



Financial policy

Introduction

Towcester Choral Society (TCS) is committed to ensuring that robust financial policies and procedures are in place to safeguard its assets. The aim of the policy is to:

- ensure the Committee has proper financial controls of TCS.
- provide a clear framework for the Committee and volunteers to work with when dealing with money.
- ensure TCS meets its legal obligations in relation to accounting and financial reporting to the Charity Commission and HMRC.

Accounting basis and record keeping

- The accounts will be kept on a receipts and payments basis.
- TCS operates with unrestricted funds apart from monies that are given for the Support Fund (see separate policy) and occasional special appeals e.g. The Heating Appeal winter 2022.
- Accounting records are kept as follows:
 - A cash accounting spreadsheet analysing all the transactions appearing on the bank accounts.
 - Bank statements.
 - A record of invoices received and issued.
 - Receipts for payments made.
 - Expense claims.
 - Cheque book stub receipts.

The financial year end date is: 31st July

All financial records will be kept for 6 years from the financial year end date to which they relate. This can include digital storage.

Annual accounts

- Accounts must be drawn up at the end of each financial year within 3 months of the financial year end. These will include:
 - Final reconciliation of income and expenditure with bank statements.

- A summary of the financial position at year end.
- An income and expenditure statement.
- Scrutiny of accounts
 - Accounts will be examined by an independent external person with financial knowledge.
 - They will be presented for approval to members at the AGM.
 - They will be sent to the Charity Commission within 10 months of the financial year end.

Budget

- At its first meeting of the financial year, the Committee will approve a budgeted income and expenditure account for the following year.
- The Committee will review actual income and expenditure compared with the budget at least quarterly and reforecast the budget as necessary.
- TCS also has a Reserves Policy (see separate policy) to facilitate retaining an appropriate reserve fund to deal with predictable and unexpected expenditure.

Bank account.

Towcester Choral Society has a bank account with NatWest Bank.

All payments require two signatories.

There will always be a minimum of three signatories. The current signatories are:

- The Chair
- The Treasurer
- The Secretary

Income / receiving payments

The following procedures apply to all Towcester Choral Society Committee members, volunteers and freelancers taking and making any payments on behalf of TCS.

Ideally all payments due to TCS should have an accompanying invoice issued to the payee. Where this is not possible the payee should be issued with a receipt confirming payment has been made and what it was for (this could be via email or a digital scan of the receipt)

For any cheque or cash payment received:

- Report receipt of the payment to the Treasurer in writing (email) as soon as practically possible. The amount and reason for payment should be recorded.
- Pay any cash or cheques into the bank account within a reasonable period of time e.g. once the term's subs have been collected or concert tickets have been sold.
- Notify the Treasurer that the payment has been made to the bank in writing (email).
- An account signatory must check and confirm the amount paid into the bank has been received within 7 days.

All payments received into the bank account will be recorded and accounted for in the accounts within 1 month of receipt of the payment.

Expenditure – payments made by Towcester Choral Society

The Committee approves spending at its meetings, via the WhatsApp Committee chat or by group email.

All payments made from Towcester Choral Society bank account will have a matching corresponding invoice, order form or expense claim form.

Payments are mainly made by BACS/Bank Transfer as the account has no debit card and cash payments are preferably avoided.

Dual authorisation

All payments made from the bank account must be authorised by 2 signatories.

- Online BACS payments must be authorised by two signatories before payment is made:
 - The Treasurer presents or emails another signatory with an approval form and details of the payment to be made (amount and reason).
 - The second signatory emails back to approve or signs the approval form.
 - The first signatory makes the payment from the bank account.
 - The second signatory checks the bank account to ensure the correct payment has been made.
 - All email correspondence saved.
- All cheques must be signed by two signatories.
- Blank cheques must never be signed.
- Where the payment is for a signatory's expense, the signatory claiming the expense cannot be one of the approving signatories.

Direct Debits and standing orders.

All Direct Debit and standing order payments must be approved by two signatories.

- Payments must be reviewed annually.
- Any change to the amounts must be approved by two signatories.

Claiming expenses back from Towcester Choral Society

Committee Members

Committee members are approved to make payments from their own personal accounts on behalf of TCS as agreed at either a meeting, a Committee WhatsApp chat or group email.

They must submit a written request for a reimbursement of payment within 10 days of making the payment. This must include:

- Reason for making the payment on behalf of TCS.
- Evidence of the item or service received.
- Evidence of a receipt for the payment.

Payments must then be approved online (see the expenditure section above).

Staff, freelancers and other volunteers

- They must seek approval from the Committee before making payments from their personal account on behalf of TCS.
- They must submit a written request for a reimbursement of payment within 10 days of making the payment. This must include:
 - Reason for making the payment on behalf TCS.
 - Evidence of the item or service received.
 - Evidence of the payment.
- Payments must then be approved online (see the expenditure section above).

Fixed assets

The Committee has agreed that assets costing more than £50 are treated as capital expenditure, recorded as fixed assets on the balance sheet and depreciated (the cost spread) over the estimated useful life of the asset class i.e 10 years.

HMRC and tax

Towcester Choral Society is a charity and can claim the charity tax exemption on activities related to its primary activity. Any trading that is secondary to its primary activity is expected to be below the exempt trading limit and registration limit for VAT and so will also be exempt from tax. As such Towcester Choral Society does **not** have to submit an annual tax return to HMRC or register for VAT.

However, if:

- HMRC request we file a corporation tax return we must comply and can apply a charity tax exemption.
- Non-primary trading activity exceeded taxation limits then a tax return would need to be filled and tax may be due.
- Business income exceeded VAT registration thresholds, the charity must register for VAT.

Gift Aid

Towcester Choral Society claims Gift Aid on donations received from the public and on membership subscriptions paid by members. It can also claim Gift Aid on cash received under the Gift Aid Small Donations scheme (GASDS).

All Gift Aid claims related to donation and membership subscriptions must be supported by an appropriate Gift Aid declaration.

Gift Aid is claimed once a year at the end of the financial year.

An annual assessment on the eligibility of membership subscriptions for Gift Aid is carried out when members pay their subscriptions (they are asked if their circumstances have changed in any way which will affect their tax implications). Members are asked to complete new gift aid forms every 3 years. All declarations are kept for 7 years after the last claim.

Review

This policy will be reviewed on an annual basis unless the Committee deem it necessary to review the policy sooner.