

Alnwick and District Choral Society

Financial Policy

Introduction

Alnwick and District Choral Society (ADCS) is committed to ensuring that robust financial policies and procedures are in place to safeguard the assets of ADCS. The aim of the policy is to:

- ensure the trustees have proper financial controls of the organisation.
- provide a clear framework for ADCS trustees and volunteers to work with when dealing with money.
- ensure the organisation meets its legal obligations in relation to accounting and financial reporting to the Charity Commission and HMRC.
- ensure the organisation meets the contractual obligations and requirements of funders.

This Policy should be read in conjunction with the Financial Procedure in Appendix 1

Accounting Basis and record keeping

- The accounts will be kept on a receipts and payments basis
- Accounting records
 - A cash accounting spreadsheet analysing all the transactions appearing on the bank accounts (e.g. MS Excel) or software package (e.g. Xero)
 - Bank statements
 - A record of invoices received and issued
 - Receipts for payments made
 - A list of amounts owed and owing
 - Expense claim forms
 - Cheque book stub receipts
 - A petty cash book if cash payments are being made

The financial year end date is: 31st July

All financial records will be kept for 6 years from the financial year end date they relate to. This can include digital storage.

Annual accounts

- Accounts must be drawn up at the end of each financial year, normally within 3 months of the financial year end. These will include:
 - Final reconciliation of income and expenditure with bank statements

- A summary of the financial position at year end
- An income and expenditure statement
- Scrutiny of accounts
 - Accounts will be subject to audit or examination to the extent required by legislation or, if there is no such requirement, scrutinized by a person with financial knowledge who is independent of the trustees.
 - They will be presented for approval to members at the Annual General Meeting
 - They will be sent to the Charity Commission within 10 months after the financial year end.

Budget

- Normally around 3 months before the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.
- The trustees will review actual income and expenditure compared with the budget at least once a term and adjust the Budget as necessary.

Bank account

ADCS will maintain a main bank account for all transactions relating to the charitable activities of the Society together with such additional accounts as may be required.

All payments require will two signatories and there will always be a minimum of three signatories who will all be Trustees and will generally be the Treasurer together with other Officers or Trustees as is appropriate.

Income

All payments received will be paid into the relevant bank account as soon as possible. These and all payments made directly into the bank accounts will be recorded and accounted for in the charity accounts within 1 month of receipt of the payment whenever possible.

Expenditure – payments made by the charity

Trustees can approve spending in line with agreed limits in accordance with the approved budget and in line with Financial Procedures associated with this Policy.

All payments made from ADCS bank account will have a matching corresponding invoice, order form or expense claim form. Claims for expenses, whether by Trustees, Members, Staff or Freelancers, should be made in accordance with the Procedures associated with this Policy.

Where possible suppliers should invoice ADCS directly but if a Trustee needs to make any payments from their own personal accounts on behalf of ADCS they should always seek approval in advance from the Treasurer or another signatory.

Where a cost exceeds the approved limit, the Treasurer, or in their absence, the Chair or Vice-Chair, must approve the cost in writing (by email) before a commitment is made.

Fixed assets

The trustees have agreed that assets costing more than £1,000 are treated as capital expenditure, recorded as fixed assets on the balance sheet and depreciated (the cost spread) over the estimated useful life of the asset class, e.g. five years.

HMRC and tax

General

ADCS is a charity and can claim the charity tax exemption on activities related to its primary activity. Any trading that is secondary to its primary activity is expected to be below the exempt trading limit and registration limit for VAT and so will also be exempt from tax.

As such ADCS does not have to submit an annual tax return to HMRC or register for VAT.

However, if:

- HMRC request we file a corporation tax return we must comply and can apply a charity tax exemption.
- Non-primary trading activity exceeded taxation limits then a tax return would need to be filled and tax may be due.
- Business income exceeded VAT registration thresholds, the charity must register for VAT.

Gift Aid

ADCS will claim Gift Aid in accordance with the relevant regulations at least once in each financial year.

Review

This Policy will be reviewed every three years unless the trustees deem it necessary to review the policy sooner. The Financial Procedures will be reviewed and updated whenever necessary

Date of last review:

16th June 2025

Appendix 1

Financial Procedures

These Financial Procedures will be regularly reviewed and updated as circumstances dictate to reflect ongoing experience, changes in prices, etc. but will always be used in conjunction with the principles of the Financial Policy.

Bank Account

The Society maintains two bank accounts with Lloyds Bank, Alnwick Branch. The “Main Account” is used for all transactions relating to the charitable activities of the Society. The “Social Account” is used for all transactions relating to the non-charitable activities of the Society such as social events.

Main Account details:

- Main Account number: 22483760
- Sort Code: 30-90-13

Social Account details

- Social Account number: 22484160
- Sort Code: 30-90-13

All payments require two signatories.

There will always be a minimum of three signatories. The signatories at 9th April 2025 are:

- Karen Carlson, Trustee, Chair
- Sheila Duncan, Trustee, Treasurer
- Jolanda Cartwright, Trustee, Secretary
- Paul Newman, Trustee, Vice-Chair

Income

The following procedures apply to all ADCS trustees, volunteers and freelancers taking and making any payments on behalf of ADCS.

Ideally all payments due to ADCS should have an accompanying invoice issued to the payee. Where this is not possible the payee should be issued with a receipt confirming payment has been made and what it was for (this could be via email or a digital scan of the receipt)

In the case of Membership Subscriptions paid directly into the bank account by members, no receipt will be issued, but if the subscription payment is made in cash or by cheque a receipt should be issued to the payee.

For any cheque or cash payment received:

- Normally, any cheques received should be passed to the Treasurer at the earliest possible opportunity with a written note of the amount and reason for the payment.

In the absence of the Treasurer for any extended period of time:

- Report receipt of the payment to the Treasurer (or other designated authorised signatory) in writing (or by email) as soon as practically possible. The amount and reason for payment should be recorded.
- Liaise with the other signatories who will arrange to pay any cash or cheques into the bank account, if possible, within a week of receipt.
- Notify the Treasurer (or other designated authorised signatory) that the payment has been made to the bank in writing (email).
- An account signatory should check and confirm the amount paid into the bank has been received within 7 days.

All payments received into the bank account will be recorded and accounted for in the charity accounts within 1 month of receipt of the payment

Expenditure – payments made by the charity

Trustees can approve spending in line with agreed limits in accordance with the approved budget. Where a cost exceeds the approved limit, the Treasurer, or in their absence, the Chair or Vice-Chair, must approve the cost in writing (by email) before a commitment is made.

Budget holders and approved spending limits

The following trustee role/post-holders are approved to sign off expenditure within the limit detailed below. Any costs over these limits require additional trustee approval.

Budget area	Budget holder	Single item limit
Music hire/purchase 1. Non-recoverable postages, sundries, etc 2. Music top up, additional parts, folders, etc	Librarian	1. Up to £100 over a financial year 2. Up to £150 per concert
Rehearsal and concert costs	Treasurer	Within agreed budget for fees and venue hire
Publicity	Vice Chair/Treasurer	Up to £250 per concert
Other (e.g. gifts)	Social Secretary/ Treasurer/ Chair as appropriate	Up to £50 within budget. Over £50 with Committee approval

IT infrastructure (e.g. website)	Website manager	Up to £100 within budget
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All payments made from ADCS bank account will have a matching corresponding invoice, order form or expense claim form.

Whenever possible payments will be made by BACS, otherwise they will be made by cheque. Only in exceptional circumstances will a payment be made in cash.

Payments - Dual authorisation

All payments made from the bank account must be authorised by 2 signatories.

- Online BACS payments must be done using the online banking dual authorisation system.
- All cheques must be signed by two signatories
- Blank cheques must never be signed
- Where the payment is for a signatory's expense, except in exceptional circumstances, the signatory claiming the expense cannot be one of the approving signatories. If such circumstances should arise due to illness or incapacity approval for the payment should be confirmed by two other members of the Committee.
- Exceptionally, a payment may be made in cash from monies taken at a concert, for example. In these circumstances the person being paid will have provided a receipt and the Treasurer should obtain agreement to the action from another signatory.
- ADCS will not normally operate a petty cash facility but will make all payments as set out above. Should circumstances arise where petty cash is required then the following procedures would apply:
 - At least two trustees must pre-approve general petty cash payments - this pre-approval can cover an extended period of time and for a range or purposes.
 - The maximum amount for a single cash payment is £20
 - All cash payments must be recorded in the petty cash book.
 - If an individual is holding petty cash and will not have a reason to use it within 2 months, they must return the cash and any records to the Treasurer.
- All payments made from the bank account should normally be recorded and accounted for in the charity accounts within 1 month.

Direct Debits and standing orders

- Any Direct Debit and standing order payments must be approved by two signatories.
- Payments must be reviewed annually.
- Any change to the amounts must be approved by the Treasurer and one other signatory.

Claiming expenses back from the charity

Trustees

If a Trustee needs to make any payments from their own personal accounts on behalf of ADCS they should always seek approval in advance from the Treasurer or another signatory as outlined in the Policy above.

- They should submit a written request for a reimbursement of payment within 10 days of making the payment. This must include:
 - Reason for making the payment on behalf of the charity

- Evidence of the item or service received.
- Evidence of a receipt for the payment
- In the case of the Librarian a request for reimbursement should be made at least once a term, or when the total expenditure for postages, music hire and other costs reaches a maximum of £150 or such other pattern as agreed with the Treasurer and Chair.
- Payments will then be made as detailed above.

Staff, freelancers and other volunteers

- All non-trustees must seek approval from a trustee before making payments from their personal account on behalf of ADCS.
- They must submit a written request for a reimbursement of payment within 10 days of making the payment. This must include:
 - Reason for making the payment on behalf of the charity
 - Evidence of the item or service received.
 - Evidence of the payment
- Payments will then be made as detailed above.

Travel expenses

Travel expenses which have been authorised and approved in accordance with the policy can be reimbursed as outlined above. This will be on the basis of:

- Rail Travel: cheapest form of standard class rail (e.g. please make use of advance fares)
- Car travel: 45p per mile if a private car is used. Insurance, breakdown cover, MOT, parking fines & other such penalties are the responsibility of the individual driver and cannot be reclaimed.

HMRC and tax

General

If there are any changes to the tax system that affect the Society, the trustees will develop appropriate procedures to ensure compliance.

Gift Aid

Gift Aid will be claimed at least once during the financial year whenever possible. An annual assessment on the eligibility of membership subscriptions for Gift Aid will be carried out in the autumn term of each year when all members and Friends of the Society will be asked to advise the Treasurer of any change in their tax circumstances.

All Gift Aid claims related to donation and membership subscriptions will be supported by an appropriate Gift Aid declaration which will be retained by the Treasurer for as long as it is valid.

Date of last review of Financial Procedure:

16th June 2025