintained in a readily realisable form.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle.

It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted
- Planned activity level
- Organisation's commitments

Insert information relevant to your village hall under the following 6 headings:

1. Introduction
2. Current policy: as outlined above
3. Risk assessment: against each category of income and expenditure
4. Future activity level: likely requirements on reserves
5. Organisational commitments
6. Current reserves level

Sources of further information and advice

ACRE and its Network provides an information and advice service for village hall management committees through its network of village hall advisers. A link to the village hall advisers is available on the ACRE website www.acre.org.uk

ACRE produces a range of village hall publications and information sheets to support this service which are available from your local ACRE member.

ACRE publications that may be of interest to readers of this information sheet are listed below:

- **Information Sheet 17:**
Trustees – roles and responsibilities considers the responsibilities of managing charity trustees and gives advice on good practice
- **Information Sheet 11:**
The Charities Act 2011
- **Information Sheet 22:**
Managing employees and volunteers
- **Model hiring agreement**
- **Model annual report**

Useful contacts

Tees Valley Rural Community Council works to support and develop the social, economic and environmental well-being of rural communities in the Tees Valley and is a member organisation of the ACRE Network

Tees Valley Rural Community Council have developed the '[Easy Accounts](#)' Computer Software for village halls.

Tees Valley Rural Community Council
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Cadcam Centre
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TS2 1RH Tel: 01642 213852

Charity Commission Offices

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South West Regional Office
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Charity Commission Leaflets

Available from Charity Commission or online:

- CC3 The Essential Trustee: What you need to know
- CC15b Charity Reporting and Accounting: the essentials