



Renfrewshire
Council

COMMUNITY COUNCILS

CASHBOOK COMPLETION

All enquiries to:-

Alex Hewetson
Community Council Liaison Officer

Telephone: 0141 - 840 3147

December 2001



Renfrewshire
Council

COMMUNITY COUNCILS CASHBOOK COMPLETION

TREASURER'S HANDBOOK AND BLANK FORMS

Why Changes are Necessary

Although community councils have been operating for some time, the recent review has highlighted the potential of new office bearers for community councils. One of the key positions is that of Treasurer, and Renfrewshire Council would wish to provide support to Treasurers, with or without experience, in the handling of a community council's financial affairs. Financial accounts submitted to the Council have generally been satisfactory but some individual design features and recording of transactions practices have been noted. These forms will assist in standardising the recording of financial transactions, assist audit requirements and enable the Council and community councils to collate valuable information on the disbursement of community council funds.

What are the proposed changes?

Community councils are requested to agree the **Cashbook** forms. There is one style for **Income** and one style for **Expenditure** - and the total values from those sheets are transferred onto an **Income and Expenditure Summary**. Explanations of what to include in which columns are shown later in this guide. A checklist is attached showing the records which should be submitted.

New Guidelines

As well as making standard headings for the types of expenditure, the **Expenditure** form has a column for '**voucher reference**' to show the reference number of the receipt. This is so that the receipt, which the community council must obtain for each payment it makes, is numbered for cross reference purposes. Receipts should be attached for ALL items. ALL supporting vouchers should be numbered sequentially and stored in numerical order. If for any exceptional reason, this is not possible, then a note of explanation giving as much detail as possible should be signed and dated by a member of the Community Council and attached to the receipts file.

The Benefits

With the new forms and with community councils conforming to the new guidelines, Renfrewshire Council's annual disbursement of grants should be completed swiftly and with the minimum of disruption to the activities of community councils.

The Income Form

The headings chosen for the **Income** form were decided upon by reviewing the headings already being used by most community councils.

- **date** the date the money was received
- **received from** enter the details of the organisation or person who gave the money or the fund-raising event, if this is appropriate
- **receipt number** for cross-reference purposes
- **current bank a/c** enter bank if the money was deposited directly into the bank
- **deposit bank a/c** as above
- **cash** enter cash if the money has yet to be deposited into the bank
- **total** this is the total amount received

Enter the amount received into the appropriate column (numbered 1 - 7, column 7 is for contra entries).

The **TOTAL** at the bottom of the page is the total of all the items in each column - and should, of course, add both down and across.

If the community council has had more items of income than can fit onto one page, please use as many pages as are needed. The final total on the last page is the one which needs to be transferred to the **Income and Expenditure Summary**.

The Expenditure Form

These headings have been used so as to bring more consistency to the recording and reporting of Community councils' financial transactions.

- **details** to where the money was paid
- **date** the date the item was paid
- **cheque number/voucher ref.** the **cheque number** if the item was paid by cheque and **voucher reference**
- **payee** the person to whom the money was paid
- **office bearers** the expenses paid to office bearers, such as Chair, Secretary or Treasurer
- **honoraria** the amounts of honorarium paid to office bearers
- **subscriptions, donations gifts** voluntary payments other bodies or persons
- **stationery, photocopying, postage** items of an office supply nature
- **fund-raising and advertising** the cost of staging events and the cost of any sort of advertising
- **bank charges** as shown on the bank statement
- **miscellaneous** miscellaneous expenditure
- **equipment** the purchase or rent of any equipment
- **rent or hall hire heat and light** rent paid for the use of premises including gas or electricity
- **insurance** if paid by the community council
- **outings and parties** the cost of social events organised by the community Council.
- **contra** see sample transactions sheet

It is important that **every** item of expenditure is supported by a receipt.

The **TOTAL** at the bottom of the page is the total of all the items in each column - and should, of course, add both down and across.

If there are more items of expenditure than can fit on one page, please use as many pages as are needed. The final total on the last page is the one which needs to be transferred to the **Income and Expenditure Summary**.

The Income and Expenditure Summary (on the Income Form)

Enter the values in lines 1 to 7 and enter the Total Income into line 8.

Enter the values in lines A to L and enter the Total Expenditure into line M.

Subtract line M from line 8 to arrive at the Net Income or Expenditure and either this value into box 8 - M.

Note on Bank Reconciliation

To allow reconciliation of both cash and bank balances (and this is considered necessary), a separate cash and bank column is maintained on both the income and expenditure pages. This allows the cash balance to be squared to the cash in hand, and allow a bank reconciliation to be carried out. A basic guide to bank reconciliation follows and a standard reconciliation form is attached.

Bank Reconciliation Guidelines

1. A bank reconciliation is necessary because:-
 - (a) the bank statement date may not coincide with the date at which you wish to check the cash book balance
 - (b) there may be entries through the cash book which may not yet appear in the latest bank statement. Similarly, there may be transactions through the bank statement which are not yet reflected in the cash book.
2. The bank reconciliation is carried out as follows:-
 - (a) Bring the cash book up to date by checking the bank statement for any automatic transactions ie direct debits, BACS receipts, bank charges or interest. If there are any, these should be entered in the cash book. The adjusted cash book balance will now be obtained by deducting expenditure from income.
 - (b) Using a standard reconciliation form similar to the attached write down the balance shown on the latest bank statement.
 - (c) Add to this figure any lodgements you have made but which do not appear on the bank statement, ie lodgements not yet credited.
 - (d) Deduct any cheques recorded in the cash book which do not appear on the bank statement. Include those cheques shown as unpresented (or outstanding) on the previous bank reconciliation which are still not through the bank ie cheques not yet presented.
 - (e) This calculation produces the adjusted bank statement, and should agree with the adjusted cash book balance. If the figures now agree, then the bank account has been reconciled.
3. If the two figures do not agree, carry out the following checks:-
 - (a) re-check the figures used in the reconciliation, and check the arithmetic.
 - (b) check the cash book additions, carry forwards and calculations of the balance.
 - (c) check that the cash book figures agree with the bank statement figures.
 - (d) check that no outstanding cheques have been omitted in error.

_____ Bank Account

Bank Reconciliation as at _____

£

Balance per bank statement dated _____

ADD Lodgements not yet credited:-

Date: _____ £

DEDUCT Cheques not yet presented:

Cheque No. Date £

Adjusted Bank Balance

Adjusted Cash Book Balance

* These two figures should be the same.

Completed by: _____

Date: _____

Checked by: _____

Date: _____

COMMUNITY COUNCIL CASHBOOK SAMPLE TRANSACTIONS

TRANSACTION

ENTRY IN CASH BOOK

1 ANALYSIS COLUMNS

A new cash book is set up at the start of each new financial year (1 September). Need to decide on an appropriate number of analysis columns.

- a) Income - decide on what types of income are received, e.g. bank interest, council grants, other grants, fund-raising activities, donations and other income. A 'contra' column should also be inserted.
- b) Expenditure - decide on what types of expenditure are incurred, e.g. office bearers expenses, honoraria, subscriptions/donations/gifts, stationery/photocopying/postage, fund-raising activities, bank charges, repairs/renewals, equipment, rent/hall hire etc, insurance and outings/parties events. A 'contra' column should also be inserted.
- c) Add these (b) and (c) headings to the top of the analysis columns in the cash book.

2 OPENING BALANCE

The opening cash and bank balances must be entered into the cash book. In this example the community council has a zero cash balance, £1000.00 in its current a/c and £2000.00 in its deposit or savings a/c.

- a) Go to the income side of the cash book.
- b) Enter the date; enter Balance b/f and insert amounts in relevant columns, i.e. current bank a/c, deposit bank a/c and cash, also in 'Contra' column as it was the balance b/f from previous financial year.

3 CASH INCOME

This may be in the form of donations if e.g. the community council hold a series of fund-raising days. For example w/c 9.9.01:-

9.9.01 - £ 80.50
10.9.01 - £ 45.50
11.9.01 - £ 74.00
 £220.00

Of course, all the above amounts would initially be recorded in the donations record book.

- a) The cash book is written up weekly: on Fridays (if required).
- b) Go to income side of the cash book.
- c) Enter either day money was collected or date money paid to Treasurer (in this example money paid to Treasurer on Friday 14.9.01)
- d) Under 'Received From (Details)' enter 'Donations w/c 9.9.01)
- e) Under 'Receipt No' enter 'Donations'.

- f) Under 'Cash' enter the daily amounts or the weekly total (in this case the weekly total as at Friday 14.9.01 is £220.00).
- g) Under analysis column headed 'Donations' enter amount(s) collected.

4 CHEQUE INCOME

The community council receives its administrative allowance from Renfrewshire Council to the value of £600.00 on 18.9.01.

- a) A receipt is sent to Renfrewshire Council, a duplicate of which remains in the receipt book.
- b) Go to the income side of the cash book.
- c) Enter date cheque was received - 18.9.01.
- d) Under 'Received From (Details)' enter 'Council Grant'.
- e) Under 'Receipt No' enter number of duplicate receipt (e.g. 004).
- f) Under 'Cash Column' enter amount of cheque (£600.00).
- g) Under analysis column headed 'Council Grants' enter the amount again (£600.00).

5 TRANSFERRING CASH TO BANK

On 18.9.01 the community council is holding £820.00 of income which requires to be banked.

- a) Go to expenditure side of the cash book.
- b) Enter date cash is being transferred.
- c) Under 'Detail' enter 'Cash to Bank'.
- d) Under 'Voucher Reference' enter 'Contra'*.
- e) Under 'Cash Column' enter amount being transferred (£820.00).
- f) Under analysis column head 'Contra' enter the amount again (£820.00).
- g) Go to income side of the cash book.
- h) Enter the date cash is being transferred.
- i) Under 'Detail' enter 'Cash to bank'.
- j) Under 'Receipt No' enter 'Contra'.
- k) Under 'Deposit Bank A/c' enter amount transferred (£820.00).
- l) Under analysis column headed 'Contra' enter the amount again (£820.00).

* What is a 'Contra' entry?

A contra entry involves the movement of funds between cash and bank; between bank accounts, or between fund categories (e.g. Donations to Fund-Raising Activities). A contra entry does NOT change the overall balance of the fund.

6 MAKING A PURCHASE BY CHEQUE

The community council buys equipment from 'Interoffice' by cheque. On 25.9.01 a purchase totalling £150.00 is made against cheque number 000112. A receipt is obtained and given the next available consecutive receipt number (in this case 021).

- a) Go to expenditure side of cash book.
- b) Enter the date purchase was made.
- c) Under 'Detail' enter 'Interoffice'.
- d) Under 'Cheque Number' enter "cheque no and receipt no" (000112/021).
- e) Under 'Bank/Cheque Amount' column enter the amount of the purchase (£150.00).
- f) Under the analysis column headed 'Equipment' enter the amount again.

7 ESTABLISHING A CASH FLOAT

It may not always be possible to make a purchase using a cheque and purchases should not be made from income, therefore a cash float is needed. The Treasurer decides to set up a cash float of £20.00 on 6.10.01 by drawing a cheque (No 000113) from the bank for £20.00.

- a) Go to the expenditure side of the cash book.
- b) Enter date cheque is drawn.
- c) Under 'Detail' enter 'Petty Cash' Float.
- d) Under 'Cheque No' enter '000113'.
- e) Under 'Bank/Cheque Amount' column enter the amount of the float (£20.00).
- f) Under 'Contra' column enter the amount again (£20.00)
- g) Go to the income side of the cash book.
- h) Enter date cheque is drawn; detail 'Petty Cash Float'.
- i) Under 'Receipt No' enter 'Contra'.
- j) Under 'Cash' column enter the amount of the float (£20.00).
- k) Under 'Contra' column enter the amount again (£20.00).

8 PETTY CASH PURCHASES

A separate notebook may be kept to record petty cash purchases. The total from this can be transferred to the cash book weekly. The community council makes 3 purchases during the week commencing 21.10.01:-

Receipt Book	-	£1.50
Batteries	-	£1.50
Torch	-	£2.00

These receipts have been retained and numbered pc001 to pc003.

- a) Add up total of the purchases (£5.00). Deduct this from float (£20.00) = £15.00. Check this agrees with actual cash in hand.
- b) Go to expenditure side of the cash book.
- c) Enter date; Under Detail enter Petty Cash Purchases - 21.10.01 to 26.10.01 and under 'Voucher Reference' enter pc001 to pc003.
- d) Under 'Cash' column enter total purchases (£5.00) and under analysis column headed 'Miscellaneous' enter total again (£5.00)

9 TOP UP OF THE PETTY CASH FLOAT

Since 8 above, has depleted the Petty Cash Float it is necessary to bring it up to its normal level of £20.00.

This should be done after the Treasurer has checked the cash balance and the receipts detailed above in 8.

- a) Write a cheque for the amount needed to make up the Float (£5.00) Cheque no 000114.
- b) Go to the expenditure side of the cash book.
- c) Enter date; under detail enter Petty Cash Top-up, under cheque no 000114.
- d) Enter amount of cheque (£5.00) under Bank/Cheque Amount column.
- e) Enter amount again under 'Contra' column.
- f) Go to income side of cash book.
- g) Enter date; Under 'Received from (Details)' enter 'Petty Cash Top-up' and under 'Receipt No' enter 'Contra'.
- h) Under 'Cash' column enter £5.00 and under 'Contra' column enter amount again.

10 BANK INTEREST

When a bank pays interest this will be shown on bank statements. This must be added to the income side of the cash book.

The bank pays interest of £90.00 on the Deposit Bank A/c on 2.11.01.

- a) Go to the income side of the cash book.
- b) Enter date; under Detail enter 'Bank Interest'.
- c) Under 'Receipt No' column enter 'Bank Statement'.
- d) Enter amount of interest (£30.00) under 'Deposit Bank A/c' column.
- e) Enter amount of interest under analysis column 'Bank Interest' (£90.00).

11 OUT OF DATE CHEQUE

If a cheque has not been cashed within six months it may not be accepted by the bank, therefore it has to be written back through the cash book. In November 2001 it was noted that a cheque written in May 2001 had not been cashed (cheque no 000082 for £300.00).

- a) Go to the income side of the cash book.
- b) Enter date; under 'Detail' write "Write back of out of date cheque 000082".
- c) Under 'Receipt No' enter original cheque number 000082.
- d) Under 'Current Bank A/c' enter amount (£300.00).
- e) Under analysis column 'Other Income' enter amount again.

12 CHECK TOTALS

It is possible to check that the 'double entry' system has been followed by calculating 'Check Totals'.

- a) On income side of cash book add together the cash and bank columns (£).
- b) Then add together all of the analysis columns (£).
- c) Do the same on the expenditure side of the cash book (£).

TRANSACTION REFERENCE COLUMN

Note that for reference purposes each entry has a transaction reference number. These correspond to the examples above and will not be featured in your actual accounts when you prepare them.

PREPARATION OF YEAR END STATEMENT

The above transactions are to be added together on each side of the cash book and the totals transferred, once satisfactorily balanced to the document:

YEAR END STATEMENT - RECEIPTS AND
PAYMENTS STATEMENT FOR YEAR TO
31.8.02.

NOTE

b/f - brought forward

c/f - carried forward

w/c - week commencing

When transferring the income and expenditure details to the Receipts and Payments Statement ignore the contra column totals. These are simply used to balance the income and expenditure totals

Community Council Cashbook

Community Council

INCOME

Trans. Ref	date	received from (details)	Receipt No	current bank a/c	deposit bank a/c	cash	total	bank interest	council grants	other grants	fund-raising activities	donations	other income	Contra
2	1.9.01	Balance b/f		1000.00	2000.00	0.00	3000.00							3000.00
3	14.9.01	Donations w/c 9.9.01	Donations			220.00	220.00					220.00		
4	18.9.01	Council Grant	004			600.00	600.00		600.00					
5	18.9.01	Cash to Bank	Contra		820.00		820.00							820.00
7	6.10.01	Petty Cash Float	Contra			20.00	20.00							20.00
9	26.10.01	Petty Cash Top-up	Contra			5.00	5.00							5.00
10	2.11.01	Bank Interest	Bank Statement		90.00		90.00	90.00						
11	5.11.01	Write back of out of date cheque 000082	000082	300.00			300.00					300.00		
12			TOTAL	1300.00	2910.00	845.00	5055.00	90.00	600.00			220.00	300.00	3845.00

Enter on to Income and Expenditure Summary at line

Less Expenditure (M)

Net Balance (8-M)

1000.00

4055.00

Community Council Cashbook

Community Council

EXPENDITURE

TransRef	details	date	cheque number/ voucher reference	current bank a/c/ cheque amount	deposit bank a/c	cash	total	office bearers expenses	honoraria	subscriptions donations gifts	stationery photocopying postage	fund-raising advertising	bank charges	misc	equipment	rent or hall hire heat and light	insurance	outings, parties, events	Contra
5	Cash to bank	18.9.01	Contra			820.00	820.00												820.00
6	interoffice	25.9.01	000112/ 021	150.00			150.00								150.00				
7	Petty cash float	6.10.01	000113	20.00			20.00												
8	Petty cash purchases 21.10.01 - 26.10.01	26.10.01	pc001 to pc003			5.00	5.00							5.00					20.00
9	Petty cash top-up	26.10.01	000114	5.00			5.00												5.00
12			TOTAL	175.00		825.00	1000.00							5.00	150.00				845.00

Enter on to Income and Expenditure Summary at line M

A B C D E F G H I J K L

(NAME) COMMUNITY COUNCIL
RECEIPTS AND PAYMENTS STATEMENT FOR
FINANCIAL YEAR TO 31.8.02

	RECEIPTS		PAYMENTS	
	£	£	£	£
Balance b/f:				
Cash	0.00			
Current a/c	1000.00			
Deposit a/c	2000.00	3000.00		
Bank Interest	90.00		Miscellaneous	5.00
Council Grants	600.00		Equipment	150.00
Donations	220.00			
Other Income	300.00			
TOTAL INCOME		1210.00	TOTAL EXPENDITURE	155.00
			Balance c/f:	
			Cash	20.00
			Current a/c	1125.00
			Deposit a/c	2910.00
				4055.00
		4210.00		4210.00

Accounts prepared by(signature)(date)
(designation)

Accounts audited by 1.....(signature).....(date)
(designation)

2.....(signature).....(date)
(designation)

Note

Auditors must not be current members of this community council.

_____ Bank Account

Bank Reconciliation as at _____

£

Balance per bank statement dated _____

ADD Lodgements not yet credited:-

Date: _____ £

DEDUCT Cheques not yet presented:

Cheque No. Date £

Adjusted Bank Balance

Adjusted Cash Book Balance

* These two figures should be the same.

Completed by: _____

Date: _____

Checked by: _____

Date: _____

(NAME) COMMUNITY COUNCIL

RECEIPTS AND PAYMENTS STATEMENT FOR

FINANCIAL YEAR TO 31.8.02

RECEIPTS

PAYMENTS

£

£

£

£

Balance b/f:

Cash

Current a/c

Deposit a/c

Bank Interest

Council Grants

Donations

Other Income

Miscellaneous

Equipment

TOTAL INCOME

TOTAL EXPENDITURE

Balance c/f:

Cash

Current a/c

Deposit a/c

Accounts prepared by(signature)(date)

.....(designation)

Accounts audited by 1.....(signature).....(date)

.....(designation)

2.....(signature).....

.....

Note

Auditors must not be current members of this community council.