

Financial news, training and support from
West Yorkshire Community Accounting Service

The Balanced Sheet

Issue 21 • Winter 07

Advice line
0113 270 6269

www.wycas.org.uk

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About WYCAS

WYCAS enables voluntary sector organisations to be more effective in their financial management through the provision of accounting services, including:

- Quality Financial Training
- Preparation and Examination of Accounts
- One-to-one Financial Management Support
- Free Good Practice Guides
- Computerising Accounts
- Book-keeping
- Financial Health Checks
- Remedial Work
- Advice Line

Bradford and Leeds
Community Accounting Service
operating as WYCAS.

Charity no. 1076962

Company registered in England
and Wales number 3721361

WYCAS Broadens Reach

Grants develop support to groups across West Yorkshire.

B Supported in Bradford

As part of a consortium of infrastructure support organisations in the Bradford district, WYCAS has been awarded a Big Lottery grant to improve training and support to groups in Bradford.

The project has particular focus on supporting black and ethnic minority voluntary and community groups, through one-to-one advice, information and signposting and tailored training. The project's aim is to help groups be more effective in their work through building a stronger and sustainable voluntary and community sector across the district.

This funding will enable us to provide:

- Additional training courses
- One-to-one financial management support for your organisation

To access support please contact Dave Collins on 0777 9642043 or Wendy Beasley on 0777 9641970.

Support for Wakefield

As part of a consortium of infrastructure support organisations in the Wakefield district, Big Lottery funding has been provided to improve training and support to voluntary and community groups in Wakefield.

This project will allow us to provide free one-to-one support for groups with income under £100,000 and to perform Accounts work for groups under £100,000 at a subsidised rate according

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to their income level. We will also be able to offer a wider range of Financial Management training within the Wakefield District.

For further details of any of the above, contact Julie Haley on 01484 543251.

Calderdale

Capacity Builders funding has been made available to groups in Calderdale to access one-to-one support in Financial Management.

The funding is targeted at groups or organisations that provide services to one or more of the following priority groups:

- BME
- Refugee and Asylum Seekers
- Children, Young People and Families
- Disability inc. Mental Health
- LGBT

Funding is available from now until the end of March 2008. There are 32 sessions available on a first-come, first served basis. Each session lasts three hours and you can access up to a maximum of two sessions per organisation.

To book please contact Helen Galvin at WYCAS on 01422 208875 or email her at helen.galvin@wycas.org.uk

Trustees Wanted

Would you like to have a say in the running of WYCAS?

We are currently looking for user representatives to sit on our Trustee Board from the Leeds, Kirklees and Wakefield districts.

We are also looking for an individual with accounting knowledge to take over the treasurer duties for WYCAS in the New Year. This role would be ideally

suited to someone currently working in an accounting post or a retired accountant.

If you think you might be interested in any of these roles and would like more information please call WYCAS on 0113 270 6291 and speak to Penny Carter or Samantha Jones.

Should You Register for VAT?

Penny Carter looks at some of the key facts about Value Added Tax and how these could affect your group.

What is VAT?

VAT is a tax that is charged by some businesses on goods or services they supply. In many instances voluntary and community groups assume they are exempt from charging VAT as part of the tax relief available to charities but this is not the case.

To register or not?

Voluntary and community groups, like any other business, should periodically go through their sources of income and identify the VAT category they fit in to, to establish whether they should register for VAT or not.

The supply of any goods and services, which are subject to VAT, at any rate, are called taxable supplies, whether you are VAT registered or not. If the value of your taxable supplies is over a specific limit, this limit changes each year, you need to register for VAT, unless your supplies are wholly or mainly zero rated in which case you may apply for exemption from registration.

From 1st April 2007, the limit for taxable supplies is £64,000 **in any rolling 12 month period** so if your taxable supplies are above this level you must register for VAT, however there is also the concept of voluntary registration, which may benefit an organisation depending on the type of taxable supply. Note that you must have some taxable supplies to qualify for voluntary registration.

Partial Exemption may apply where an organisation is registered for VAT but not all of its income comes from taxable supplies i.e. it has income which is exempt and/or outside the scope. Charities/voluntary organisations especially may be

partially exempt. What this means is that only a proportion of the input tax (VAT paid on purchases) can be reclaimed.

Business or non business

- Non-business: income from these supplies are not subject to VAT and do not count towards the registration threshold
- Business
 - Exempt supplies: income from these supplies are not subject to VAT and do not count towards the registration threshold
 - Taxable, further sub-divided into
 - Zero-rated: income from these supplies carried out by community and voluntary organisations are not subject to VAT but the income generated does count towards the registration threshold
 - Standard-rated: income from these supplies are subject to VAT and income generated counts towards the registration threshold

Charities & voluntary organisations activities

VAT implications on supplies

Non-business

- Collecting donations
- Undertaking grant work (if funding is freely given with

nothing supplied in return then no VAT is due as the funding is not consideration for any supply and is therefore outside the scope of VAT. You can see the importance of establishing whether a grant really is a grant or whether it is in fact a contract.)

- Welfare activities (where the contribution paid by a beneficiary is less than 85%)

Business – Exempt supplies

- Nurseries, crèches and playgroups (registered under Children's Act)
- Activities of youth clubs
- Lotteries and bingo
- Education in schools, universities, colleges
- Vocational training courses run by eligible bodies
- Fundraising events run by charities or their trading subsidiary
- Renting out residential accommodation
- Medical care by recognised professionals
- Nursing homes, registered care homes, hospices
- Cultural activities eg admissions to performances (where managed on a voluntary basis)
- Welfare services provided on a "not for profit" basis

Business – Taxable – Zero Rated

- Sales of publications, including magazines and newsletters
- Sales of children's clothes and shoes
- Sales of donated goods

Business – Taxable – Standard Rated

Most sales of goods and services, even if they are supplied by a charity, will be standard rated; this includes fundraising activities involving merchandising or sales. It is safest to assume that an activity will be standard rated unless you can establish it is non-business, exempt or zero-rated.

The above lists are not exhaustive and are given as examples only for each category. Organisations would need to look at 'their' supplies in more detail and categorise these as above. When calculating the threshold for VAT registration both standard-rated and zero-rated supplies need adding together over a rolling 12 month period and if this combined income is above the VAT threshold applicable in the particular tax year then the

organisation MUST register for VAT but this will then mean that they will have to charge VAT on the standard rated supply in future.

VAT implications on the use of funds

Even though an organisation may be wholly supported by income which is outside the scope of VAT e.g. donations, that doesn't mean that all the activities it undertakes will be non-business activities.

The organisation needs to ask itself what activities the funds will be spent on and whether those activities are business for the purposes of VAT. If the activities are business activities there may be a taxable supply.

For example membership subscriptions

- Where the membership benefits are limited to voting rights and the receipt of an annual report

the subscription is essentially a donation and outside the scope for VAT.

- Where the member receives any other benefits the subscription will be deemed to include VAT on some elements of the benefits, these need to be looked at carefully and agreed with HMRC.

• **For more information about VAT visit the HM Revenue and Customs website at www.hmrc.gov.uk. They have a FAQs section specifically devoted to charities and several booklets to download. To clarify any of the points raised in the article contact your local Community Accountant - see page 4 for contact details.**

Newsbites

Financial Practice and Procedures five week accredited course

Financial Practice and Procedures is a Open College Network Level 3 accredited course run over five consecutive Thursdays, starting on April 17th. It takes an in-depth look at financial practice in voluntary organisations.

The course enables participants to develop a clear understanding at an introductory level of what constitutes good financial practice and procedures. Participants will learn the reasons for keeping financial records, methods of entering financial information, preparing budgets, financial reports, year-end accounts, financial responsibilities and the requirements of the Charities Commission, SORP regulations and Companies House.

While this may sound a lot the course is run at a pace suitable to everyone. There will be 25 hours

class based learning and roughly, a further 10 hours homework to complete the course.

So if you are involved in book-keeping, budgeting or reporting and want to learn more then this course is for you.

It is recommended that participants contact one of the course tutors before enrolling on the course.

• **To reserve a place on the course contact Simon Bostrom on 01274 549829 or Dave Collins on 01422 835192.**

Minimum Wage Changes

The National Minimum Wage has increased October 2007 – the minimum wage is a legal right which covers almost all workers. There are different minimum wage rates for different groups of workers as follows:

- The main rate for workers aged 22 and over increased on 1 October 2007 to £5.52 an hour from £5.35 an hour.
- The development rate for 18-21 year olds increased to £4.60 an

hour from £4.45 an hour

- The development rate for 16-17 year old increased to £3.40 an hour from £3.30 an hour.

On 1 October 2007 the rate of the accommodation offset increased to £30.10 per week (£4.30 per day) from £29.05 per week (£4.15 per day)

It is important to note that these new rates only apply to pay reference periods beginning on or after the date they came into law.

Notice to registered charities (non company)

Due to changes within the Charities Act WYCAS will be able to Independently Examine the accounts of registered charities with income up to £500,000 whose year end date falls after 28 February 2008. Please note that this threshold has yet to come in to place for Charitable Companies.

Training and Events

WYCAS organises a training programme in partnership with five local Council for Voluntary Service (CVS) organisations across West Yorkshire. Some courses are provided free, whilst others attract a small fee levied by the local CVS, contact the relevant training organiser for more details or to book a place.

January

16	10am-4pm	Basic Budgeting and Cash flow Forecasting Helen Crabtree on 01484 518457	Kirklees
31	10am-4pm	Excel for Reporting and Budgets Alison Wolfenden on 01484 716590	Huddersfield
31	10am-4pm	QuickBooks Intermediate Diane Fox on 01274 722772	Shipley

February

05	10am-4pm	QuickBooks Intermediate Tina Ashby on 0113 297 7944	Leeds
14	10am-4pm	QuickBooks Intermediate Alison Wolfenden on 01484 716590	Huddersfield
19	10am-4pm	Basic Budgeting and Cash flow Forecasting Diane Fox on 01274 722772	Bradford
20	10am-4pm	Prepare Meaningful Reports and Safeguard your Organisation Helen Crabtree on 01484 518457	Kirklees
20	10am-4pm	Full Cost Recovery Salma or Urban on 01422 431096	Calderdale
26	10am-4pm	QuickBooks for Beginners Tina Ashby on 0113 297 7944	Leeds

March

04	10am-1pm	Setting up Financial Controls Tina Ashby on 0113 297 7944	Leeds
06	10am-4pm	Preparing for End of Year Accounts Diane Fox on 01274 722772	Bradford
11	10am-1pm	Understanding Annual Accounts Tina Ashby on 0113 297 7944	Leeds
18	10am-1pm	Understanding Management Accounts Tina Ashby on 0113 297 7944	Leeds

Tailored training opportunities

WYCAS also provides one-to-one training for an individual or group in your organisation or management committee. Please contact your local Community Accountant to discuss your needs or email info@wycas.org.uk. We also produce Good Practice Guides, visit www.wycas.org.uk or call us.

Contact WYCAS

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Local Community Accountants

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