



FINANCE INSTRUCTIONS

**1st Edition
AMENDMENT RECORD**

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INTRODUCTION

1. General. The following Instructions concern all Funds and accounts maintained within (or administered by) the SFCA and are to be supplemented by other instructions as may be necessary.
2. Definitions. A Fund is any money, investments, goods or property set aside for a common purpose. The fund is set up for the benefit of a group of people and may be maintained on income derived from that group. Subscribers do not have any claim on the Fund.
3. Charitable Status. The SFCA is **not** currently registered as a Charitable Trust although the appointment structure is set up to smooth the transition should it become registered in the future.

MANAGEMENT

4. The management of the Federation's Funds rests with those officers who are nominated as Fund Managers (FM). FMs are responsible for the complete control of their Fund to the Chairman who is the Managing Trustee (MT) through the vice Chairman who is the Senior Fund Manager (SFM).
5. Appointments. The following personnel will normally be appointed to undertake the duties of:
 - a. Managing Trustee - Chairman
 - b. Senior Fund Manager - vice Chairman
 - c. Investment Manager - vice Chairman
 - d. Auditor - Appointed Annually by the Executive Committee
 - e. Accountant - Treasurer
6. Managing Trustee. The law requires a person to be appointed as the MT. The Chairman by appointment is responsible for the proper application of all funds of the Federation, and for the supervision of the committees formed for their management. This position continues until such time as the SFCA is disbanded when it can be said that the object for which the Fund was formed no longer exists, and the trust is said to have "Failed". Instructions for the disposal of Funds in this event are found in the Constitution.
10. Senior Fund Manager (SFM). The SFM is responsible to the MT for the management, accounting and audit of all funds. The duties of the SFM are at Annex A to this Instruction.
11. Fund Manager (FM). Each Fund will have a FM appointed by the MT. The FM will be responsible to the SFM for the proper management of the fund in accordance with the MT's policy and any written rules or instructions. He/she is to retain overall control of the fund, although he/she may delegate various responsibilities to other officials. The duties of FMs are at Annex B to this Instruction.
12. Investment Manager (IM). The IM is responsible to the MT for the control and management of any Federation investments. The IM is to keep a register of all unit investments

and is to hold passbooks and certificates for safe keeping. The duties of IM are at Annex C to this Order.

13. Accountant (Acct). The Acct is responsible to the SFM for the maintenance of the Federation's Accounts in accordance with SFCA Accounting Instructions which are at Annex D. In addition to SFCA Accounting Instructions he/she will carry out duties as defined at Annex E to this Instruction.

14. Auditor. The executive Committee will appoint an external Auditor to audit all SFCA Funds and Accounts on a bi-annual basis and produce a set of audited accounts for review at the AGM. He/she is to consult the SFM on all matters relating to audits before submission to the MT.

SPECIAL PROVISIONS AUTHORITIES AND LIMITATIONS

15. This section deals with the day to day operation of SFCA Funds.

APPOINTMENTS

16. Appointment of personnel to positions of responsibility for SFCA Funds management is to be recorded in Quarterly Executive Committee minutes and in those of the AGM on the following occasions:

- a. Change of officials.
- b. Annually.

17. On changing of appointment holders, FM are to submit completed handover/takeover certificates, Annex F.

ENCASHMENT OF PERSONAL CHEQUES

18. Under no circumstances is the Accountant permitted to cash personal cheques.

PERSONAL LOANS

20. Under no circumstances are Personal Loans to be authorised from SFCA Funds.

SECURITY OF CASH

22. Security of Cash. Detailed instructions covering the security of cash both within the unit and during transit are at Annex G. General principles are:

- a. Responsibility. The security of cash is the responsibility of the FM or Accountant. Cash is to be kept under lock and key at all times. The keys or combination of the cash box or safe are to be kept as follows:
 - (1) First Key. By the account holder.
 - (2) Second Key. In an envelope sealed and signed by the account holder and held by the MT.

- b. Cash Holdings. Cash holdings by the Acct and FMs are to be kept to a minimum with all cash being passed to the Acct for banking at the earliest opportunity. Under no circumstances are FMs to hold more than £500 in cash without authority from either the SFM or MT. In such circumstances additional arrangements will be made for its safeguard including insurance..
- c. Surprise Cash and Bank Checks. The MT is to arrange for cash and bank balances to be checked at frequent and irregular intervals without warning as laid down in the Internal Audit programme at Annex J to this order.
- d. Security of Cash in Transit. Rules for security of cash in transit are at Annex G.

MONTHLY RECONCILIATIONS

31. At the end of each calendar month the Acct will issue each FM, the SFM and the MT with a 'Statement of Account and FM Check Sheet' (Appx 1 and 2 to Annex E to this Instruction). This statement, amongst other matters, informs the FM of his fund's bank balance to the Central Bank account. The FM is required to complete and sign the Appx 2 and this must be returned to the SFM within 10 days of receipt.

AUTHORISED CONTROLS

32. The guidelines given in the following paragraphs are to be complied with so that an adequate audit trail can be established within the SFCA's accounts.

33. Income. So that income may be traced back to source and verified, all amounts are to be recorded on a source document. Individuals paying money into the funds are to be issued a receipt, the counterfoil of which will be the receipt voucher.

34. Expenditure. It is the responsibility of the authorised committee member to ensure that each bill is accurate and a fair charge to the Fund. Expenditure of a large nature is not to be undertaken without approval of the SFM or MT. Itemised receipts are to be retained for all expenditure and these will be retained in the accounts as Payment Vouchers.

35. Authorised Signatories. Expenditure from funds must be authorised by the relevant FM or in his absence the SFM or MT. An example of the signature of all authorised signatories is to be held by the Acct and to be provided to the Auditor on request.

PROPERTY

39. Detailed Instructions for the control of Regimental Property are at Annex H.

INSURANCE

40. The SFCA's Fund insurances are to be effected through centralised policies controlled by the Accountant. FMs are to make themselves aware of the mandatory safeguards and internal checks required in order to satisfy fully, the condition of the insurance cover. A six monthly review of their funds insurance cover is to be carried out by FMs in consultation with the Accountant.

41. The review is to cover the following:

- a. Fidelity Guarantees.

- b. Cash Limits (in and out of safe).
- c. Public and Employer's Liability.
- d. Property/Stock Cover.
- f. Insurance for special occasions (Federation competitions and events etc).

HANDOVER/TAKEOVER OF ACCOUNTS

42. Prevention of Fraud. The MT is to ensure that all FMs formally handover the account during periods of absence and at intervals of not more than 12 months. This is to be for a minimum period of two weeks.

43. Procedure

- a. Obtain an up-to-date bank balance from the Accountant.
- b. The bank column is to be checked and the balance reconciled with the bank statement.
- c. The Debtors and Creditors are to be printed off and the outstanding debtors and creditors identified.

44. Hand Over Certificate. The Certificate at Annex F to this order is to be completed and distributed as indicated on the Annex.

WRITES OFF

45. If after investigation, it is not possible to make good any losses due to fraud, theft, negligence, accident etc from a guilty or negligent person or by claiming on insurance held it will be necessary to write off the loss against funds as the loss occurs. All writes-off are to be approved by the Executive Committee, recorded in the minutes of the relevant meeting, and passed to the Acct for action. The form at Annex I is to be signed by the MT or SFM to support the Accounts.

Gus Brindle

Chairman, SFCA

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DUTIES AND RESPONSIBILITIES OF THE SENIOR FUND MANAGER

GENERAL

1. The SFM is responsible to the Chairman for the control, management and audit of all Federation funds.

DUTIES

2. He is responsible for:
- a. The supervision of FMs and Acct and for ensuring that the former receive adequate instruction in their duties.
 - c. Ensuring that the policy for Federation insurance cover is followed by FMs.
 - d. Ensuring that the Chairman's policy for the supervision and control of SFCA property is followed by FMs.
 - e. Examining audited accounts at the end of each period and, in conjunction with the Accountant, for briefing the Chairman on the financial state of the Federation.
 - f. Stipulating the financial limits up to which the Accountant is permitted to sign cheques and for issuing instructions for counter signature beyond this amount.
 - g. Investigating and drawing the attention of the Chairman to any irregularity discovered in the maintenance of the funds.
 - h. Ensuring that the duties of the Accountant and all FMs are included in their Job descriptions, that they are reviewed frequently to ensure that they are up to date and individuals correctly hand over their responsibilities on end of tenure of appointment.

DUTIES AND RESPONSIBILITIES OF THE FUND MANAGER (FM)

GENERAL

1. The FM is responsible to the SFM for proper management of the fund in accordance with the CO's policy and SFRs.

DUTIES

2. The FM is to:

- a. Keep under review the continuing need for the fund, according to the purpose for which it was established.
- b. Retain overall control of the fund even though he/she may delegate various responsibilities to other officials.
- c. Ensure that the duties, responsibilities and limited powers of delegated officials are clearly defined in writing and included in Mess/Club rules.
- d. Provide the Regimental Accountant with the names of delegated officials, who are permitted to authorise expenditure from the fund and of any limits placed on their authority.
- e. Ensure that all invoices and bills for payment are duly authorised and passed to the Regimental Accountant for payment without undue delay.
- f. Keep under regular review the lists of creditors and debtors and ensure that the money owed to, and by the fund respectively, are kept to a minimum.
- g. Ensure that all subsidiary books and accounts which are not the responsibility of the Regimental Accountant are properly maintained and are presented to the Regimental Accountant for entry on PAXTON (where necessary) at regular intervals.
- h. Ensure that all cash, other than that required for immediate needs, is handed to the Regimental Accountant for credit to the fund at the earliest opportunity.
- i. Ensure that minutes of all meetings and any other authorities which may affect unusual or special expenditure from the fund, are seen by the Regtl Acct and IA.
- j. Ensure that adequate safeguards exist and that spot checks of stock and cash are made at frequent irregular intervals and that a record is maintained of such checks.
- k. Obtain from the Regimental Accountant regular financial statements to assist him/her properly to manage and control the fund.
- l. Take note of and ensure that appropriate action is taken on observations raised by the Auditor.

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- m. Personally sign the AF N1514A before submitting it to the IA for his comments and signature.

- n. Ensure that the Petty Cash Book (where applicable) is presented to the Regimental Accountant monthly for entry into AF 397.

DUTIES AND RESPONSIBILITIES OF THE INVESTMENTS MANAGER (IM)

GENERAL

1. The IM is responsible to the CO for the control and management of the unit's investments.

DUTIES

2. The IM is to:
 - a. Authorise the investment of surplus funds notified to him by the Regimental Accountant. Trustees or Managing Trustees are permitted to invest 100% of investment to maximise returns but are to be aware of the dangers of trying to achieve too high a return.. SFRs Chapter 8, Annex A gives further information.
 - b. Authorise the realisation of investments for reinvestment or liquidity purposes.
 - c. Maintain a unit investments register.
 - d. Hold all pass books and certificates of investment.
3. The IM is to seek advice in accordance with Chapter 8 of SFRs before taking any action to realise investments or invest unit funds.

DUTIES OF THE ACCOUNTANT (ACCT)

1. The Acct is responsible to the SFM for all functional matters and all matters of a technical nature in the proper maintenance of SFCA Funds. He has the authority to operate the Federation's bank accounts up to the following limitations:
 - a. Current Account. He is not permitted to draw a cheque (or series of cheques) for cash or to a third party which exceeds £1000. Should a sum in excess of £1000 be required, a second signature is to be obtained from PSAO 153 Sqn or the MT.
 - b. Withdrawals. Vouchers supporting a withdrawal of cash from the bank are to be signed by the SFM.
2. He/she is to account promptly for all cash and cheques received and ensure that cash is kept secure. Cash, surplus to requirements, is to be banked promptly. Under no circumstances must the cash holding exceed £2,000. (Special insurance cover will be required should this sum be exceeded).
3. He/she is to ensure the safe custody of the cheque book, and paying in book, account books and their supporting vouchers when they are not in use.
4. He/she is to acknowledge all receipts of cash by signing the lower portion of the paying in proforma, bring it to account in the Account and credit the appropriate Fund.
5. He/she is not authorised to make payments on behalf of any FM without the correct authorisation.
6. Checks. In addition to the reconciliation required at paragraph 9a the Acct is to:
 - a. Agree the cash balance on the Accounts weekly.
 - b. *Reconcile the commercial bank account at least once per month and retain the reconciliation records for two years.*
 - c. Agree all balances on handover.
7. At the end of each calendar month he is to:
 - a. Reconcile the Bank Account with Bank Statements.
 - b. Balance the Accounts and prove each of the Funds against this balance.
 - c. Issue a Statement of Account (Appx 1), a Fund Managers Check Sheet (Appx 2) and an up to date I&E report and a copy of the Bank Statement to each Fund Manager. Once completed these are to be passed to the Chairman for comment. A copy of the Chairman's comments are to be returned to each FM and SFM for action/information.
 - d. Notify the IM of funds held in excess of known requirements and available for investment.

8. At the end of each audit period, he is to prepare and produce the full accounts and a copy of the property book to the External Auditor audit.
9. He/she is to maintain a file for each Fund comprising of the following:
 - a. A Charter for the fund.
 - b. A copy of specimen signatures of officials and their financial limitations, empowered to authorise payment of bills by the SFM.
10. He/she is to arrange for the secure retention of the SFCA's books of accounts for a period of 3 years (6 years for VAT and HMIT records).
12. He/she is to maintain the Master Property Register and issue the relevant extract to FMs two weeks prior to each quarterly property check.
14. The Acct will not hold the Certificates of Investment. These will be held by the Investment Manager to ensure proper segregation of duties.
15. Handover of Acct. During the absence of the Acct for periods of more than 1 calendar month, the Acct is to hand over to the Secretary. The following action is to be taken at each handover:
 - a. The Bank cash balance is to be agreed.
 - b. The bank balance is to be reconciled in writing and agreed.
 - c. A letter of notification to each bank concerning handover is to be prepared for the SFMs signature.
 - d. The Account Book is to be balanced with all fund balances.
 - e. Both outgoing and incoming Accts are to sign and date the Account Reconciliation as having handed/taken over.**
 - f. A certificate of handover, as at Annex J, is to be rendered to the Chairman through the SFM.

Appendices:

1. FM Monthly Statement of Account.
2. FM Monthly Check Sheet.

MONTHLY STATEMENT OF ACCOUNT

Fund_____

Date of Check_____

1. Fund Officials

- a. When was the fund last handed over?_____
- b. If fund officials have changed since the last check, have new specimen signatures been provided and copied to the IA? YES/NO

2. Property

- a. Capital Property figures from: Account ledger: _____ PB_____
- b. Date of last Bi Annual property check_____
- c. Did the Property member sign the book at the check: YES/NO

3. Cash and Bank Checks

- a. Date of last MT's Cash & Bank Check_____
- b. Date of Fund Manager's Check_____
- c. Has FM Signed Account Ledger_____
- d. Has FM agreed fund balance with the monthly certificate? YES/NO

4. Stock Checks

- a. How many stock checks were done during period?_____
- b. On what date were they countersigned by:

		Date	Date	Date	Date
1	FM				
2	SFM				

- c. Has POSAC been completed for the last month? YES/NO
- d. Who completed the POSAC?_____
- e. Did it balance? YES/NO
- f. Voucher number showing recovery from/refund to trading account staff_____

g. Has the Fund Manager countersigned the POSAC? YES/NO

Completed by: _____ Accountant

Date: _____

Verified by: _____ SFM

Date: _____

MONTHLY FUND MANAGERS CHECK

Fund _____

Date of check _____

1. Bank Balance:

a. I confirm that I have checked the bank balances with relation to my account which are as follows:

(1) Central Bank Balance £ _____

(2) Account Balance £ _____

(3) Difference £ _____

(4) Reason for difference between (1) & (2) above is: _____

2. Stock:

a. All stock invoices have been correctly authorised and passed to the Accountant who has entered them onto the Accounts Ledger.

b. Stock checks have been completed in accordance with *Annex C to Chap 3 of SFR 2001*.

c. A random check of selling prices has been conducted to ensure that overall profit remains in line with the _____% target.

3. Debtors:

a. I have checked the attached debtors list. The following are more than 3 months old:

Debtor	Action taken to clear
_____	_____
_____	_____
_____	_____
_____	_____

(continue on separate sheet if necessary)

4. Creditors:

- a. I have checked the attached creditors list. The following are more than 2 months old:

Creditor	Reason for non-payment
_____	_____
_____	_____
_____	_____

5. Fund managers comments: (to include any response to previous months SFM comments- copy attached)

Signed _____

Date: _____

Name & Appt: _____

Fund: _____

6. SFM's comments:

Signed _____

Date: _____

Name & Appt: _____

SFM

SFCA ACCOUNTING INSTRUCTIONS

Introduction

1. The system of accounting detailed in these instructions is to be used for the maintenance and accounting of all SFCA funds.
2. Those delegated responsibility for the operation of SFCA funds are to conform with the principles given and, where and deviation from these instructions is considered necessary or practical, prior authority must be obtained from the Senior Fund Manager or Managing Trustee.
3. The system detailed has been designed to record necessary information, standardised accounting procedures throughout the organisation, and to ensure that each activity of SFCA funds is adequately controlled.

Books and Forms

4. Layout for books and forms to be used are as follows:
 - (1) Layout of Accounts Ledger is at Appendix 1.
 - (2) Layout of Receipt Voucher/Payment Voucher is at Appendix 2.

Accounting Aids

5. Accounting machines which produce a printed "run-list" for ease of checking are more suited to account holders than a digital only calculator.

Subsidiary Books

6. Subsidiary books are used to reduce the number of entries in the main accounts and assist in the control of delegated funds. Layout for the subsidiary books to be used are as follows:
 - (1) Layout of a Petty Cash Book is at Appendix 3.
 - (2) Layout for Property Books are at Appendix 4.
 - (3) Layout for Proof of Stock and Cash Book is at Appendix 5.
 - (4) Layout for a Creditors Book is at Appendix 6.
 - (5) Layout for a Debtors Book is at Appendix 7.
 - (6) Layout for a GPF Analysis Book is at Appendix 8.
 - (&) Layout for a Percentage Profit Calculator is at Appendix 9.

Principles

7. The basic principles of accounting are:

a. The Accounting System. The accounting system provides for systematic recordings (i.e. book-keeping) of all transactions in terms of actual monies or worth as they occur, in such a way that the true financial state of a fund can be ascertained, or analysed, at any time to produce answers to the following:

- (1) How much does the fund owe?
- (2) How much is owing to the fund?
- (3) What is the nature and value of the fund's possessions?
- (4) What is the income and expenditure during each account period and does the income exceed the expenditure or vice versa?
- (5) What is the net worth of the fund?

b. During Entry Book-keeping. *This is them mandatory method of accounting. Each transaction has a twofold aspect: giving and receiving i.e. "double entry". These two aspects are respectively recorded on either side of the ledger; one being a charge (also referred to as a debit (DR)), the other a credit (CR). The charge will always appear on the left of the ledger pages and the credit on the right. At any time both sides of the ledger will be of equal total value.*

c. Stock Entries. Where a trading account is operated, at any time during an account period there will be unsold stock. Before a true picture of the accounts can be obtained, it is necessary to "add back" the value of the stocks on hand at cost price. This "add back" is normally actioned at the end of an account period by adding the stock value on the CR side of the ledger. The contra entry (equalising entry in the account) is the value of stocks carried forward to the next account period. These entries enable the trading profit to be calculated.

d. Stock Valuations.

- (1) In a fund is registered for VAT, the cost price of stocks on hand is to be exclusive of any VAT.
- (2) A fund not registered for VAT is to include VAT in the cost price of stocks on hand.

Practices

8. The accounting practices to be followed are listed at Appendix 10.

Format of Accounts Ledger

9. The layout of the accounts ledger is at Appendix 1.

10. Order of Headings. Headings used in the ledger may vary according to requirements by are grouped and ordered as shown below.

a. Real Accounts. Real accounts relate to tangible assets and are entered into the ledger in the order of *cash, bank, petty cash, band deposit, investments, property, etc.* Therefore, the account receiving the benefit is debited and the account giving the benefit is credited. Any balance on a real account will always be debit.

b. Trading Accounts. Relate to the purchase and sale of stocks that produce a profit. The value of stocks on hand at the beginning of an accounting period is a debit, and at the end a credit. Purchases are debited and proceeds from sales and writes off are credited. Profit or losses are assessed at the end of each accounting period.

c. The General Purpose Fund (GPF). The GPF records the general income and expenditure to a fund that is not attributed to a real or trading account. The use of a GPF limits the requirement for classification within the main ledger and GPF column entries are analysed in the GPF Analysis Book (Appendix 8) which is totalled at the end of the account period and presented as part of the final accounts. Entries are to be analysed to provide maximum visibility of income and expenditure and general terms such as “maintenance” or “miscellaneous” are not to be used except for very minor expenditure. The balance of the GPF represents the overall worth of the fund

d. Specific Purpose Funds (SPFs) (e.g. Senior Internationals, Junior Internationals, Ayrstrike, Competitions, etc). SPFs allow income and expenditure for a specific and continuing purpose to be accounted for separately. Any SPF stocks are to be checked and assessed at cost and included in the manner prescribed at para 7c-d.

e. Personal Accounts (e.g. VAT, Debtors’ and Creditors). Personal accounts record that part of a transaction affecting an individual, firm or government department, etc. Those who owe money to the fund are debtors, and those who are owed money by the fund, e.g. traders, are creditors. Except for VAT, separate personal accounts are not maintained for individuals or firms, but recorded in either the Debtors’ or Creditors; books until extracted into the ledger.

(1) At the end of each audit period, outstanding debtors and creditors are to be shown in the final accounts both as a total amount and listed individually.

(2) Instructions regarding the accounting for VAT will be produced if and when required.

f. Central Columns of Accounts ledger. The two columns in the centre of the accounts ledger are to be used as follows:

(1) Left Hand Page. (after Creditors’ Column) – entry of proving totals.

(2) Right Hand Page. (before Date/month columns) – for entry of cheque numbers issued or reference to minutes authorising writes-off etc .

Accounting for Floats

8. Issue of floats are to be authorised by Fund Managers in accordance with policy set by the Managing Trustee. Floats are to be returned on the last day of an account period and re-issued after the auditor’s cash check. Floats are to be checked during cash checks.

Petty Cash Accounting

9. Petty Cash floats may be authorised for minor transactions involved in the daily running of a fund. The procedures are as follows:

a. The Managing Trustee is to set the maximum float and this is to be minuted in Executive Committee Meeting Minutes.

b. The Accountant is to ensure that a proper receipt is obtained to support the entry in the Accounts ledger.

c. The petty cash holder is to maintain a petty cash book with vouchers/receipts to support all entries (A specimen layout of a petty cash book is at Appendix 3).

d. The account is to be balanced monthly or when otherwise required, e.g. for cash checks, replenishment and audits, and the petty cash book is to be submitted to the Accountant for entry in the ledger monthly, normally at the end of the months, unless authorised exception has been obtained from the Managing Trustee or Executive Committee.

VAT Accounting

10. To follow when required.

Income Tax and ERNIC Accounting.

11. To follow when required.

Proof of Stock and Cash

12. A Proof of Stock and Cash (POSAC) is to be maintained, normally monthly, for any trading account. The Managing Trustee is also to require a POSAC if he has any concerns about the account. Appropriate concerns could be:

- a. The percentage profit is off target.
- b. new or inexperienced staff.
- c. A history of problems on the trading account.
- d. Suspicious circumstances indicating possible theft, false accounting or mistakes.

13. The FM who certifies the sales for the period normally conducts the POSAC. The reasons for any surplus or deficiency are to be identified and appropriate corrective action taken.

Entries in Stock Books

14. All receipts and disposals are to be entered in a stock book by the official authorised by the Fund Manager. Stocks received are to be entered at receipt of goods from the delivery note and not on receipt of the invoice.

Opening Entries

15. The opening balances and stocks on hand (i.e. the audited closing entries of the previous accounting period) are brought forward as the first entries in the new period. Opening entries are also required in all stock books.

Entries During and Accounting Period

16. Principles to be followed in the maintenance of Accounts Ledgers are at Appendix 11.

17. Assets and liabilities are defined as:

- a. Assets. That which is owned by the fund, i.e. possessions or monies, etc.
- b. Liabilities. Those commitments and monies owed by the fund.

18. Before entry in the Accounts Ledger, it must first be decided whether the transaction is an asset of a liability and if it will either increase or decrease the value of the fund. The rules of entry are:

Asset:

To Increase	-	Debit
To Decrease	-	Credit

Liabilities:

To Increase - Credit
To Decrease - Debit

19. Classification of Transactions. Receipt or payment transactions are classified as being either Capital or revenue. Capital Transactions are those with tangible items either purchased or sold. Capital purchases will normally be retained for some time and they do not affect the worth of the fund because money is being exchanged for an item of long term value of vice versa. Revenue transactions do alter the worth of the fund.

Closing Entries

20. The procedures and entries at the end of an account period are as follows:

- a. Check all transactions are recorded in the Accounts ledger (especially cash transactions for the last day of the account period), and that floats, petty cash balances and vouchers have been received and recorded.
- b. When the previous month's bills, bank statements, petty cash expenditure, transfers, floats, certified stocks on hand lists and property depreciation figures for the period are received, the entries for sundry debtors and creditors, writes-off, depreciation, petty cash expenditure and outstanding items on bank statements, etc, can be made in the Accounts ledger.
- c. First Line Totals. Rule across the Account Ledger in red after the last entry and total all columns to produce First Line Totals. Confirm that the addition of the totals on each side of the Account Ledger is the same. Enter the agreed proving total of both sides in the extreme right hand side of the left hand page of the ledger (see para 10. f. (1)).
- d. Stocks on Hand. Enter the Stock on Hand figures on the credit side immediately under the first line totals in the appropriate columns. Ensure that SPF stocks have not been overlooked and that all stock lists have been assessed at cost price (Para 7. c and d.).
- e. Profit and Loss on Trading Accounts. Calculate the profit/loss on each trading account by taking the First Line Total on the credit side, adding the value of stocks and deducting the First Line Total on the charge side. The resultant figure is the NET profit and is credited to the GPF and debited to the trading account. Enter the profit in the GPF analysis book.
- f. Balances and Final Totals. The corresponding columns on both sides of the Accounts ledger will show one side to be greater than the other, or both columns agreeing. To produce the Balances for use in the next account period, deduct the lower column figure from the higher – the higher figure is the one of the Final Totals. This procedure must be carried out for all columns. When all the balances have been achieved, rule across the Accounts ledger in red under the balances and enter the Final Totals. All columns on both sides should now be the same, as should the total of both left and right pages.

Preparation of Final Accounts

21. Purpose. The purpose of the final accounts is to show the financial state of the fund at the end of an account period and the income and expenditure during the period. The final accounts answer the questions posed at para 7.
22. Final Accounts. Final accounts are prepared as a summary in the format at Appendix 12. On completion three copies of the final accounts are to be made. Two are sent to the Auditor for post audit review, and one is to be maintained on file until the audited accounts are returned.
23. Statement of Financial Affairs. This is prepared from the GPF analysis book and is to include the profit/loss from trading accounts and any transfers between GPF and SPFs. The resulting balance is the

excess of income or expenditure for the period. The proforma to be used when calculating percentage profit is at Appendix 9 and is also included at Page 4 of the final account format at Appendix 12.

24. Page 3 – The Balance Sheet. This is a summary of the balances of all the funds accounts derived from para 19. f. Where balances are overspent the word “OVERSPENT” is to be printed alongside the respective figure(s). The Fund Manager is required to sign the balance sheet.

Examination of Final Accounts

25. A critical examination and interpretation of Final Accounts is the means by which Fund Managers, Managing Trustees, members and reviewing authorities can assess the financial position of a fund. It is also a useful management tool to assist in the future financial planning of the fund.

25. The main comparison is between the current and previous periods' figures but the auditor will also check to ensure for compliance with Financial Instructions and other statutory requirements.

Appendixes:

1. Layout of Accounts Ledger.
2. Layout of a Receipt/Payment Voucher.
3. Layout of a Petty Cash Book.
4. Layout for Property Books.
5. Layout for Proof of Stock and Cash Book.
6. Layout for a Creditors Book.
7. Layout for a Debtors Book.
8. Layout for a GPF Analysis Book.
9. Layout for a Percentage Profit Calculator.
10. Accounting Practices to be followed.
11. Principles for the maintenance of Accounts Ledgers
12. Format for Final Accounts.

TRANSACTION AUTHORISATION VOUCHER

From: MT/SFM/OIC _____ Fund

Voucher No: _____

To: Accountant

OIC _____ Fund

OIC _____ Fund

NOTIFICATION/AUTHORISATION OF TRANSACTION

The Funds listed above are to be CHARGED/CREDITED with the amounts shown below: The transactions are in respect of:

£ _____

£ _____

Chq No: _____

To be CHARGED/CREDITED to _____ Nominal/Specific/GPF account.

Payment Authorised by: Input by:
MT/SFM/FM Accountant

Date: _____

RECEIPT:

I have received £ _____ in cash from Central Account, SFCA.

Signature: _____

Name: _____

Date: _____

PETTY CASH BOOK

Receipts				Payments													
Date		Amount Received		Date		Details	Voucher Number	Amount Paid		Accounts to be charged in Accounts Ledger							
						Sub total balance	Carried forward										
Total							Total										

APPENDIX 4 TO
ANNEX E TO
SFCA FINANCE INSTRUCTION

PROPERTY BOOK (CAPITAL)

Item	Date Purchased	Voucher Number	Purchase Price	Insurance Value (in pencil)	Amount of Depn per Audit Period	Location (in pencil)	Record of Quarterly Checks (See note 1)						
							Date of Check	Amount of Depn	New Value	Date of Check	Amount of Depn	New Value	
							Found			Found			
Signature of Checking Officer													
Name													

Note 1: Amount of depreciation and new value should only be completed when check is for Audit.

PROPERTY BOOK (PRESENTATION)

Item	Date Received	Insurance Value	Name & Address of Donor	Location (in pencil)	Date of Check	Date of Check	Date of Check	Date of Check	Date of Check	Date of Check		
					Found	Found	Found	Found	Found	Found		
Signature of Checking Officer												
Name												

PROPERTY BOOK (HIRED/LOANED)

Item	Period of Hire/Loan		Name & Address of Owner/Supplier	Location	Insurance Value	Date of Check	Date of Check	Date of Check	Date of Check	Date of Check	Date of Check	
	From	To										
						Found	Found	Found	Found	Found	Found	
Signature of Checking Officer												
Name												

PERCENTAGE PROFIT CALCULATOR

COST OF GOODS SOLD

First line total from left-hand page of Ledger

--	--

Deduct Expenses charged

--	--

--	--

A

Value of goods disposed of at cost (mess guests etc)

--	--

Add value of stock at cost price on closing

--	--

--	--

B

COST OF GOODS SOLD (A minus B)

--	--

C

INCOME FROM SALES

Final total from right-hand Page of Ledger

--	--

Deduct figure at B above

--	--

INCOME FROM SALES

--	--

D

PROFIT

Income from sales (figure D)

--	--

Deduct cost of goods sold (figure C)

--	--

PROFIT

--	--

E

Percentage Profit is: $\frac{E \times 100}{C}$

ACCOUNTING PRACTICES TO BE FOLLOWED

1. The following accounting practice are to be observed:

a. Cash and Cheques Received.

- (1) Cash holdings and transactions are to be minimised. Wherever possible, payment is to be made by cheque or bank credit transfer.
- (2) Excess cash and cheques are to be banked promptly (normally within 2 working days) and the total of cash and cheque holdings should be kept below the insurance limit for "cash in safe". If the insurance limit is breached due, for example, to a late cash deposit consideration is to be given to providing extra security. Cash limits directed by the Managing Trustee are to be displayed on the inside of the safe.
- (3) If a surplus of cash/cheques is discovered on an account it is to be debited to the cash column in the Ledger and credited to the creditors account until the reason for the surplus is discovered. This transaction should be brought to the attention of the account holder/fund manager at the earliest opportunity. If after a reasonable period of time the reason remains undiscovered then the amount should be transferred to GPF as an unexplained cash surplus.
- (4) Cheques without a pre printed "A/C Payee" endorsement are to be endorsed to SFCA on receipt.

b. Cheques.

- (1) Cheques issued are to be made out in the name of a specific payee and not to cash (except in the case of cash from bank). Cheques are to be completed in such a way as to preclude and additions to the words and figures of the amount intended for that cheque.
- (2) Post-dated cheques are not to be issued or accepted.
- (3) When payments are made on behalf of a fund, only cheques crossed "A/C Payee" (or similar overseas) are to be used.
- (4) If a cheque (or chequebook) is lost, action must be taken immediately, to inform the bank by telephone in the first instance, and then in writing. (notification should include a request to stop payment on lost cheques if presented.)
- (5) Blank cheques, i.e. signed by account holder but no payee or figures entered, are not to be issued.
- (6) The Managing Trustee is to state policy on the need for a second signatory on cheques. Unit fidelity insurance cover should be set at the figure above which a second signature is required.
- (7) The account holder/fund manager is to take action to clear dishonoured cheques immediately, with the appropriate accounting action.
- (8) Cheques paid into the bank will be supported by bank paying-in book/slip and duly supported by the bank'

- c. Statements. Unless otherwise directed by the Managing Trustee, current, deposit and budget account bank statement are to be obtained monthly and reconciled.
- d. Loans/Overdrafts. Loans or overdraft facilities may only be made on the written authority of the Managing Trustee. Personal loans from an account are not to be made to any account holder.
- e. IOUs. IOUs are not to be accepted.
- f. Entries. All entries in accounts are to be made in ink as they occur. Erasable pens, Tippex or similar materials are not to be used.
- g. Receipts.
 - (1) Receipts for cash, and cheques received as cash, are to be given.
 - (2) Receipts for cheques made payable to the recipient need only be given if requested.
- h. Payments.
 - (1) Payments made are to be linked with invoices to which they relate.
 - (2) Any certificate required on a bill before payment must be evident.
 - (3) Bank paying-in books/slips are to be used.
 - (4) Any invoice paid is to be annotated with the number of the cheque issued.
- i. Maintenance of Accounts Ledgers. The account holder/treasurer is personally responsible for maintaining the Account ledger(s).
- j. Bank Charges. Where bank charges are raised for funds, care must be taken to ensure that they are met to a minimum.
- k. Encashment of Private and Personal Cheques. Encashment may be made only with the written authority of the Managing Trustee.
- l. Losses. Losses are to be reported to the Managing Trustee immediately.
- m. New Account Books. When new Account ledger(s) are taken into use, account holders/fund managers are to endorse the carried forward balances as being correct.
- n. Documents. No individual is to sign or agree to any document unless:
 - (1) It is fully understood as to its legal and common sense intentions.
 - (2) They are satisfied that the document is in accordance with the managing Trustee's policy.
 - (3) Any alteration is initialled.

APPENDIX 11 TO
ANNEX E TO
SFCA FINANCE
INSTRUCTION

PRINCIPLES FOR THE MAINTENANCE OF ACCOUNTS LEDGERS

1. The following are to be observed when making entries into accounts ledgers:
 - a. Account Title. The title of any account is to be entered on the on the front cover of the ledger and is to accurately reflect the purpose of the fund.
 - b. Page Numbering. Pages of accounts ledgers are to be consecutively numbered. Pages are not to be extracted, glued together or otherwise mutilated.
 - c. Column Headings. Column headings are to be entered in Block Capitals and where an abbreviation is used it must be easily understood.
 - d. date. The year is to be entered in the appropriate space provided at the top of the ledger. The columns provided for month and date are also to be used, although the month need only be used once on each page.
 - e. Particulars. Sufficient information for any transaction should be given to enable later identification of the transaction.
 - f. Voucher Numbering. All transactions, except those described below, will be endorsed with a voucher number whether payment or receipt. Payments and receipts will have their own voucher number series, and will always commence with '1' at the beginning of each account period:
 - (1) Cash to Bank. Movement of cash within an account is indicated by the letter 'C' (Contra) e.g. cash to bank or cash from bank.
 - (2) Bank Statement. Any transaction originating from a bank statement including interest/dividends or a donation made directly between the donor's bank and the fund's bank on a standing order basis is to be indicated by the letters 'BS'.
 - (3) Subsidiary Books. If a transaction originates from a subsidiary book, the initial letters of that subsidiary book must be shown, e.g. petty cash book (PCB), sundry debtors/creditors book (SDB/SCB), etc.
 - (4) Adjustments, Write-offs and Transfers. All entries in ABs 397 appertaining to adjustments, write-offs or transfers are to be supported by a fully documented authorisation.
 - (5) Standing Orders. Where a set (monthly or otherwise) payment is made directly from the bank, e.g. hire of washing machines, by standing order the Ledger voucher sequence will be 'SO'.
 - g. Cheque Numbers. Any transaction paid by cheque is to record the last three numbers of the cheque issued in the column immediately before the month/date column.

Where a cheque book sequence changes, only the first cheque issued from that series need to be recorded in full.

h. Entries. Entries of transactions are to be made neatly and legibly in ink. Any errors are to be ruled through in the column immediately before the month/date column. Where a cheque book sequence changes, only the first cheque issued from that series needs to be recorded in full.

i. Open Method. The open method requires each transaction to be entered on a separate line across both charge and credit. This is preferable for the inexperienced bookkeepers.

j. Closed Method. The closed method requires charge and credit transaction to be made on the same line with the result that many lines of the ledger will have two transactions on them.

k. Totalling Pages. When each page is complete.

(1) Individual columns are to be totalled, and the column totals of each page totalled. Both sides must agree.

(2) When the totals of both sides agree, the agreeing total is to be entered in the column after the creditors column on the left hand page headed 'Proving Balance'.

(3) Totals of individual columns are to be carried forward to the next consecutively numbered pages of the Ledger.

ANNEX F TO
SFCA FINANCE INSTRUCTIONS

FUND MANAGER'S HANDOVER/TAKEOVER CERTIFICATE

For _____ Fund

This is to certify that the fund including subsidiary books below, has been checked by me and found correct and that I am aware of my duties in accordance with SFCA Finance Instructions.

Remarks

Cash and Bank Balances: Cash - £ _____ Bank - £ _____

Property Observations: _____

Debtors to be identified and agreed: _____

Creditors to be identified and agreed: _____

Other: _____

HANDED OVER (Signature): _____

Name (Block Letters): _____

TAKEN OVER (Signature): _____

Name (Block Letters): _____

Date: _____

Distribution:

Action:

Info:

SFM
Acct

Managing Trustee.

CONTROL OF SFCA PROPERTY

1. Account Holder. An Account Holder is to be appointed by the SFM for each Fund. He/she is to be responsible to the SFM for the correct accounting for all property.
2. Property Register. The Acct is to maintain a 'Master Property Register' in which property is to be recorded under the following categories:
 - a. Capital Property. Property purchased by the fund which has a life expectancy and a realisable value.
 - b. Expendable Property. Property purchased by the fund which has little life expectancy or realisable value.
 - c. Presentation Property. Items donated to the fund. Details to include donor, reason for donation, insurance value if applicable and instructions for disposal on disbandment.
 - d. Loan Property. Items loaned to the fund. Details are to include lender, reason for and period of loan, insurance value if applicable and instructions for disposal on disbandment.
3. Action on Receipt of Property.
 - a. Recipient/Account Holder. On receipt of an item of property, the recipient/account holder is to immediately inform the Acct providing:
 - (1) The invoice for payment, where applicable, and a voucher signed by the FM authorising the payment.
 - (2) Description of the item to be brought to account.
 - (3) Quantity.
 - (4) Location where the item will be stored/displayed.
 - (5) Insurance Value.
 - (6) Whether the item is Capital, Expendable, Presentation or Loan property.
 - (7) If capital, Residual Value, Quarterly Depreciation Rate and period of depreciation (life expectancy).
 - b. Acct. On receipt of the invoice, voucher and the information listed above, the Acct is to:
 - (1) Process the payment of the invoice.
 - (2) Enter the financial transaction in the Accounts.
 - (3) Update the Master Property Register.
 - (4) Inform the Account Holder of the Property Number allocated.

- c. Account Holder. The Account holder is to ensure that the item is clearly marked with the allocated Property Number before the item is either displayed used or stored.

A flowchart showing individual responsibilities and actions required is at Appx 1.

4. Property Checks.

- a. The FM and Account holder are to carry out a 100% property check of all property on a quarterly basis. 6 monthly property checks are programmed to support the continuous audit process and end of year audit boards and are to be completed by:

31 Mar

30 Sep

- b. Checks are to be carried out using up to date extracts from the Master Property Register. These extracts will be issued by the Acct two weeks prior to each check as a prompt to FMs. Any discrepancies are to be annotated on the relevant extract which is to be signed by both the checking officer and FM and returned to the Acct for action.

- c. Any discrepancies which may be subject to an insurance claim are to be notified to the insurers through the SFM immediately.

- d. A flowchart showing individual responsibilities and actions required is at Appx 2 with detailed duties of the Property Board at Appx 3.

5. Property Depreciation. The FM, in conjunction with the Acct, is to ensure that depreciation of Capital Property is carried out and that the property book value and the property nominal in the accounts are reconciled.

6. Property Transfer/Write-off/Disposal. Items identified for Transfer, Write-off or Disposal are to be dealt with as follows:

- a. Transfer. Details of an item identified for transfer either within or between Funds are to be passed to the Acct on Appx 4 to this Annex. The Acct will then action the transfer on the Master Property Register and allocate a new property number to the relevant Account Holder.

- b. Write-off/Disposal. Details of an item identified for write-off/disposal are to be passed to the Acct on Appx 4 to this Annex. The Acct will then take the necessary action on both the Master Property Register and the Accounts and inform the SFM if any insurance adjustment is required.

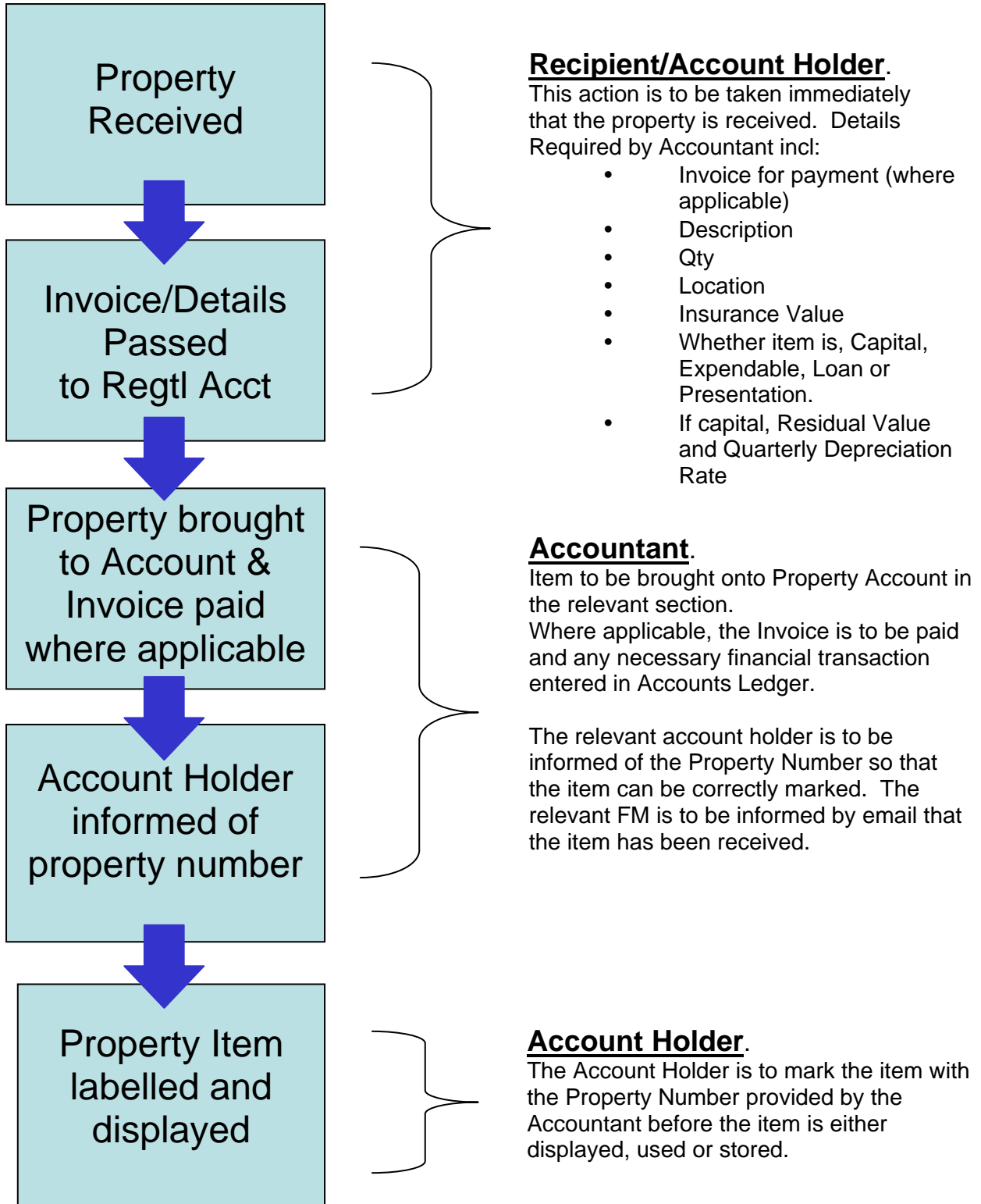
- c. A flowchart showing individual responsibilities and actions required is at Appx 5.

Appendixes:

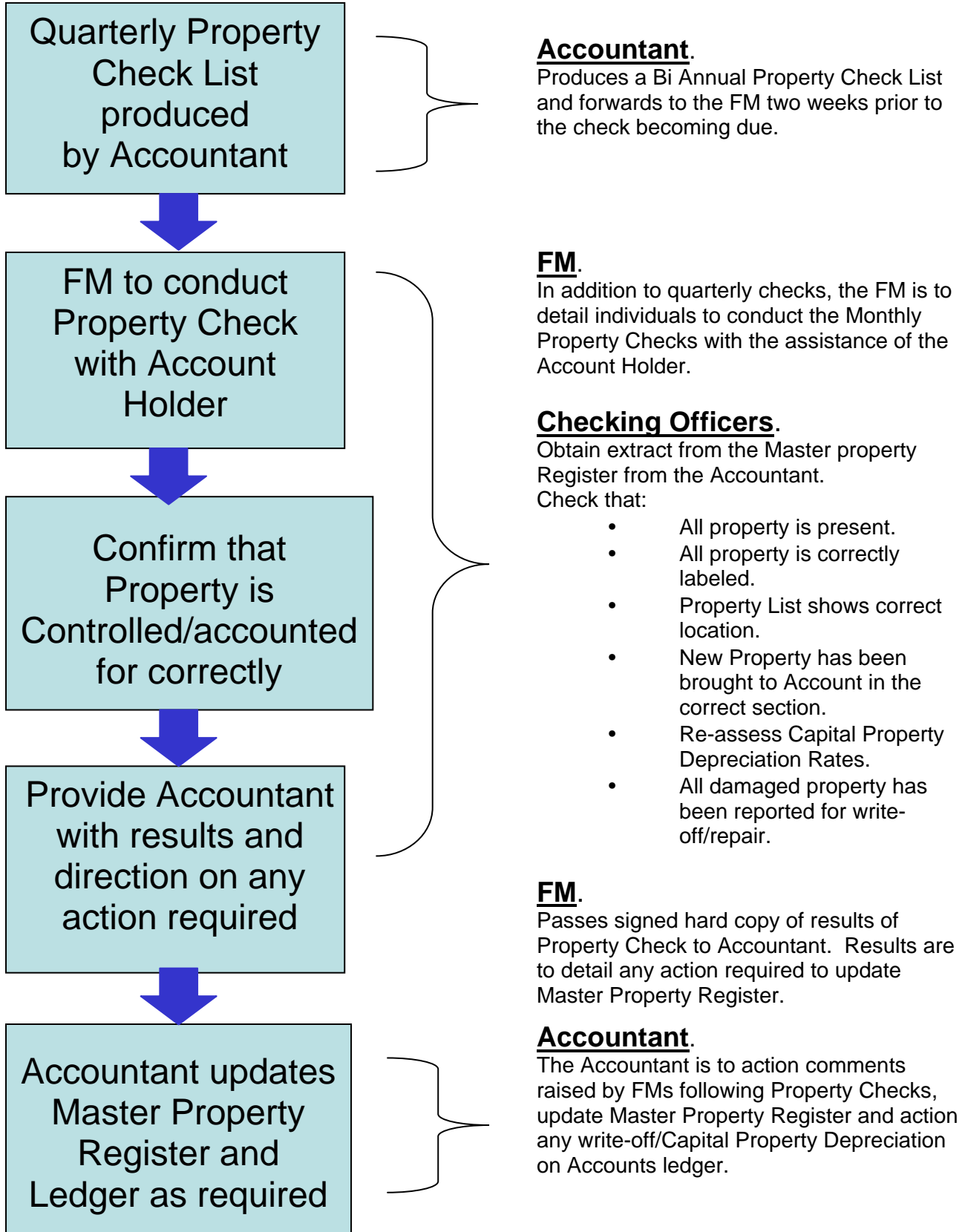
- 1. Property Receipt Flowchart
- 2. Property Check Flowchart.
- 3. Duties of the Property Stocktaking Board.
- 4. Property Transfer, Write-off/disposal certificate.
- 5. Property Transfer/Disposal Flowchart.

APPENDIX 1
ANNEX H TO
SFCA FINANCE INSTRUCTIONS

PROPERTY RECEIPT FLOWCHART



PROPERTY CHECK FLOWCHART



DUTIES OF THE PROPERTY STOCKTAKING BOARD

1. Their duties are to:
 - a. Check all property belonging to the account for deficiencies or write off.
 - b. Re-value all valued property.
 - c. Review the insurance value.
 - d. Recommend in writing to the SFM:
 - (1) All property for revaluation.
 - (2) The new insurance value.
 - (3) All property for write off.
 - (4) All property requiring repair.
2. After the Property Board report has been authorised by the SFM the following action is to be taken:
 - a. Fund Manager/Property Member. The Fund Manager/Property Member is to:
 - (1) Provide the following information to the Accountant:
 - (a) Signed copy of the Master Property Register extract, detailing any changes/discrepancies.
 - (b) Revised value of all items reported once agreed by SFM and Fund Manager/Property Member..
 - (c) Details of items of nil value to be transferred to the non-value section of the Property Book.
 - (d) Details of items to be written off and removed from the Property Book.
 - (2) Arrange for property repairs.
 - b. Accountant. The Accountant is to:
 - (1) Make the necessary financial adjustment in the Accounts Ledger to agree the property value to that in the Property Book.
 - (2) Recommend insurance policy changes, if any, to the MT.
 - (3) Establish the date of the next property check/board.

APPENDIX 4 TO
ANNEX H TO
SFCA FINANCE INSTRUCTION

From: _____ (FM)

To: Accountant

PROPERTY TRANSFER, WRITE-OFF/DISPOSAL CERTIFICATE

With effect _____ (date) the following item(s) of property is/are to be *TRANSFERRED/WRITTEN OFF/DISPOSED OFF* as shown below:

Property No	Description	Qty	Disposal	Remarks

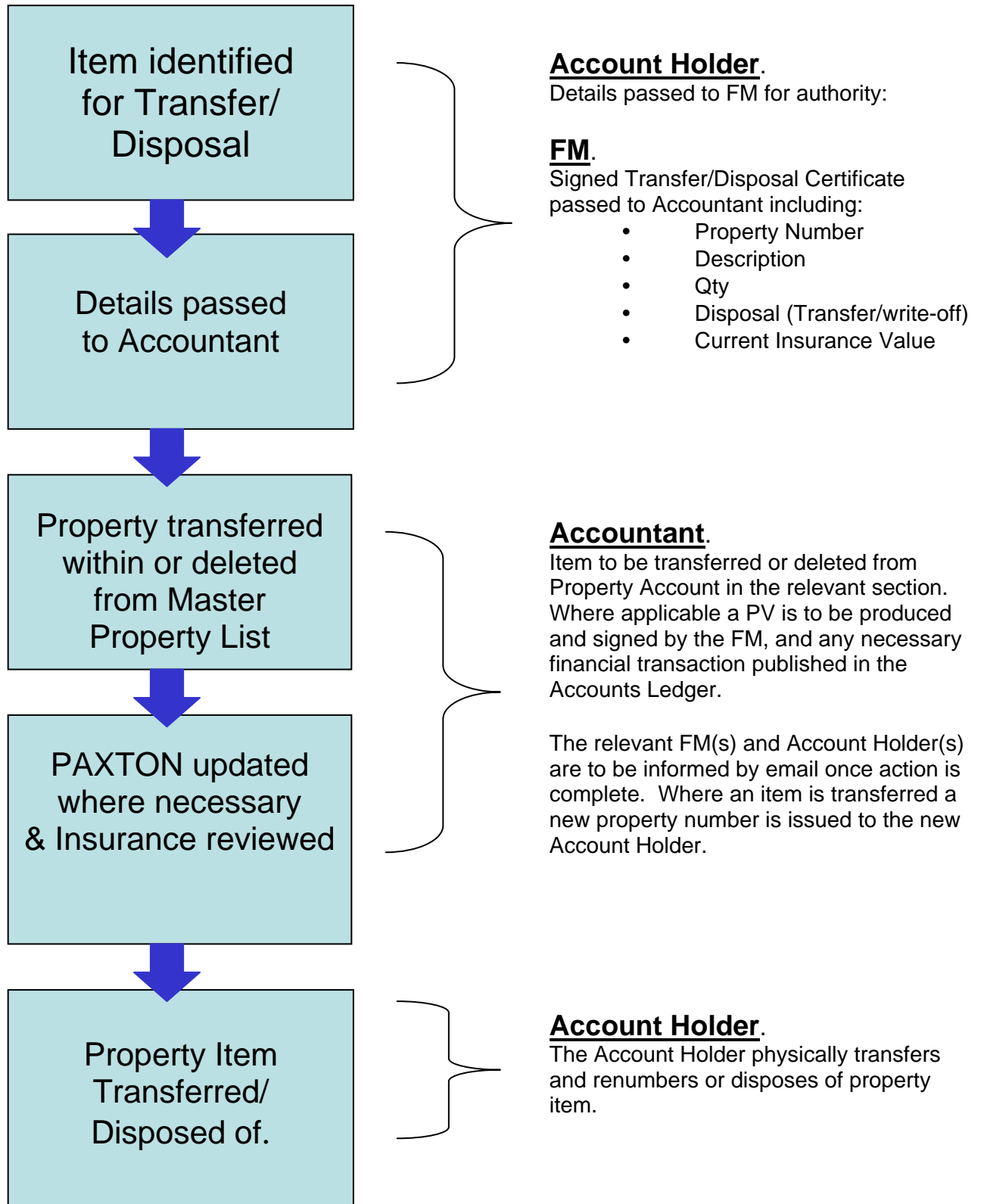
Authorised by: _____
(Signature)

Date: _____

Name & Initials: _____
(Block Capitals)

Fund: _____
(Block Capitals)

PROPERTY TRANSFER/DISPOSAL FLOWCHART



ANNEX I TO
SFCA FINANCE INSTRUCTIONS

(To be completed in duplicate)

To: Chairman

WRITES OFF RETURN

(Account Title)

1. The following has been *written off/is requested to be written off for the reasons given (to be continued overleaf is necessary):

a. Value
Property

b. Other

Voucher Total: £ _____

2. Explanation

Signature: _____

Name: _____
(Fund Manager)

3. Chairman's Comments

Date: _____

Signature of: _____
Managing Trustee