

# TREASURERS' MANUAL

*Edition 9 – Issued August 2021*

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## 1. INTRODUCTION

This manual has been prepared to assist Treasurers on practical matters, but it should be noted that the formal regulation of Groups and Regions is covered by The Society's Management procedures.

Whilst it is the Treasurer's responsibility to prepare the various documents and reports referred to in this manual, the Treasurer is entitled to expect the cooperation of all members of the Group or Regional Committee in providing all necessary information.

Each Group and Region should have a Treasurer including any sub-Group. If a sub-Group does not have its own Treasurer, then the Group Treasurer is responsible for reporting on its transactions.

The RPS finance staff in Bristol can cover some aspects of the Treasurer's role, if a departing Treasurer cannot be immediately replaced. The RPS finance staff in Bristol will undertake all aspects of internet banking for all Regions with effect from 1<sup>st</sup> January 2021, all Groups and sub-Groups with effect from 1<sup>st</sup> July 2021.

The Society's financial year runs from 1<sup>st</sup> January to 31<sup>st</sup> December, this also applies to all Groups and Regions. Unless it is otherwise made clear, any reference to a Group includes sub-Groups.

## **2. RECORDS**

### **Record Keeping**

All paperwork received by Treasurers relating to financial transactions should be filed in an orderly manner, generally by type of transaction and then chronologically, though other systems could be used.

### **Retention of Records**

All the following should be retained for a minimum of six years after the end of the financial year to which they relate:

- Purchase invoices
- Expense Claims
- Petty cash payments dockets
- Bank Paying-in counterfoils
- Cheque books

The Society will retain copies of cashbooks and bank statements on the OneDrive shared cloud filing system to allow access by the Bristol Finance team and Treasurers at any time using the appropriate @RPS.org email account.

After the minimum period, the records can be disposed of by shredding. In the event of a change of treasurer, all records should be passed over to the new treasurer.






















### **Cashbook (see also Appendix 1)**

All Treasurers are expected to use the excel templated cashbook provided by the RPS Finance Manager; held within the OneDrive folders and provide all the necessary information required by the Society to submit quarterly VAT returns and produce annual accounts.

Because of the need to produce quarterly VAT returns, the cashbook needs to be completed and saved in the OneDrive folder by the 18<sup>st</sup> of the month following the end of the quarter. That is 18<sup>st</sup> April, July, October and January for the quarters ending in March, June, September and December. Where this date falls on a weekend, the deadline is extended to the next working day.

We are now using the OneDrive folders for storing bank statements, payment requests, invoices paid, income received and master cashbook in one place that is accessible by both Group/Region Treasurer and RPS finance staff in Bristol without the need to email. Treasurers require an @rps.org email account to use this service. A link to a shared folder is sent to the treasurer who logs onto the link using Office365, they will then have access to their own information only as below:

Photographic Society > Groups & Regions Cashbooks > Groups > DOCUMENTS

Name	Status	
 Bank statements	 	(
 Invoices paid	 	(
 Payment Requests	 	(
 Previous Cashbooks	 	(
 Subs and online payments	 	(
 Cashbook Document Control 2020	 	(
 DOC Cashbook Q4 2020	 	.

The cashbook should be completed in the same manner as before as the need to produce quarterly VAT returns remains, the cashbook in this folder needs to be completed by the 18<sup>th</sup> of the month following the end of the quarter. That is 18<sup>th</sup> April, July, October and January for the quarters ending in March, June, September and December. Where this date falls on a weekend, the deadline is extended to the next working day. When requesting invoices to be paid, the Treasurer is required to complete the excel payment request template (to be explained below), saved into the Payments Requests folder, saved using the following naming convention – Payment Request 15 December 2020, being the date of the request. When paying invoices, these should be saved/scanned into the payments folder for retention under the retention policy mentioned above. As monthly bank statements are received in Bristol, the RPS finance staff will scan copies into the Bank Statements folder, they will no longer be emailed or sent by post. Likewise, the Subs and online payments received report will be scanned into the Income folder, they will no longer be emailed or posted. All other aspects remain the same.

The Finance Manager will provide the cashbook template each year together with additional instructions on how to use it, should there be any changes. It works best with a later version of Excel (2007 and onwards) but can be used in a modified way with earlier versions of Excel and some other spreadsheets, e.g. Libre Office. If you do not have Excel, please talk to the Finance Manager.

### **VAT (see also Appendix 2)**

The Society's VAT position is complicated, its activities cover a wide range of VAT categories, including Standard-rated, Zero-rated, VAT Exempt, the Tour Operators' Margin scheme, Outside the Scope of VAT and in some instances a combination of these.

The Finance Manager sends out a separate manual explaining the basics of VAT and is happy for those who feel confident to VAT code their own transactions but generally recommends that it is left for RPS Finance staff in Bristol to complete. The Finance Manager requests that any changes made by any of the RPS Finance staff are not changed without prior discussion with the RPS Finance staff. If any changes are made by the team, these are indicated by changing the colour of the cell to green. It is essential that you do not change the codes that have been amended by the Finance team as these have already been reported on to HMRC. If you want to query any changes, please talk to a member of the Finance team.

**NEW PAYMENT REQUEST PROCEEDURES**

The Treasurer must complete the new Payment Request spreadsheet requesting the RPS Bristol Finance team to make the payments on their behalf. Once the template is completed as per example below

Name of Group/Region	Group/Region				Pick from list	
<b>Expense/Invoice Payment Request</b>						
Date of Request	Enter Date				Enter date sent to Bristol Finance Team	
Invoice/Expense Date	Recipient	Bank Account Number	Bank Sort Code	Amount	Total Due	
01/12/2020	Volunteer 1			15.00		
06/12/2020	Volunteer 1	12345678	01-02-03	47.00	62.00	
08/12/2020	Printing Co	45678912	21-22-23	275.00	275.00	
<b>Total Value of Payments</b>					<b>337.00</b>	
Approved by Treasurer	Name					
	Date					
If individual Invoice/Expense over £250						
2nd Approval	Name					
	Email approval in folder		Yes	No		

Save in the Payments Request folder, saved as Payment Request dd mm yyyy, together with copies of all relevant invoices and expenses claims and 2<sup>nd</sup> authority if appropriate. Once saved email [finance@rps.org](mailto:finance@rps.org) requesting payment to be made, include in the email the name of the file to be paid.

Payment runs will be made every Friday, all correctly completed, and fully approved requests received by close of business on Thursday will be processed, payment will be received in the recipients' bank account by the following Thursday at the latest.

Should you have an urgent payment request please contact the Finance team to arrange.

### **3. PREPARATION OF ACCOUNTS**

The Finance Manager uses information provided from the quarterly cashbooks, where necessary supplemented by further information from Treasurers, to produce summary accounts for Groups & Regions for inclusion in the Society's published accounts. These summary accounts are not of enough detail to be presented to Group & Regional members.

Each Group & Region should prepare their own detailed annual accounts for presentation to their members. The Finance Manager will provide a suggested template that can be used for the year-end, but other versions will be accepted, if they give a similar level of detail. Comparative figures for the prior year should be given and a statement of the year end bank and cash holdings.

#### **Annual General Meeting**

Each Group & Region should hold an annual general meeting, where its annual accounts should be presented to the members, this should include the accounts for any sub-groups.

#### **Audit**

There is no obligation to get a Group or Region's annual accounts independently audited although some do organise this. However, it is possible that the Society's auditor (currently Moore SouthWest) will require sight of all the supporting paperwork for one or more Groups and/or Regions for a year. Notice will be given of this requirement. A request for such information does not mean that there are any concerns about their financial recordkeeping, the choice will be made by Moore SouthWest by either a pre-established sampling routine or by random selection.

### **4. BANKING & CASH**

#### **Bank Mandates & Limits**

We will no longer be replacing signatory mandates, mainly used for cheque signing, as changes occur as we work towards 100% online payments. As such we will be phasing out providing cheque books to Regions with effect from 1st January 2021 and Groups with effect from 1<sup>st</sup> July 2021.

As we phase out cheque books, we will continue to hold a cheque book on the main RPS account, but this will be used in an emergency only.

Credit or debit cards are not issued to Group or Regional officers.

Bank statements for every Group and Region are received by RPS staff in Bristol monthly, if transactions have occurred, generally a few days after the end of each month. These will be stored in the “cloud” folder, we will no longer post or email statements to Treasurers.

### **Online banking**

Groups and Regions will no longer have access to online banking, using the Barclays.net system. Please speak to a member of the Finance team if you require any details of income or expenditure on your bank statement.

When the Treasurer needs any payments made on behalf of the Group or Region, they should email the RPS staff in Bristol, referencing the Payment Request filed in the OneDrive folder, the folder must contain the invoice / expense details, approval to pay, invoice, expense claim etc., including the payees bank details. Payments up to £250 require the Treasurer’s approval, above that they will need to also be authorised by another committee member that the payment is approved. The RPS Finance staff will then process the payment through the Group or Regions bank account for and on behalf of the Group or Region.

### **Banking & Cash**

The Society uses Barclays bank for all current accounts. Using any other bank account, whether current account, paypal account or savings account, is prohibited. All RPS funds should be held in an RPS bank account. Small amounts of Petty Cash can be held but must be accounted for in the cashbook.

The banking of cheques and cash remains the responsibility of the Groups & Regional Treasurer and should be done in a timely fashion. Treasurers may find it easier to analyse income if they use separate paying-in slips when banking monies received for different events.

Where it is difficult for a Treasurer to access a branch of Barclays bank, it may be possible to use a convenient post office to deposit cash and cheques, please contact the Finance Manager to discuss this.

Groups and Regions are advised to minimise the use of cash transactions wherever possible. Please see under the section *Health & Safety* for advice on handling cash.

If any Group or Region has surplus funds, which it would like held on deposit, it should contact the Finance Manager to discuss this.

All general bank charges incurred by Group and Regions’ current accounts will be borne by RPS main bank account. This does not cover exceptional charges such as for special payments.

### **PayPal**

A few Groups and Regions have established PayPal accounts to overcome practical issues but, in general, they are not recommended.

The RPS requests that PayPal is **NOT** used.

### **Petty Cash Floats & Cash Holdings**

These can be kept but should not exceed £100 in normal usage and should never exceed £250. Any cash transactions will need to be recorded within the cashbook for the appropriate quarter.

## **5. INCOME**

### **Progress – the RPS Database**

The RPS has a database, which covers virtually all online income receipts from both members and non-members. It is used for producing the H/Q income reports for Groups & Regions.

### **RPS Financing of Regions**

The RPS pays a sum to each Region early on in each calendar year, which is intended to cover their administrative costs and the production of two newsletters. The amount due is set by Council each year. It is an amount per head based on the number of members each Region had at the start of January, with a minimum amount to ensure smaller Regions get adequate funding. This will not normally be paid until a region can show that it is putting on a suitable number of events during the year.

### **Group Subscriptions**

RPS Bristol collects Group subscriptions through its database, these could be paid by annual or monthly direct debit, by credit card, by cheque or by bank transfer.

Prior to December 2017 the Groups were recompensed for the value of the subscription when a free Group was taken by a new member. From January 2018 this offer was withdrawn.

In previous times, those members taking out Life Membership of the Society were entitled to one (or in some cases more than one) free Group membership for life; this has now stopped. RPS Bristol also recompenses Groups for the value of these subscriptions and will continue to do so.

### **Bookings through RPS Website**

Each Group and Region should have a designated Web Editor. They will be responsible for putting events on the RPS website using the detailed guidance notes provided to them. They can also see, at any time, who has booked via the website for any event. Please note that all income is received into the RPS main bank account and subsequently transferred into each Group or Region's bank account (see below).

### **Credit Card payments**

The Society no longer has a standalone credit card machine (the cost compared to usage was excessive). This means that any credit card payments can only be taken via the website or RPS Bristol for an event, item or activity that has been previously set up on the Society's database. Treasurers should not request CVV codes (the three-digit number on the back of the card) but instead hand this responsibility to RPS staff in Bristol.

### **Transfer of Funds from RPS Bristol**

All income received by RPS Bristol for memberships, events bookings and merchandise are entered through our database either automatically, via the website, or manually by RPS staff. Following the end of the month all these transactions are reconciled to bank and credit card statements, then analysed for coding. This process will determine the amounts due to all Groups and Regions and will normally result in two payments, one for Group subscriptions, the other for event bookings and other income.

The payments, made by bank transfer, should be made before the end of the following month and Treasurers will be able to view the spreadsheet showing each transaction making up the transfer, filed in the Subs and Online Payments folder. For events, a 10-character code is used, where the first two characters identify the group or region, the next six give the event date (e.g. 010817 for 1<sup>st</sup> August 2017) and the final two are an abbreviation of the location.

### **Sponsorship**

No approaches for sponsorship should be made without obtaining the prior approval of the RPS CEO; this does not preclude approaching organisations for donations to give as prizes providing that there is only limited publicity given to the donor. Any sponsorship needs to be invoiced and should be done in consultation with the Finance Manager.

### **Invoicing**

Where a Group or Region is requested to provide an invoice by a customer, for example, for equipment hire, it should seek advice from the Finance Manager concerning its layout, contents and VAT treatment.



## 6. EXPENSES

### **Approval of Invoices and Expenses for payment**

All payments made should be approved in advance by a committee member, generally by the Regional Organiser or Group Chair; but please note that no-one can authorise their own expenses. In order that there is a clear division of responsibilities, the Treasurer should, wherever practical, avoid authorising any payment to themselves.

### **Expenses**

All expense claims should be made using the official RPS Expenses Form (MF003 issue 7). Attached to this form are guidance notes showing the circumstances when expenses can be claimed and limits on how much can be claimed; in summary, expenses may be claimed to cover officers' attendances at meetings or other events that are necessary because of the responsibilities of their positions. Other members of The Society, who are specifically invited to assist with a Society event by the organiser of the event, may also claim expenses. All Groups & Regions are expected to adhere to these guidelines.

## 7. EVENTS

### **Event Discounts**

Groups and Regions may introduce differential pricing; discounts should not exceed 25% for Society members against prices offered to a member of the public. Groups may also introduce differential pricing between their own Group members and other RPS members, however in this situation there should also be a differential between an ordinary RPS member and a member of the public (so that there are three price levels). For Regional events, there should be no differential between the prices charged to a Region's members and other members of the RPS.

### **Large Events**

Where a large event is occurring for the first time (where large is defined as having a projected income or expenditure of £1,000 or over) the Treasurer, assisted by other committee members, shall present a budget to the RPS Treasurer (normally by email) for review and approval prior to any commitment being made to any aspect of that event. It is also recommended that this is accompanied by an analysis identifying when costs will be committed, so that a key date can be picked, at which time an assessment can be made about how the event is progressing and whether it makes sense to continue with it or cancel it.

An event where virtually all the costs will be committed upon or near to commencement, when there is little real indication what income might be, will be looked on less favourably than one where costs and income are likely to arise at similar times.

The purpose of this review is to help to make a success of the project not to reject it, by looking at possible weaknesses and eliminating them before the project begins.

## **Joint Events**

The Society encourages joint events between for example a Group and a Region, where practical. From a financial point of view, it is important that it is agreed at the outset who will be responsible for keeping the accounting records for the event; this should only be done by one of the partners and will include the receipt of all income and the paying of all expenses. It is also important to agree at the outset what will be the basis of apportioning any surplus or deficit from the event.

## **8. FIXED ASSETS**

A register should be kept of all items of meaningful value (and all items with a cost price of £250 or over) that the Group or Region possess; where several separate items are purchased that will always be used together (for instance computer, monitor, keyboard and mouse), the aggregate cost of the items should be used. This record should contain the date of acquisition, purchase price, a copy of the invoice, where the item is kept, description (make & model) and serial number – where exact details are not known, approximations should be used.

Safe storage of these items should be arranged by the Committee.

When it is proposed to purchase a new asset, the Group or Regional committee can approve the purchase of any item up to £999.99 (including VAT). For any item costing £1,000 or more, they should seek the approval of the RPS Treasurer or the RPS CEO before making any commitment.

Where it is proposed to sell any asset belonging to a Group or Region, the Finance Manager should be consulted over the VAT treatment required.

## **9. INSURANCE**

The Society's insurance policies cover a Group or Region's assets providing their details have been included in the Asset Register. This cover applies both to items at events and to those in transit or stored at member's homes (subject to normal security requirements such as suitable locks being in place, items being kept out of sight in locked cars etc.). The insurance does not cover items belonging to third parties and it should be ensured that these items have adequate insurance before use.

The Society's insurance also covers Public Liability for events run by Groups and Regions.

## **10. BUDGETING**

All treasurers will be required to submit budgets for activities by the first working day of the year. The Finance Manager will provide a suggested template spreadsheet that can be used but other versions will be accepted, providing they give a similar level of detail. It is suggested that the starting point for doing a budget should be an examination of the finances for events run and overheads incurred in the current year, considering whether it is reasonable to assume that those financial figures will remain roughly similar in the budget year and whether the number and type of events will change.

### **11. EXCESS FUNDS**

At present, there are no formal guidelines as to the amount of funds held by Groups or Regions, either in absolute terms or relative to annual income or expenditure. However, Council is reviewing whether such a policy would be desirable to ensure that members' funds are used to benefit existing members where practical.

### **12. HEALTH & SAFETY**

This is dealt with more comprehensively under MP003 & MP004. One aspect that could particularly affect Treasurers is the handling of cash. Wherever possible anyone with cash should be accompanied by another person and take sensible precautions about where and when they are in public areas. Should anyone attempt to rob them they should surrender the cash and not attempt resistance.

### **13. RPS PROCEDURES TO REFER TO**

These can be found in the [Volunteer Area](#) of the website.

- MP003 Regulations and Guidelines for Regions - Issue 5
- MP004 Regulations and Guidelines for Groups - Issue 6
- FP003 Finance Delegation and Control - Regions and Groups - Issue 6

## **APPENDIX 1 CASHBOOK INSTRUCTIONS**

The Excel spreadsheet is the recommended way of maintaining a cashbook that will provide all the information that the Society needs to meet its financial and statutory obligations; the two key requirements are to produce accurate and consistently prepared annual accounts and to file quarterly VAT returns.

The full spreadsheet is only certain to work for Excel 2007 or later versions; for earlier versions only the first three sheets will work - the 'Macro' function in the remaining analysis sheets will not work.

When you first open the spreadsheet from the email it may come up with a Protected View message, please click the 'Enable Editing' button. It may also come up with a security warning stating 'Macros have been disabled' – please click the 'Enable Macros' button.

Please save the cashbook in the OneDrive folder for which you have received a link for your Group or Region. If you want to retain a copy on your computer for future reference, please do so but ensure that the "OneDrive" version is the master and always up to date.

Each time you open the spreadsheet, you will get the Macros warning, please Enable each time.

The spreadsheet has seven pages, but you will only need to use two most of the time (*Expenditure* and *Income*):

1. Bank Summary
2. Expenditure
3. Income
4. Activity Analysis-Gross
5. VAT Analysis
6. Activity Analysis-Net
7. Drop down menus

We will look at how each one needs to be completed but first some general points.

- It is essential to use this spreadsheet, please discuss with the Finance Manager if you have any problems.
- Cells highlighted in pale blue are intended to be filled in by the Treasurer.
- Cells highlighted in yellow also need to be completed but, as these relate to VAT codes, it will generally be the responsibility of the Finance Manager to do this unless agreed otherwise.
- Cells that are not highlighted should not be filled in or overwritten as they are calculated figures.
- Please do not change the format settings for any cell or set of cells.

### The 'Bank Summary' Sheet

You need to fill in the name of your Group or Region in Cell A1.

You need to enter the bank current account and cash opening balance.

At the end of every quarter, you will need to enter the closing balance for cash held, the bank closing balance will then be calculated automatically.

As you complete the Expenditure and Income sheets this sheet gives you the figures for each month through the year.

These figures may not agree with your bank balance at the end of any month if you have given cheques to suppliers that have not yet been presented to your bank. At the bottom of this page is a bank reconciliation section. If you understand the principles involved please have a go, otherwise just leave it to the Finance Team to complete.

### The 'Expenditure' Sheet

Where one cheque, or BACS payment, represents two or more items of expenditure that should be shown separately (for instance on expenses claims) then you can enter each item on a separate row using the same details for Columns A to D – you must have a date for every line of expenditure.

If you have too many rows you can delete some of those that are blue highlighted. Just click on the row number (extreme left) of the first row that you want to delete, drag the cursor down to get the number of rows you wish to delete, right click then click on delete.

If you need to add more rows, decide this before you have completed all the rows available. Then, making sure you have at least one blue row below you, click on the row number (extreme left) of a row, drag the cursor down to get the number of rows you wish to insert, right click then click on insert. You will then need to copy the formulae into the new rows. Click on the row number of an existing empty row, right click, select copy, then place the cursor in Column A of the first newly inserted row and drag the cursor down to cover all the new rows, right click, select paste.

**Column A** – This should be in date order, please, otherwise the 'Summary' sheet may not give the correct figures. For BACS payments made, please use the date that appears on the bank statement; for cheques written, please use the date on the cheque. The date format must be DD/MM/YYYY.

**Column B** – Enter BACS for those type of payments made. For cheques, please give the cheque number, this makes it easier to do a reconciliation between your cashbook and your bank statement.

**Column C** - Identify the recipient of the payment whether they are an external supplier or an RPS member claiming expenses.

**Column D** – Please give a brief description of what the expenditure is for.

**Column E** – This is to identify the type of expenditure. A drop-down menu is used for ease. If you click on the cell an arrow appears to the side of the cell, click on that and you get a drop-down menu, click on your chosen description and that will appear in the cell. You can change what appears on the drop-down list, details of how to do this are given under that sheet, see below.

**Column F** – This is to identify the activity that the expenditure relates to. It is important to get this right as how much VAT can be reclaimed is determined by this. Again, for ease, a drop-down menu is provided (see Column E above).

**Column G** – Put the total amount of the cost, including VAT, here.

**Column H** – This is for the amount of VAT included in the total cost of Column G. Do not consider at this stage whether it can be fully reclaimed. You must have a proper VAT receipt to put an amount in here. Where you are paying members' expenses regarding fuel, please see Appendix 2, Expenditure, note 6.

**Column I** - Is a calculated figure, being Column G – Column H.

**Column J** - Is for the appropriate VAT code against each item of expenditure. Unless you have discussed this and agreed it with the Finance Manager, you should not attempt to complete this column.

**Column K** - Is a calculated figure, being the cumulative total of Column G.

### **The 'Income' Sheet**

Where one deposit represents two or more items of receipts that should be shown separately then you can enter each item on a separate row using the same details for Columns A & B - you must have a date for every line of income.

If you have too many or too few rows, please follow the instructions for the 'Expense' Sheet given above to insert or delete rows.

If you have unbanked cash receipts at the end of the quarter, please enter them on the last day of that quarter, analysed by event if necessary. When you do bank them, you will enter the deposit as normal on the cashbook but then on the next line you will need to put a negative figure, equal to the unbanked cash receipts for the last quarter, to avoid double-counting the receipt.

**Column A** – This should be in date order, please, otherwise the 'Summary' sheet may not give the correct figures. For all receipts, please use the date that appears on the bank statement. The date format must be DD/MM/YYYY.

**Column B** – Enter BACS for those receipts received by transfer. For cheques and cash paid in, use DEP.

**Column C** – Please give a brief description of what the income was if you feel it is necessary and not covered by the details in Column D or E.

**Column D** – This is to identify the type of income. A drop-down menu is used for ease. You can change what appears on the drop-down list, details of how to do this are given under that sheet, see below.

**Column E** – This is to identify the activity that the income relates to. It is important to get this right as it determines whether any VAT is payable on the income. Again, for ease, a drop-down menu is provided.

**Column F** – Put the total income here.

**Columns G & H** are calculated figures, once a VAT code has been entered in Column I.

**Column I** – if you feel confident that you can determine, using the VAT Guide, what is the correct VAT code to apply to each item of income, you can complete this column. A drop-down menu is used for ease. Once a VAT code is input Columns G & H are calculated.

**Column J** is a calculated figure, being the cumulative total of Column F.

#### **The ‘Activity Analysis-Gross’ sheet**

This sheet is all calculated and should not be touched. It provides an analysis of your gross income and expenditure by both activity and income and expenditure type.

#### **The ‘VAT Analysis’ sheet**

This sheet is all calculated and should not be touched. Once all the VAT codes have been input against the expenditure and income, this will provide all the information that the RPS needs to incorporate into its overall VAT return, which is submitted quarterly. It will also calculate how much VAT is owed or is due to you. If there is a comment against any of the Notes (bottom right of sheet), it may indicate a mistake in your inputting. If you cannot understand it, please contact the RPS Finance Manager.

#### **The ‘Activity Analysis-Net’ sheet**

This sheet is all calculated and should not be touched. It provides an analysis of your net income and expenditure by both activity and income and expenditure type. Beneath that is a summarised version, which also includes any irrecoverable VAT that you have. This is what the RPS will include within its overall figures when reporting quarterly and these figures will also be incorporated within the annual accounts.

### **The 'Drop-down menus' sheet**

This sheet provides the data for the drop-down menus you can access in the 'Expenditure' and 'Income' sheets. Please do not touch columns D & E.

Column A can be added to or amended to suit your own circumstances, so if you want to be more specific in listing your own activities this is fine. However, please ensure that each item must make it clear what the nature of the activity is to someone who is not particularly familiar with your Group or Region and its year if it isn't in the current year. For instance, if this year you are taking income for an exhibition in 2018 called 'Spring Time', the activity must be called 'Spring Time Exhibition 2018'. The list does not need to be in alphabetical order; it is whatever order suits you best.

In Columns B & C, the existing categories should not be amended but could be added to if you feel that they are insufficient for your expense or income types.

### **Particular Circumstances**

If you have had to refund some income, for example for a ticket, please show it as negative income on the income sheet not as a cost.

If you have received a refund from a supplier, please show it as a negative cost on the expenditure sheet not as income.

If someone claiming expenses decides to waive part of their claim due, please include the full amount of the claim on the expenditure sheet and show the amount waived as income on the income sheet, using the Income Type *Waived Expenses*.



## **APPENDIX 2    VAT ACCOUNTING GUIDE**

### **Summary**

Value Added Tax is a tax primarily aimed at the final consumer of a product or service. Generally, businesses charge VAT on all their income, pay VAT on their expenditure and pay over to HMRC the difference between the VAT they collect and the VAT they incur. However, many charities, including the RPS, provide a range of services and products on some of which they must charge VAT but others are exempt from VAT because of their educational nature. This mix of tax status for services and products means that the Society's VAT record-keeping is more complex than for most businesses.

Many of the Society's activities are exempt from VAT, which means that no VAT is to be deducted from any income from these activities. However, it also means that no VAT can be reclaimed from expenditure relating directly to those activities.

Some other activities are standard-rated for VAT, which means that VAT must be deducted from any income from these activities but this means that VAT can be reclaimed from expenditure relating directly to those activities.

Expenditure on overhead items is treated as partially exempt (PE). This means that only a proportion of VAT can be reclaimed, at present 60% of VAT is reclaimable.

### **Legal Entities**

The RPS is effectively composed of two legal entities, the Society, a company established by Royal Charter and a registered charity, and RPS Trading, a limited company, wholly owned by the Society. The Society's Groups and Regions, although they operate semi-autonomously, are a legal part of the Society – please note that throughout this document references to Groups includes Sub-Groups. This means that all the rules about VAT apply to all Groups and Regions regardless of their individual size.

The Society must submit a VAT return every quarter, which includes all the Groups and Regions and RPS Trading.

### **Details**

#### **The VAT treatment of activities and income**

##### **A list of Income VAT codes**

- T0 – Zero-rated
- T1 – Standard-Rated
- T2 – Exempt from VAT
- T3 – Residential Conferences
- T9 – Outside the Scope of VAT

### **Group Subscriptions**

These are treated the same as members' subscriptions, i.e. currently 54% zero-rated and 46% exempt. For ease, as they are collected alongside the RPS membership subscriptions, RPS H/Q includes group subscriptions in its VAT calculation. This means that the Groups should treat their subscription income as Outside the Scope of VAT (T9).

### **Regional Funding from RPS Bristol**

As these are just a transfer of funds from one part of the Society to another, these are also Outside the Scope of VAT (T9).

### **Residential Conference income**

After discussions with our VAT advisor, he has said that this type of event (where part of the income is for accommodation) falls under the *Tour Operators' Margin Scheme* (TOMS).

It means that all income and expenditure is initially recorded gross and any VAT is ignored. VAT is only payable on the net income, that is the surplus generated by the event. Income should be recorded as VAT code T3 and Expenditure as VAT code T10. It is essential that any such conference is clearly identified to the Finance Manager, and that all income and expenditure directly related to the conference is also clearly identified. This will include entrance to the conference, food and drink, venue hire and speakers' fees.

This is a specialised area of VAT and you may wish to consult with the Finance Manager over its application.

### **Other Income**

- Journals, newsletters, books and other publications are Zero-rated (T0), so no VAT is payable.
- Exhibition entry fees (to enter a piece of work in a competition) are Standard-rated (T1), so VAT is payable.
- Merchandise sales (T-shirts, camera equipment, CDs etc. but not books) are Standard-rated (T1), so VAT is payable.
- Trade stands income is Standard-rated (T1), so VAT is payable.
- Advertising income is Standard-rated (T1), so VAT is payable unless you receive a request from a registered charity to be zero-rated for VAT; please speak to the Finance Manager should this arise.
- Equipment hire income is Standard-rated (T1), so VAT is payable. Any refundable deposit is Outside the Scope of VAT (T9).

- Sale of equipment is generally Standard-rated (T1), so VAT is payable but please consult with the Finance Manager for confirmation.
- Food and drink, where charged for separately, is Standard-rated (T1), so VAT is payable. But note that where a meal is provided, even if there is one all-in price, you must apportion the income between the meal and other activities. Normally, the income from the meal should be either equal to, or more than, the cost of that meal to the Society. Where minor amounts of food and drink are provided (such as tea and biscuits) and no charge is made but donations are genuinely invited, then this income is treated as being Outside the Scope of VAT (T9), so no VAT is payable.
- Sponsorship is Standard-rated (T1), please speak to the Finance Manager about this.
- Commission on the sale of photographs is Standard-rated (T1).
- Distinctions days are Exempt (T2), so no VAT is payable.
- Workshops are Exempt (T2) as are lectures, so no VAT is payable. This would include field trips, day conferences, films (about photography), viewing an exhibition and other similar events; basically, any event whose main purpose is educational is Exempt from VAT. But also see the section on Residential Conferences.
- Bank interest is Outside the Scope of VAT (T9), so no VAT is payable.
- Gifts, donations and grants received are Outside the Scope of VAT (T9), so no VAT is payable.
- Postal income can be Outside the Scope of VAT (T9) where the income reflects the actual cost, that is we charge what it costs us. Otherwise it is Standard-rated (T1) unless it is for sending publications where it is Zero-rated (T0).
- Bank interest and investment income are Outside the Scope of VAT (T9).
- Where the Society contributes towards the cost of an event, the income is Outside the Scope of VAT (T9).
- Income received from another Group or Region (typically at the end of a shared event) is Outside the Scope of VAT (T9).
- A VAT refund from HMRC, via RPS H/Q, is Outside the Scope of VAT (T9).

## Expenditure

### A list of Expenditure VAT codes

- T0 – no VAT on invoice
- T1 – Standard Rate, fully recoverable
- T9 – Outside the Scope of VAT
- T10 – Residential Conferences
- T13 – Partially Recoverable VAT (on overhead items)
- T15 – Wholly Irrecoverable VAT

You need a VAT receipt or invoice to be able to reclaim any VAT. Where you are paying members' expenses, they should provide you with any VAT receipts (scanned or copied is acceptable). For supplier invoices specifically made out to the RPS, paper, electronic, scanned or photocopied copies are acceptable.

As a rule, the ability to reclaim VAT on costs is determined by the nature of the activity that the costs relate to and whether the income generated is VAT'able or is exempt.

Where costs are not attributable to an activity, they are deemed to be overheads and any VAT on them is partially recoverable, currently 60%.

Below I have tried to clarify particular circumstances:

1. Invoices or expenses with no VAT on them are treated as Zero-rated (T0) unless they are one of those items that are Outside the Scope of VAT (see below).
2. VAT on expenditure on producing printed materials such as newsletters, catalogues or books, is fully reclaimable (T1).
3. VAT on expenditure for a Standard-rated item (such as merchandise), is fully reclaimable (T1).
4. VAT on food and drink that has been charged for either specifically or within an all-inclusive price is fully recoverable (T1), otherwise it will be determined by the VAT status of the activity at which it is provided; for example, it will be totally irrecoverable (T15) for a workshop and partially recoverable (T13) at a committee meeting (overheads expenditure).
5. VAT on accommodation costs. Please see the example below and the section on Residential Conferences.
6. The reclaiming of VAT on mileage expenses follows the normal principle of being determined by the activity to which it relates. HMRC provide a set of figures, which are regularly adjusted, to determine how much VAT is attributable to mileage expenses using the criteria of engine size and fuel type; if you do not have this information you must use the lowest rate available. The Finance Manager issues guidance notes and a calculator for determining how much VAT can be reclaimed.

7. VAT on postal expenses, that is from couriers (please note that there is no VAT on postage stamps), will be Outside the Scope of VAT (T9) if the exact cost has been recharged to the recipient. It is fully recoverable (T1) if we have charged a set amount for the item being delivered (generally to return photographs). Otherwise if it is an overhead cost any VAT is partially recoverable (T13).
8. Payment made to another Group or Region (typically at the end of a shared event) is Outside the Scope of VAT (T9).
9. VAT payments to HMRC, via RPS H/Q, are Outside the Scope of VAT (T9).
10. Bank charges are Outside the Scope of VAT (T9).
11. Grant payments are Outside the Scope of VAT (T9).
12. VAT on overheads expenditure is partially recoverable (T13).
13. VAT on exempt activities costs such as workshops is totally irrecoverable (T15).

Where RPS H/Q has paid an invoice on behalf of a Group or Region, it will normally send a copy of that invoice to the appropriate treasurer. The Group or Region should account for any VAT incurred unless specifically told otherwise.

#### **An example of the treatment of expenditure**

Whether any VAT can be reclaimed on expenditure is determined not by the type of expenditure but by the reason why it has been spent, that is the activity that it is supporting.

Thus, the same expenditure could be treated in three different ways for VAT:

A hotel room is booked for two nights at a cost of £150 plus £30 VAT.

1. If the occupant is judging competition entries, where an entry fee has been charged, then all the £30 VAT (T1) is recoverable, as these competitions are a VAT'able activity.
2. If the occupant is giving a lecture, then none of the £30 VAT (T15) is recoverable, as lectures are regarded as a VAT exempt activity.
3. If the occupant is attending a committee meeting, then a proportion of the VAT (T13), £18 (=£30 x 60%) is recoverable, as this is an overhead activity and so partially recoverable, and hence £12 is not recoverable.

### **APPENDIX 3 – Frequently Asked Questions**

#### **Do all Groups and Regions have their own bank account?**

Currently all Council approved Groups and Regions have their own bank account. There are a couple of unapproved Groups that do not have RPS bank accounts, all funds relating to these unapproved Groups must be held in the approved Group's account

#### **Do all Groups and Regions Treasurers have online access to the bank account?**

No, some Treasurers have contacted RPS Bristol to ask that RPS Bristol finance team undertake responsibility for carrying out online payments on behalf of the Group/Region.

#### **Do all Groups and Regions Treasurers have cheque books for the bank account?**

No, some Treasurers have cheque books, but we are aiming to be 100% online and are phasing out cheque books with the change of Treasurers. RPS Bristol will still hold a cheque book but for emergencies only.

#### **Can Groups and Regions have a PayPal account?**

No, the RPS is only allowed one business PayPal account. History dictates that some Groups/Regions hold PayPal accounts, but these are not recognised RPS accounts and we do not encourage further accounts to be opened.

#### **Can Groups and Regions receive payments from overseas members?**

Yes, they will need additional information regarding the bank account being paid into, please contact the Finance team in Bristol

#### **Can Groups and Regions have a debit/credit card attached to the bank account?**

No, the RPS do not supply any cards attached to the bank accounts

#### **Can Groups and Regions have access to the cloud folders?**

Yes, any treasurer with an [xxxtreasurer@rps.org](mailto:xxxtreasurer@rps.org) email account can have access to the cloud based cashbooks and related information. Please contact the Finance team if you want access.