

NEWTON AND BYWELL COMMUNITY TRUST

Financial Policy

1. FINANCIAL ACCOUNTING

2. BASIS OF THE ACCOUNTS PRODUCED

We have taken advantage of new legislation which allows us to produce Accounts on a Receipts and Payment basis. This means we record only amounts received and amounts paid in the accounting period. They do not take into account prepayments or accruals for either income due or expenditure. They do not involve the production of a Balance Sheet but notes will be made to the accounts to cover the value of assets such as buildings and stocks.

3. SEGREGATION OF RECEIPTS AND PAYMENTS

The Receipts and Payments Accounts will be presented to record the following segregation of receipts and payments.

- (a) **Hall Operation Account.** This account will include all receipts due for the hire of the Hall or hire of equipment and payments made for the running and maintaining of the Hall. This will allow for an annual surplus or deficit to be calculated. This account will identify receipts and payments and balances which are produced by charitable activities and have to comply with charity law.
- (b) **General Fund** – Our policy is to maintain at least 50% of annual running costs

The General Fund will also record all other receipts and payments which are not directly received or paid in the running of the Hall.
- (c) **Hall Maintenance Reserve** – Our policy is to transfer 10% of rental income to this reserve. This reserve is to hold the funds which are set aside for future major maintenance.

PERIOD OF REVIEW

The period under review is the twelve months from 1 October in each year to the 30 September in the following year.

4. STOCKS, LAND AND BUILDINGS & BALANCES

Notes to the Receipts and Payments Accounts will record the following:

- (a) Stocks
- (b) Contingent liabilities
- (c) The value of the Building (and noting the value used for insurance purposes)
- (d) Cash balances and deposits
- (e) Cheques and cash to be paid in
- (f) Unpresented cheques
- (g) Details of the Trust's bankers

5. INDEPENDENT EXAMINATION OF THE ANNUAL ACCOUNTS

Due to the level of turnover the Trust is not required under Charity Law to have the annual accounts audited or independently examined. However, the Trustees consider it good practice to have the accounts reviewed by an independent person.

2. BANKING

2.1. BANKERS

The Bankers for the Trust are HSBC Hexham, where we hold a Current & Deposit Account

3. FINANCIAL MANAGEMENT

3.1. AUTHORISATION OF EXPENDITURE

All payments from the Bank Accounts must be authorised by two signatures from a panel of at least four signatories including the Chair, Vice Chair, Secretary and Treasurer.

3.2. ON LINE ACCESS TO THE ACCOUNTS WITH HSBC

The Secretary and Treasurer are authorised to have on-line access to these accounts. Where on-line access is used a delegated limit for the treasurer for payments up to £1000 is agreed. Providing authorisation has been made in line with para 3.1 above

3.3. VALUABLE AND CASH HELD AT THE HALL

The Trust will not hold cash or other valuables at the Community Hall.

3.4. RECEIPTS FOR HIRE

Receipts for hire will be requested in the form of a cheque or by making payment direct to the bank.

4. INSURANCE

4.1. RISKS TO INSURE AGAINST

Annually insurance will be taken out to cover the following risks:

- Public Liability - £5,000,000 minimum
- Employees Liability - £10,000,000 minimum
- Buildings – including all risks and subsidence
- Contents
- Computers and electronic equipment valued at over £2,000.
- Trustees indemnity

At the renewal of the policy each year consideration will be given to whether to extend the cover to the following risks:

- Money and Assault
- Libel and slander
- Employee dishonesty
- Legal expenses
- Loss of rent
- Loss of licence.

4.2. VALUATION OF BUILDINGS FOR INSURANCE PURPOSES

The buildings were last valued in 2007 when the following were included:

- The actual cost of building the Hall
- the professional costs of the Architect, Quantity Surveyor and Structural Engineer
- the costs associated with clearing the site.

Since then the value has been increased each year by the Insurance Company by the application of an index covering building inflation.

It is the policy of the Trustees to have the Hall valued professionally every ten years.

5. ROLE OF TREASURER

5.1. SPECIFIC RESPONSIBILITIES INCLUDE THE NEED TO:

- Guide and advise the Trustees in the approval of budgets, accounts and financial statements, within a relevant policy framework.
- Keep the Trustees informed about its financial duties and responsibilities.
- Confirm that the financial resources of the Trust meet present and future needs.
- Formally present the accounts at the AGM, drawing attention to important points.
- Monitor The Trust's investment activity and ensure its consistency with policies, aims, objectives and legal responsibilities.

6. ROLE OF THE TRUSTEES

6.1. THE TRUSTEES ARE RESPONSIBLE FOR:

- approving the budget for the year.
- approving signatories to the bank accounts.
- receiving reports on areas of concern.
- approving exceptional items of expenditure.
- monitoring the financial position based on reports and copy statements
- approving the annual accounts.

