

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

The Balanced Sheet

Issue 28 • Spring 2010

Advice Line
0113 270 6269

www.wycas.org.uk

About WYCAS

WYCAS enables voluntary sector organisations to be more effective in their financial management through the provision of accounting services, training and advice.

Bradford and Leeds Community Accounting Service operating as WYCAS.

Charity number 1076962

Company registered in England and Wales number 3721361

New Website Launched!

Go to www.wycas.org.uk to see our new look

Welcome to issue 28 of The Balanced Sheet. In this issue we are starting a new column to feature our user organisations, see the article on Skippko below. If your organisation is interested in being featured in a future newsletter please contact me. We are also delighted to tell you about our new website, which we hope you will like. Visit it at www.wycas.org.uk and let us know what you think. Our good practice guides can now be downloaded from the new website, something that many of you have been requesting and you can also sign up for our new e-bulletin. Finally, a reminder that we can now produce and independently examine your accounts if you are a charitable

company with a turnover up to £250,000 (the previous limit was £90,000). Do get in touch if you would like to discuss this.

Jill Jones, Manager of WYCAS



The new WYCAS website

Spotlight on: Skippko

WYCAS client Sue Barnes of Skippko, in Leeds, talks to Jill Jones

What does Skippko do?

Skippko runs creative arts projects in disadvantaged communities. We organise events to exhibit the completed artwork, celebrate achievements and bring communities together.

When did Skippko start and how has it developed?

Skippko was started by a dancer and a visual artist over 20 years ago, and initially ran from a garage! We then moved to Bramley, where we're still based. Staffing has ebbed and flowed



Creative Skills: Learning to Knit

according to the funding available over the years, but we currently have two core staff and a team of 12 freelance artists.

What achievements are you particularly proud of?

In 2007 we won the Fred Moore Institutional Award from NIACE (National Institute of Adult Continuing Education) for

innovation and good practice for our 'Tall Tales' project with older people. We were also selected by the Heritage Lottery Fund to be part of their recent 15th birthday celebrations in York (one of only 15 organisations from across the region). But we're most proud of the work we do with people, seeing the amazing artwork they create.

What is the most challenging financial management issue for your organisation?

Keeping track of restricted funds and producing financial monitoring for our diverse range of project funders, as they each require something different. QuickBooks is great for that but it needs to be set up and used properly, and changed as you go along. It's important to realise that QuickBooks can't do everything, so we also use Excel a lot, to produce information in quite a range of different formats. We recently called in WYCAS for temporary book-keeping cover, while we were making decisions about recruiting a new finance post. It was great to know we didn't need to worry about anything, because we could trust WYCAS to just get on with it!

To find out more about Skippko ring 0113 256 7772, or go to the website at www.skippko.org.uk

Personalisation

An introduction to what personalisation means for the financial management of smaller organisations

What is personalisation?

You are probably aware that personalisation is central to the current public service reforms. Personalisation means that services are designed and delivered from the starting point of individuals' needs and requirements, instead of individuals having to fit into existing services. The idea has been promoted for a long time by some service user groups and organisations, and now all local authorities and some health authorities are converting some of their services to this way of working.

As a result the current ways of commissioning social care services are expected to change significantly. The change will entail a move from block contracts between public bodies and providers to individual service users (known as individual budget holders) commissioning their own services directly with providers. This is a challenging environment for voluntary sector organisations to work in, and those organisations affected will need to review and possibly re-design services; they will also have to work out the implications for the financial management of individual contracts replacing block contracts.

The financial management implications

If your organisation is likely to be affected by this move from grants/block contracts to contracts with individual budget holders it will affect many aspects of your financial management including your budgeting and cashflow, your costing processes and your financial recording and financial reporting. Ideally you will need to go through a comprehensive business planning process.

Probably the biggest change will be that a significant part of your income

will now come from charges made to individual budget holders; your block contract or grant from your Local Authority may be reduced accordingly. So predicting the number of users of your different services becomes crucial in order to predict your income. One way of preparing for this is to create different budgets based on different volumes of business. In addition, in some cases the service received may be paid for by individuals **after** receiving the service which means there may be cashflow problems for the organisation or you may have to look at setting up a contract with the service user. Tight cashflow forecasting becomes a must in this situation along with accurate cashflow monitoring.

A number of budget expenditure headings may need introducing or have to increase in response to the personalisation agenda (especially given that individual budget holders can go to any provider so your service may be competing with the private sector). For example do you currently have a budget for market research and consultation with users, will your publicity and marketing budget be sufficient to produce publicity geared for individual budget holders, and do you have a budget or access to funding to develop new services in response to individuals' requirements.

On the financial recording side there may be considerably more work because of the need to set up your financial systems differently in order to track individual sales and then be able to chase up payment. This means you may need more hours or training for finance staff to undertake this work and you may need new software, which again has implications for the budget. But perhaps the hardest part of these new arrangements will be pricing your products. The basis of a

robust pricing system is ensuring that you have worked out your costs per service on a full cost recovery basis. To do this your organisation needs to divide its work into different 'cost centres' and then work out the 'full' cost of each service, i.e. the 'direct costs' plus a fair share of the overheads. Your pricing strategy should be based on this information, however pricing is a huge subject in itself so take advice if you are new to it. Finally you will need particularly robust financial reporting procedures so that you can receive early warnings if things are not working out; you will need to produce regular accurate income and expenditure reports which show the difference from your budget, and the reasons why there are differences as this will then need to be fed back into your planning process and the development of services.

Getting help

If you would like help with budgeting and cashflow, full cost recovery, recording transactions or producing financial reports do give us a ring and we can arrange to come out and work with you (free service for organisations with under £100k turnover).

Call WYCAS on 0113 270 6269.

See the back page of the newsletter for the full range of WYCAS training courses being run across West Yorkshire from March to July.

For details of our courses please visit www.wycas.org.uk

Recruit a volunteer for your finances

A helping hand for your financial management

Due to the recession there are many people with a wealth of experience in finance work, who are ready and willing to help in your organisation. This can range from individuals with a finance degree, seeking relevant practical experience to those who have been made redundant. These volunteers are available at a variety of times: daytimes, evenings and weekends – so there is likely to be someone out there to suit your needs! Your local Volunteer Centre can provide you with contacts. Of course, it is advisable to interview and take up references for a



Volunteers at the launch of Leeds Year of Volunteering 2010

volunteer and they need to be properly trained into your organisation and to be managed appropriately. Expenses may be paid by the organisation but for this minimal investment you may get a well informed volunteer, competent in maintaining your records and keeping your management committee up to speed on the organisation's finances. WYCAS can help in training new volunteers, either through our training courses (see back page of this newsletter) or through an individual training session with one of our community accountants.

Newsbites

Compulsory online filing of VAT returns from April 2010

It will soon be compulsory for most businesses to file their VAT returns online. The new rules will apply to all newly VAT registered businesses and any businesses with turnovers of £100,000 or more per annum. The new regulations apply to VAT periods that begin on or after 1 April 2010. All affected businesses should prepare for the change by registering for online filing as soon as possible.

New good practice guides

We have written two new good practice guides one on Budgeting and another on Full Cost Recovery.

The latter is a crucial tool to enable you to cost your services accurately – essential if you are bidding for contracts. These are available free of charge on our new website. To download the new guides along with all our other good practice guides, go to: www.wycas.org.uk

File accounts one month earlier to avoid penalty

You now have one month less to file your accounts at Companies House. For a private company you now have 9 months rather than 10 as previously. This applies to accounting periods beginning on or after 6 April 2008. Penalties for late filing are stringent so plan the process for getting your accounts prepared/examined with your accountant well in advance.

Getting rid of the cheque book

You may have noticed that the banking sector has decided to phase out cheques, so that they will no longer be in use by 2018. Clearly, this presents a problem to charities and groups who use dual signatories on cheques as a control on their expenditure – so no one person can spend the group's money without a counter-signature. The Charity Finance Directors' Group are launching a programme to help charities phase out the use of cheques. It will provide guidance for members, work with banks to develop alternatives for charities and carry out research to measure the impact on the sector. We will keep you updated on this and the alternatives that will be available.

Training and Events

WYCAS organises a training programme in partnership with the five West Yorkshire CVSs. Please contact the relevant training organiser for details of prices and to book a place.

March

18	10am – 3pm	One-2-One drop in session Helen Galvin 01422 208875	Brighouse
24	10am – 3pm	One-2-One drop in session Voluntary Action Kirklees 01484 518457	Kirklees
25	10am – 3pm	One-2-One drop in session Helen Galvin 01422 208875	Hebden Bridge
25	10am – 1pm	Financial Difficulties Tina Ashby 0113 297 7944	Leeds
26	10am – 4pm	QuickBooks - Intermediate Diane Fox 01274 722772	Caltec, Shipley

April

16	10am – 4pm	QuickBooks - Beginners Tina Ashby 0113 297 7944	Leeds
20	10am – 4pm	Basic Bookkeeping Voluntary Action Kirklees 01484 518457	Kirklees
21	10am – 4pm	Basic Budgeting & Cashflow Forecasting Bernadette McKernan 0113 270 6291	Wakefield
23	10am – 1pm	QuickBooks - Advanced Users Workshop Diane Fox 01274 722772	Caltec, Shipley

May

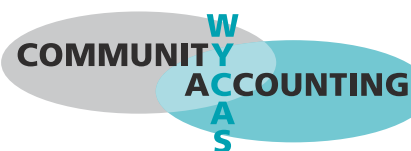
5	10am – 4pm	Full Cost Recovery Voluntary Action Kirklees 01484 518457	Kirklees
8	10am – 3pm	Roles and Responsibilities of Management Committees Nathan Smith 01924367418	Wakefield
14	10am – 4pm	QuickBooks - Intermediate Tina Ashby 0113 297 7944	Leeds

June

8	10am – 1pm	The Role of the Treasurer Tina Ashby 0113 297 7944	Leeds
16	10am – 1pm	Financial Difficulties Voluntary Action Kirklees 01484 518457	Kirklees
18	10am – 4pm	QuickBooks - Beginners Diane Fox 01274 722772	Caltec, Shipley
24	6pm – 8.30pm	Basic Bookkeeping Diane Fox 01274 722772	Bradford

July

1	10am – 4pm	Basic Bookkeeping Tina Ashby 0113 297 7944	Leeds
6	10am – 1pm	Good Financial Management Diane Fox 01274 722772	Bradford
6	10am–12.30pm	Expenses: Volunteers, Staff & Trustees Tracey McWhire 01422 348777	Hebden Bridge
16	10am – 4pm	QuickBooks - Intermediate Diane Fox 01274 722772	Caltec, Shipley



Contact WYCAS

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Kirklees: Alison Wolfenden

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