

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

# The Balanced Sheet

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Advice line  
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[www.wycas.org.uk](http://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

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and Wales number 3721361

This newsletter is available  
in large print format

## New Community Accountant for Leeds

A warm welcome to Claire Welling, our new Leeds Community Accountant

Claire who joined WYCAS at the end of February has over 15 years experience working in management accounts at a variety of public sector organisations, including the Department of Social Security, York City Council and Leeds Teaching Hospitals Trust. Since 1997, Claire has been a volunteer treasurer in Leeds, giving her a sound understanding of the sector. She is looking forward to working with voluntary and community groups in Leeds.

In her spare time Claire plays badminton in the Leeds league, is a keen cyclist and is trying to grow her own vegetables in 2009! Claire will be based at the Leeds



office in Hunslet.

- **Groups can contact Claire on 0113 270 6291 or by email [claire.welling@wycas.org.uk](mailto:claire.welling@wycas.org.uk)**

## New Service from WYCAS to meet new legislation

Charitable Companies with income of £90,000 to £250,000 now need an Independent Examination

A change in legislation from the 1st April 2009 means that most charitable companies in the income range between £90,000 and £250,000 now need an Independent Examination rather than a Reporting Accountants Report.

WYCAS has a long and successful track record in this field, and is now able to take on a limited number of charitable companies of this size.

To find out more or to use this new service please contact Susan Szamakowicz on 0113 270 6291 or by email on [susan.szamakowicz@wycas.org.uk](mailto:susan.szamakowicz@wycas.org.uk)

# Public benefit

New rules mean that charities must prove that they have charitable aims which are beneficial to the public or risk losing their charitable status

To be classed as a charity, an organisation must have charitable purposes that fall within those described in the Charities Act 2006 and that are for public benefit. Public Benefit decisions are made for each individual organisation, it is not about whether all organisations grouped as a particular type of charity are all for public benefit.

## Two main principles of public benefit.

The first is that **there must be an identifiable benefit or benefits**. It must be clear what the benefits are, for example providing medical care to people who are sick (a hospice), caring for sick animals (animal charity) or providing a rescue service (mountain rescue). An individual charity will form its own specific objects or aims but they must be able to demonstrate they are all for the public benefit: it is not sufficient for only some to do so. An example of this is an arts charity which stages a performance of an opera at a theatre of historical and architectural importance. Their aim is to advance the art of opera by attracting a wide audience of people and also help to preserve an important building by using it and drawing people's attention to it for further visits. Any benefits must be balanced against any detriment or harm; they should not for example be damaging to health and the environment nor promote hatred or violence.

The second is that **benefits must be to the public or a section of the public**.

While the aims of some charities will benefit the public generally, others will only benefit a specific section of the public. Where a benefit is to a section of the public the opportunity to benefit must not be unreasonably restricted and must be relevant to the charity's aims. There are a number of permissible restrictions and include those based on geographical location, charitable need or on personal characteristics. The number of people who can potentially benefit must not be insignificant, it's fine to be small as long as

anyone who is eligible can be considered. A medical research charity will aim to benefit the sufferers of a particular condition whilst the village hall will aim to benefit the village and maybe some of the surrounding area. It is permitted for charities to charge for their services and their facilities, provided that the charges are reasonable and necessary to carry out the charity's aims. People in poverty must not be excluded from the opportunity to benefit; an organisation cannot exclude those people who are unable to pay the fees. Offering reduced or subsidised fees and where possible some free services may open up the availability to a wider audience of people. Private benefits are benefits that people or organisations may receive other than as a beneficiary of the charity. Any private benefit must be incidental and if the organisation has more private use rather than public use then the organisation might not be charitable.

## So what do you have to do?

From April 2009, the trustees of smaller charities (those under the audit threshold of £500,000 income in the year) will need to expand the content of their Trustees Annual Report in their annual accounts. This will apply to all annual accounts for the financial year ending on or after 31 March 2009. Currently they are required to explain their activities and achievements in relation to their objects but from April 2009 they will need to include a statement showing how their aims are for public benefit and have been carried out in such a manner. Often forgotten in the Trustees Annual Report is the requirement to state if a reserves policy exists and give details. If no policy exists then this should be declared.

• **The Charity Commission has provided information for this article. To download or view further guidance and examples for specific types of charity visit [www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)**

## Document retention

WYCAS are often asked, How long should we keep our documents for? Not only should you keep the documents for the time required but they should be stored safely. Recently a Suffolk charity was ordered to return grant funding of £185k to the European Social Fund after a flood left it unable to provide documentation on how the money was spent and prove to the auditors where the funding had gone.

Document type	Period	Reason
Purchase invoices, supplier documentation, record of cheque payments, payments cash book	6 years	Companies Act & Charities Act
Capital purchase invoices	10 years	Companies Act & Charities Act
Petty cash records	7 years	Companies Act, VAT & Charities Act
Bank statements	6 years	Statute of Limitations
Receipts cash book, paying in counterfoils, remittance advices	10 years	Companies Act & Charities Act
Sales ledger	10 years	Statute of Limitations
Bank reconciliation	6 years	Statute of Limitations

# Top tips for surviving the stormy times ahead

1. **Governance** – Take time to make sure you have a clear strategy, good governance and people with right skills for the right job.
2. **Trustees** – A well functioning and appropriately skilled board means you can take decisive action to protect the charity's essential activities and be in a position to react positively when the upturn comes.
3. **Be prepared** – Think ahead and be in a position to act decisively if things worsen.
4. **Share skills and knowledge** – Make sure that you are using your resources as efficiently as possible, share knowledge and skills across the organisation.
5. **Grants** – Review your major grant givers and your relationship with funders. Perhaps funding can be brought forward or alternative sources of funding be accessed.
6. **Cash flow** – manage your cash flow and don't spend money before you have it.
7. **Seek advice and support early.**



## Newsbites

### Trustee indemnity insurance

People are often reluctant to put forward their names to be trustees in case legal claims are made and they suffer personal liability. Trustees are collectively and individually liable for all the activities of their charity but it is often not practical for them to get involved in the day-to-day operations. They may delegate tasks to individual trustees but must ensure their positions are not compromised. Trustees are becoming increasingly anxious about the personal liability they may face, even though if a trustee has acted in good faith then he, or she, is protected by charity law. The Charities Act 2006 allows charities to take out trustee indemnity insurance. This insurance protects a trustee who has made a judgement in good faith but which turns out to cost the charity a substantial amount of money. It does not offer protection if they knew their

actions were not in the interest of the charity or if they are convicted of a crime such as fraud.

### Changes to pensions legislation

Charities should assess how they will be affected by the introduction of compulsory pension contributions for both employees and employers in 2012. When the personal accounts regulations come into force, employers will have to enrol employees in a personal account, or put the employee into an existing plan. Charities who do not operate a pension scheme at present need to budget for the increased costs, likewise those who already have a scheme in place will see an increase in demand for pensions. Employers will need to ensure that they have appropriate administration and communication processes in place to deal with auto-enrolment.

### Charitable Incorporated Organisations (CIO) update

There is still uncertainty as to when this new legal form of incorporation for charities will be available. The Charity Commission and the Office of the Third Sector are considering the responses from a consultation exercise, which closed in December 2008, and a report will be available in early March 2009, which will detail the results. The present indications are late 2009/early 2010 for this form to become available.

If you want to find out more information on a CIO, then visit [www.charity-commission.gov.uk/registration/charcio.asp](http://www.charity-commission.gov.uk/registration/charcio.asp).

# Training and Events

## April

22 10am-4pm **QuickBooks for Beginners** Shipley  
Diane Fox at Bradford CVS 01274 722772

29 10am-4pm **Intermediate QuickBooks** Shipley  
Diane Fox at Bradford CVS 01274 722772

## May

19 10am-4pm **QuickBooks for Beginners** Leeds  
Tina Ashby, 0113 297 7944

## June

10 10am-4pm **Full Cost Recovery** Frizinghall  
Diane Fox at Bradford CVS 01274 722772

16 10am-4pm **Basic Bookkeeping** Leeds  
Tina Ashby, 0113 297 7944

## July

7 10am-1pm **Understanding Annual Accounts** Leeds  
Tina Ashby, 0113 297 7944

15 10am-4pm **Introduction to SAGE** Shipley  
Diane Fox at Bradford CVS 01274 722772

## September

16 10am-1pm **QuickBooks Workshop** Shipley  
Diane Fox at Bradford CVS 01274 722772

# Accounts filing date changes

**Companies House** has changed its filing dates and increased penalties for those filing their accounts late. If you are a registered company (normally limited by guarantee) then the following filing dates will apply:

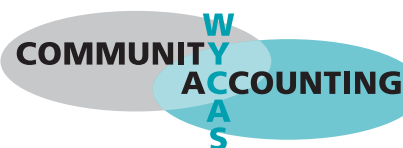
Financial statements which begin prior to 06/04/2008. i.e. year end date prior to 05/04/2009	Financial statements that start on or after 06/04/2008. i.e. year end date on or after 05/04/2009
10 months from the end of the accounting period	9 months from the end of the accounting period

From 1st February 2009 the late filing penalties are as follows:

<b>One month late</b>	<b>£150</b>
<b>One to two months late</b>	<b>£375</b>
<b>Three to six months late</b>	<b>£750</b>
<b>More than six months late</b>	<b>£1,500</b>

*If accounts are filed late in two successive years the penalty will be doubled.* Remember if you are a charitable company then your accounts need to be sent to both the Charity Commission and Companies House. If you are in doubt the Companies House website will show the next due date for the filing of your accounts.

**Charity Commission.** If you are a registered charity and have annual income of £10,000 or more then your accounts must be filed with the Charity Commission within 10 months of the end of the accounting period. This can be done online or by posting a hard copy to the Commission. They will accept a photocopy of the accounts and unsigned accounts will be accepted if they are filed online. There are no financial penalties for late filing but the days the accounts are overdue are highlighted on the website for all to see.



## Contact WYCAS

Advice line: 0113 270 6269

Enquiries: 0113 270 6291

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34 Lupton Street, Hunslet,  
Leeds LS10 2QW

Email: [info@wycas.org.uk](mailto:info@wycas.org.uk)

Web: [www.wycas.org.uk](http://www.wycas.org.uk)

## Local Community Accountants

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