

# FINANCE OFFICERS' MANUAL

*Edition 10 – Issued July 2024*

## CONTENTS

1. Introduction
2. Records
3. Preparation of Accounts
4. Banking and Cash
5. Income
6. Expenditure
7. Events
8. Fixed Assets
9. Insurance
10. Budgeting
11. Excess Funds
12. Health & Safety
13. RPS Procedures

**Appendix 1**      **Cashbook Instructions**

**Appendix 2**      **VAT Accounting Guide**

**Appendix 3**      **Frequently Asked Questions**

## 1. INTRODUCTION

This manual has been prepared to assist Finance Officers 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 Finance Officer's responsibility to prepare the various documents and reports referred to in this manual, the Finance Officer 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 Finance Officer. The Group Finance Officer is also responsible for reporting on all sub-committee's transactions.

The RPS finance staff in Bristol can cover some aspects of the Finance Officer's role, if a departing Finance Officer cannot be immediately replaced. 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 Finance Officers 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. Scanned copies of all documents should now be retained in the Finance folder for each Group or Region on the RPS One Drive to enable access to all RPS Bristol Finance staff and external auditors.

### Retention of Records

Hard copies (where issued) of the following should be retained for a minimum of one year after the end of the financial year to which they relate:

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

















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, External Auditors and Finance Officers at any time using the appropriate @RPS.org email account. These electronic copies will be retained for a minimum of six years.

Under the new guidance and the need to streamline the bank accounts, bank statements are received in Bristol, the RPS finance staff will allocate all payments and receipts to the appropriate group or region and provide a summary for the Finance Officer to enter onto the master cashbook. The Subs and online payments received report will be scanned into the Income folder for the Finance Officer's use to allocate income to events using the correct event descriptions.

After the minimum period, the hard copy records can be disposed of by shredding. In the event of a change of Finance Officer, all records should be handed over to the new Finance Officer. If a Finance Officer is not appointed, all records should be returned to RPS HQ.

We are now using the OneDrive folders for storing payment requests, invoices paid, income received and master cashbook in one place that is accessible by both Group/Region Finance Officers and RPS finance staff and External Auditors without the need to email. Finance Officers require an @rps.org email account to use this service. A link to a shared folder is sent to the Finance Officer who logs on using Office365, they will then have access to their own information only detailed below. All Finance Officers must use the excel templated cashbook provided by the RPS Finance Team; held within the OneDrive folders and provide all the necessary information required by the Society to submit quarterly VAT returns and produce annual accounts.

The Finance Team at Head Office are responsible for the retention of electronic records and their disposal.

Name	Status
 Bank statements	
 Budgets and YE accounts	
 Invoices paid	
 Payment Requests	
 Previous Cashbooks	
 Subs and online income	
 Cashbook Document Control 2020	
 Creative Cashbook Q2 2024	

Note the cashbook name will be named as per Group or Region

### 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 RPS Finance Team issues a separate guide 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 team in Bristol to complete. Any amendments made by any of the RPS Finance staff **MUST NOT** be changed without prior discussion with the team. If any changes are made by them, 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 team.

### Cashbook (see also Appendix 1)

The RPS Finance Team 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 RPS Finance Team.

We ask that the cashbook is updated monthly / regularly (where there are a lower volume of transactions) to keep the information current.

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>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.

Please see Appendix 1 for details / guidance on how to complete the cash book.

## 3. PREPARATION OF ACCOUNTS

The RPS Finance Team uses information provided from the quarterly cashbooks, where necessary supplemented by further information from Finance Officers, 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 RPS Finance Team 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, each year the Society's auditor (currently Moore SouthWest) will select at random a number of Groups and Regions to carry out an audit and require sight of all the supporting paperwork for that year. The external auditors have full access to the One Drive and therefore Groups and Regions do not usually need to provide additional information. 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**

We will no longer hold Bank statements for every Group and Region once streamlining of the number of bank accounts has taken place. If transactions have occurred within a Group or Region, generally a few days after the end of each month, these will be stored available for the Finance Officers to view, analyse, and enter onto the cashbook as either income or expenditure, detailing the payees, details, amounts, VAT amount etc., should they have any queries the RPS Finance Team will be able to assist.

### **Online banking**

Every month the RPS Finance Team will provide details of bank transactions for entering onto your cashbooks in detail. These will be put into the Bank Statements/Information folder – note these will be excel summaries and not bank statements once the bank accounts have been streamlined. Please speak to a member of the Finance team if you require any details of income or expenditure.

### **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 official 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 Finance Officer and should be done in a timely fashion, Finance Officers will be supplied with new paying in books once the bank accounts have been streamlined. Finance Officers 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 Finance Officer 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 RPS Finance Team 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.

### **PayPal**

A few Groups and Regions have established PayPal accounts to overcome practical issues. Individual PayPal accounts are no longer allowed. All RPS funds MUST be held in official RPS accounts. If PayPal transactions are required, in exceptional circumstances, please contact the RPS Finance Team to discuss.

### **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**

### **Salesforce – the RPS Database**

The RPS uses Salesforce as its membership database and Blackthorn for event management, which is the only official database/event management system, which will manage all income from both members and non-members. It is used for producing the H/Q income detail, reports for Groups & Regions and managing Gift Aid claims from HMRC.

### **RPS Financing of Regions**

The RPS will support each Region financially on a project basis. This will be paid once the region has provided a budget for the financial year, showing the expected income and expenditure and funding required in the October of the previous year to the CEO.

### **Group Subscriptions**

RPS Bristol collects Group subscriptions through its database, these could be paid by annual or monthly direct debit, credit card, cheque or bank transfer. Historically, some Life Members may have had entitlement to free Life Group membership, this is no longer offered to new Life Members, but we are still honouring the existing free life members.

### **Bookings through RPS Website**

Each Group and Region should have a designated Web Editor, who 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). No alternative booking sites/systems are to be used.

### **Credit Card payments**

Credit card payments can be taken in exceptional circumstances by the staff at RPS Bristol for an event, item or activity that has been previously set up on the Society's database. Finance Officers 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. Should you require this manual payment service please contact the RPS Finance staff for details.

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

All income received by RPS Bristol for memberships, events bookings and merchandise is 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 Finance Officers will be able to view the spreadsheet showing each transaction making up the transfer, filed in the Subs and Online Payments folder.

### **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 RPS Finance Team.

### **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 RPS Finance Team concerning its layout, contents, and VAT treatment.

## **6. EXPENDITURE**

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

All payments to be 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.

### **NEW PAYMENT REQUEST PROCEDURES**

#### **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.

Please see process below:

1. Volunteer incurs expenses.
2. Volunteer completes 'Expenses claim form MF003'.
3. Volunteer submits completed form MF003 and supporting receipts etc to Finance Officer
4. Finance Officer enters **ONLY** the requested information on 'Payment Request Template' **No additional detail to be entered on this sheet.**
5. Finance Officer uploads completed 'Payment Request Template' **AND** all supporting documents (e.g., Completed MF003 Form, Receipts, emails etc) to Payment Request folder on OneDrive. If payment amount is above £250, a second approval must be gained by Finance Officer from another Committee Member

### **Invoices**

When requesting invoices to be paid, these must be addressed to the RPS noting the appropriate group or region, these should be saved/scanned into the payments folder for retention under the retention policy mentioned above.

Please see process below:

- 1 Invoice is received from supplier by a committee member.
- 2 Committee member approves invoice for payment and passes to Finance Officer
- 3 Finance Officer enters necessary information on 'Payment Request Template'.
- 4 Finance Officer uploads completed 'Payment request Template' **AND** invoice to OneDrive.

### **Payment of Invoices and Expenses**

The Finance Officer is required to complete the excel payment request template, saved into the Payments Requests folder, as Payment Request dd mm yyyy, together with copies of all relevant invoices and expenses claims and 2<sup>nd</sup> authority if appropriate.

When the Finance Officer has completed this process, they should email [finance@rps.org](mailto:finance@rps.org), referencing the Payment Request filed in the OneDrive folder, the folder must contain the invoice or expense claims with receipts and approval to pay, including the payees bank details.

Payments up to £250 require the Finance Officer approval, but in the absence of this role being filled, approval can be given by another committee member. Any payments over £250 will need to also be authorised by a 2<sup>nd</sup> committee member. The RPS Finance staff will then process the payment through the allotted bank account for and on behalf of the Group or Region.

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.

## **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 Finance Officer, assisted by other committee members, shall present a budget to the Honorary Treasurer/CEO (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), this must be recorded in the committee minutes. For any item costing £1,000 or more, they should seek the approval of the Honorary Treasurer or the RPS CEO before making any commitment, having first received approval of the committee.

Where it is proposed to sell any asset belonging to a Group or Region, the RPS Finance Team 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 Finance Officers will be required to submit budgets for activities during the final quarter of the financial year (1<sup>st</sup> October to 31<sup>st</sup> December). The RPS Finance Team 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 Finance Officers 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 supplied annually for the maintenance of the cashbook, which provides 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 cashbook works best on 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, 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.

The cashbook is held in the OneDrive folder for which you have received a link for your Group or Region. Do not retain additional copies on your own computer this ensures that the "OneDrive" version is the master and always up to date.

Each time you open the spreadsheet, you may 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 Funds
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 RPS Finance Team if you have any problems.
- Cells highlighted in **pale blue** are intended to be filled in by the Finance Officer.
- Cells highlighted in **yellow** also need to be completed but, as these relate to VAT codes, it will generally be the responsibility of the RPS Finance Team 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 'FUNDS' Sheet**

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

RPS Finance Staff will enter the opening Funds balance (this will include any cash held).

At the end of every quarter, you will need to enter the closing balance for cash held, the Funds closing balance will then be calculated automatically. You are also required to enter the quarter end date and the bank balance as recorded on the summary provided by the RPS Finance Team.

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

### **The 'Expenditure' Sheet**

Where one cash, or BACS payment, represents two or more items of expenditure, these 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.

**Column A** – This MUST be in date order, please, otherwise the 'Summary' sheet will not give the correct figures. For all payments made, please use the date that appears on the information provided by the RPS Finance Team. The date format must be DD/MM/YYYY.

**Column B** – Enter BACS or CASH for the appropriate type of payment made.

**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 RPS Finance Team, 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, or by each type of income, 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 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 must 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** – it is preferable that you do not insert the VAT codes for income. The Finance team will enter the codes based your activity selected in column E. However, if you feel confident that you can determine the correct code using the VAT Guide, you can complete this column. A drop-down menu is available. 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 Team.

### **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 in 2024 you are taking income for an exhibition in 2025 called 'Spring Time', the activity must be called 'Spring Time Exhibition 2025'. 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 expenditure.

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 – please note that this is calculated at the VAT Group level, including our Limited company, the RPS Finance team will insert this % at the beginning of the year and **THIS MUST NOT** be amended by individual groups or regions.

### 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 T0 and 46% exempt T2. 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, which 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 RPS Finance Team, 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 RPS Finance Team 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 RPS Finance Team 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 RPS Finance Team 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 RPS Finance Team 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, 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 Vatable 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% - see comment in Summary section paragraph of this appendix.

Below we 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 RPS Finance Team issues guidance notes and a calculator for determining how much VAT can be reclaimed.
7. VAT on postal expenses, which 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 Finance Officer. 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 Vatable 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?**

No, we have streamlined some Groups and Regions together. However, some very active group and regions do have their own bank account.

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

No, no access to online banking is available.

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

No, RPS Bristol still holds a cheque book (attached to the main RPS account) 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, these must be closed by the 31<sup>st</sup> December 2024.

### **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 RPS 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 to staff or volunteers.

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

Yes, any Finance Officer with an [xxx@rps.org](mailto:xxx@rps.org) email account can have access to their cloud-based finance folder, which includes access to cashbooks and related information. Please contact the Finance team if you want access.