

Section 5 – Financial Responsibilities

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5 Financial Responsibilities

5.1 Introduction

The RSC Interest Groups are established as independent Charitable Trusts and the RSC requires them to be self-financing. This means that the cost of all Group activities must be met from the Group's own funds.

"Guidelines for Treasurers" on the responsibilities of Group Treasurers in relation to trust records, annual accounts, VAT and related matters are provided by the Finance Department in Cambridge. This document is also available on the RSC Treasurers Group on MyRSC.

Under Part VI of the Charities Act 1993 the RSC must include Interest Group, Local Section and Regional results in its annual report and accounts. Therefore an individual set of accounts is required from each group.

The accounts should be in receipts and payments format, which are collated and included in the RSC's annual accounts. This information is from the preceding year 1st January – 31st December.

We request to have this information as soon as possible after year-end. The deadline for submission of accounts is **14th February** to ensure that they can be incorporated into the RSC's annual accounts as required by legislation.

5.2 Subscriptions

From January 2011, membership of three Interest Groups will be included in the cost of renewal. Members can join further groups at the cost of £10 each.

Monies payable to Interest Groups are paid via the RSC Finance Department once a year in February/March. It is a requirement that the Group's Annual Financial Statement has been received by the RSC before the monies can be paid. The deadline for providing an Annual Financial Statement is **14th February** each year. For accounts received after this date there may be a significant administrative delay.

5.3 Bank Accounts

Each Group holds its own Bank Account to administer RSC funds held by the Group. Each Group can carry funds over from year to year enabling them to manage their affairs on an ongoing basis. Likewise, they can also retain any surpluses from conferences to spend on future activities.

There are a number of general rules that should be adhered to regarding drawing cheques, changing cheque signatories and maintaining the bank accounts. These general rules are detailed in the "Guidelines for Treasurers", which are provided to Treasurers by the Finance Department and are also available *via* the MyRSC Treasurers group.

Ideally the bank account balance should reflect the accounts you submit. Bank accounts should never be overdrawn. Any surplus should be placed in a deposit account; the RSC Finance department is happy to assist with this.

All cheques should state the RSC's charity registration number 207890, which should also appear on any promotional material and sales invoices.

Cheques should be signed in accordance to the rules of the individual trusts. This means the Chairman plus one other member of the Committee, usually either the Treasurer or the Secretary should sign. Electronic banking is acceptable to both the RSC and the Charity Commission provided that a "dual signatory" approval system is in place. Please check with your bank that it offers this before setting up online banking.

BACS

Where possible, Groups are asked to use payment by BACS (bank transfers). The advantages of using this method are that funds are available without cheque clearance delays, the possibility of cheques being lost or delayed in the post is removed and there is no need to bank cheques.

5.4 Book of Accounts

The receipts and payments cashbook should be totalled monthly to be reconciled with the bank statement. This will make the year-end reconciliation easier if the cumulated amounts during the year are correct.

Payments

All invoices, receipts, vouchers relating to a payment should be filed in order of payment. The statutory period for keeping these is six years. Petty cash vouchers should be treated in the same way. By filing such invoices in date order a simple audit trail will exist.

Receipts

Receipts will be recorded on the banking pay-in slip; provided this is detailed and retained it will not be necessary to record such items individually in a cashbook.

The receipts and payments book should be extended to provide an analysis. This analysis is categorised for you into a format which best describes the types of income and expenditure (receipts and payments). If this is done monthly it makes year end reconciliation easier.

The RSC's account year-end is 31st December and all Groups should adhere to this. All accounts should be with the RSC Finance Department **no later than 14th February**.

NB: All financial records, supporting documentation and bank statements should be retained for six years.

5.5 Annual Audit and its Requirements

The type of audit performed varies with levels of gross income. An audit is required on all accounts. However, audited accounts can be submitted to us before they are approved at your AGM.

Where gross income is between £10,000 and £100,000 the necessity is to have an Independent Examination Report or Audit. This would be carried out by an auditor independent of the group who has the ability and practical experience to carry out a competent examination of accounts.

5.6 Annual Reports and Accounts

All groups with a turnover of less than £100,000 can prepare their accounts on a Receipts and Payments basis. This is to include only cheques drawn and receipts received passing through the books of accounts up to 31 December.

Prepayments and Accruals

All groups with a turnover of more than £100,000 need to make an adjustment on that accounting year. An adjustment of items prepaid which are for the following year, are not included in the year-end figures. Items for goods or services in the accounting year which are not yet paid for would be treated as an accrual and included in the year-end figures.

Consequently if you are adding outstanding income or expenditure in one accounting period the corresponding adjustment must be made in the next accounting period.

5.7 RSC Finance Department's Involvement

The finance department will keep you updated with the current legislation.

Investment

The RSC will be pleased to place monies on deposit on your behalf (for not less than a six-month period). A surplus is an amount not immediate to requirements (and not required for six months) of £1000 or above in multiples of £1000.

Email finance@rsc.org for further details.

5.8 VAT

When a Group's annual turnover of monies received exceeds the current legal VAT registration threshold it will need to be registered for VAT. This is for taxable supplies that are standard and zero-rated. This may arise if you have substantial conference activity. The current threshold and further details can be found on the HMRC website. <http://www.hmrc.gov.uk/vat/>

Treasurers will need to keep records of VAT. On the payment (purchases) side of the cash book - Input tax. On the receipts side - Output tax

VAT returns are submitted quarterly to Customs and Excise. VAT is either paid or claimed back. You pay the balance if output tax exceeds input VAT. They will pay you the balance if inputs exceed outputs.

We advise that you contact the RSC before you apply for VAT registration. For further advice contact the Finance department.

finance@rsc.org

An additional document detailing the experiences of the British Carbon Group in complying with VAT legislation can be found in Appendix D of this handbook.

5.9 Guidance on Expenditure

Expenditure incurred by Groups should be in support of the chemical sciences and in accordance with the charitable aims of the RSC. Expenditure may arise from activities and scientific meetings, lectures and scientific communications, publicity and meetings of the group.

Members should be encouraged to minimise their expenses in any way they can. In particular, members are requested to take advantage of second class travel and 'reduced fare' travel if no inconvenience is caused. Receipts should be attached to all expense claims.

5.10 Expenses

Interest Group Committee meetings

Payment of all reasonable travel expenses to attend a Group Committee meeting is a fair use of RSC funds held by an Interest Group. Such claims should be forwarded to the Interest Group Treasurer with receipts.

NB: First class travel cannot be claimed unless this is the most economical ticket available. Where possible, advance tickets should be purchased.

Where all or part travel is made by private car, the mileage allowance is as laid down by the Inland Revenue (currently 45p) and applies to all cars (for all engine sizes). The private car allowance is intended only where public transport is not convenient or when two or more members are travelling together.

NB: Interest Group accounts may be requested by the RSC auditors.

RSC Committee or RSC Board Meetings

Where Interest Group members are invited to attend RSC Committee or Board meetings, expenses (travel etc) should be claimed (unless otherwise stated in the invitation) from the appropriate RSC staff member using the form entitled *Members Expense Claim* together with receipts. An example of such a meeting is the General Assembly. The member expense claim form is available to download at <http://www.rsc.org/FormsDocuments>.

- Members are requested to minimise their expenses in any way they can. In particular, members are requested to take advantage of standard class travel and “reduced fare” air and rail tickets if no inconvenience is caused.
- Accommodation costs will be reimbursed where approval is given and must be supported by the itemised hotel bill. Receipted itemised bills for hotel accommodation and meals must be attached to claims so that VAT can be recovered. Similarly receipts are required for other expenditure, wherever possible.

5.11 Legal Obligations

Advice to Interest Groups and Local Sections on their Trust Deeds and legal obligations

- Local Sections and Interest Groups have Trust Deeds and operate under the RSC’s charity registration and obligations.
- Currently there are 35 Local Sections and 75 Interest Groups with a Trust Deed.
- For the Local Section and Interest Group Trusts, Council may at any time agree a resolution to discontinue the Fund [the assets of the Trust] and transfer the assets ‘upon trust’ to be held and applied to a charitable object connected with advancing the chemical sciences – hence the assets could be transferred back to the RSC itself.
- Sections and Groups by virtue of the Trusts have legal status; as legal entities the Trustees are the RSC plus the Chair of the Section/Group. Only Trustees can sign contracts etc and agreement from both is required.
- Council gives standing permission for Groups and Sections via the Chairman (who must be an RSC member) to sign contracts [cumulatively or singularly] with a value/liability of **up to £5000 without reference to Council**. Above this value, permission must be sought before work/activity is started on a project that may involve a contract with a value/liability above this amount. To initiate the process for gaining Council approval please email InterestGroups@rsc.org
- All contracts should be lodged with the RSC legal office for the record.
- Any meeting organised must be entered on the RSC meeting database on the web site: this should be checked for clashes with other group/RSC/Section activity and collaboration should be maximised.

- Groups and Sections should liaise with staff before starting new projects to ensure that coordination with other parts of the RSC is maximised and duplication of effort is avoided.
- Any publication resulting from an activity must be offered to RSC Publishing first.
- Guidance on any of these matters can be obtained from staff.