



# Information Note

## Treasurer's Training Pack

Produced by the Tenants Information Service  
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SCOTTISH EXECUTIVE

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# Introduction

Welcome to this Information Note designed for new treasurers of Tenants and Residents Associations. It has been compiled by TIS following training sessions for tenants during 2006. Thanks also to the groups who provided comments on the draft of the Information Note. We hope that you will find it useful.

Some common fears expressed by people thinking about taking on the role of treasurer

- ◆ Responsibility of cash
- ◆ Lack of confidence in own ability
- ◆ Unsure of how financial process works
- ◆ Lack of understanding of financial jargon
- ◆ Lack of confidence to complete full set of accounts

This Information Note deals with some of these fears to give treasurers confidence in their task remember -

**F.E.A.R. = False**

**Expectations**

**Appearing**

**Real!**

# Jargon Buster

<b>Bank statement:</b>	Detail of all financial transactions you have made - received from the bank
<b>Bank Interest:</b>	Received from the bank - money added to your account (only if the account is in credit)
<b>Cheque book:</b>	Received from the bank when you open a treasurer's account - method of payment
<b>Bank charges:</b>	Deducted from your account for processing your financial transactions i.e. processing cheques, direct debits
<b>Petty cash:</b>	Method of keeping small amounts of cash available to pay general items i.e. postages
<b>Debit:</b>	Money which is deducted from your account when you pay bills (using your cheque book)
<b>Credit:</b>	Money paid into your account for monies you have received and banked
<b>Income:</b>	Money received
<b>Expenditure:</b>	Money being paid out
<b>Ledgers:</b>	Term used in accounting for filing information
<b>Budgets:</b>	Reports based on income and expenditure
<b>Balance:</b>	Amount of money left in your account -once debits and credits have been calculated
<b>Reconciliation:</b>	Final report showing that your financial statement is the same as the bank statement

# Role of the Treasurer

**Every Tenants & Residents Association should make sure that a treasurer is appointed to handle the money coming in and going out of the Association.**

- ◆ The treasurer should keep a clear and accurate book-keeping system and should be able to handle figures
- ◆ The treasurer is responsible for the proper handling of the finance of the Association, but not the actual raising of the money
- ◆ The treasurer will be one of three office bearers of the committee authorised to draw out money. Normally two out of three signatures are required when money is withdrawn from the Association's bank account

## **Before a Meeting:**

- ◆ The treasurer should prepare a financial report of the previous month's financial income and out goings before the meeting
- ◆ The treasurer should check that members have paid their subscription fee (if applicable) and
- ◆ Ensure all approved bills are paid

## **At the Meeting:**

- ◆ The Treasurer should present a report of money paid into the association's account
- ◆ The Treasurer should bring all the account books to the meeting so that he/she can answer any questions
- ◆ The treasurer should advise on the amount of money available for the association's work and warn of excess expenditure
- ◆ The treasurer should collect any subscriptions
- ◆ Any financial decisions must be made at the meeting and recorded in the minutes

## **At the Annual General Meeting:**

- ◆ The treasurer should prepare a statement for audit prior to the AGM
- ◆ The treasurer should present the balance sheet and financial statement at the AGM after he/she has received the audited accounts

# The Treasurer should have

✓	A diary	✓	Cheque book
✓	Receipt book	✓	Calculator
✓	Cash box	✓	Note pad
✓	Petty cash book	✓	Accounts book (ledger)
✓	Folder for receipts (all receipts)	✓	Computer Spreadsheet programme such as Excel

## Note:

- ✓ No monies are to be paid to Committee members other than out of pocket expenses.
- ✓ Where monies are claimed for telephone calls an itemised bill is required which identifies all calls which the claim refers to.

# Opening a bank account

## Opening a Treasurer's Account

Once your Association has been set up and your constitution is agreed, a financial account must be opened up with a bank. If you wish to receive grants from the Council or any other body they will insist on seeing your bank details. Once you have decided which bank you wish to use ask for a treasurer's account for a group or organisation. The bank will give you a form which must be completed by you on behalf of the Association. The form will also request the signatures of committee members for the cheque book. Normally banks will ask for three signatures. This is usually the Chairperson, Secretary and Treasurer. (Signatories should not be from the same family). Two signatories are required to withdraw any money from the account.

## Constitution

The bank will ask you for a copy of your constitution which should be signed by the Chairperson and Secretary on the date it was approved. The bank will keep this for their records.

## Proof of Identity

It is likely that you will be asked for proof of identity when you go to open the bank account. So remember to take some with you. Your passport is the best proof of ID (If you have one). You could also use your driver's licence or a utility bill.

## Money to deposit to open account

Of course you will require some money in order to open the account in the first place. Your Association may have to consider asking members for a small fee to get the Association started.

## Applying for a grant from the Council

Once you have opened your account you can apply to the Council for a Start-up Grant. They will wish to have details of your bank account number and a copy of your constitution.

## Change in Office Bearers

If you change the office bearers and therefore the signatories of the bank account, you have to inform the bank. They will issue you with a form for the new signatories and again will wish a copy of your minutes where the changes were agreed. It is a good idea to ask the bank for a "change of signatories" form prior to the AGM or special meeting called for that purpose and deal with any changes within four weeks.

## Closing the Account

If your Association decides to close the account, you will have to call a special general meeting of the Association to agree this. Any funding that you have from grant making bodies will require to be returned to them before dissolving the Association. Again the bank will wish to see the minute of this agreement.

# Things to consider when opening a bank account for your Association

- ◆ The **location** of the bank - you may want to have it in your local branch for ease of access
- ◆ Bank **opening hours** - again this is about ease of access - some smaller local branches may have restricted opening hours
- ◆ Whether or not there are minimum or maximum balances required for the account
  - ✧ **Minimum balance** - some banks require that a minimum amount of money is always available in the account - you may be charged if your balance goes under that amount
  - ✧ **Maximum balance** - Some banks have a maximum limit that you are allowed to keep in your account, usually £500,000
- ◆ **Deduction of tax** - Some banks operate a system where voluntary organisations receive bank interest gross - this means that no deduction of tax is made from your account
- ◆ **Transaction charges** - this is worth checking out! Some banks do charge for transactions whereas some do not
- ◆ **Credit search** - most banks will do a credit search of the person(s) opening the account

## Things you need when opening an account!

- ✓ Completed Application form
- ✓ Personal identification (passport or drivers licence etc)
- ✓ At least three agreed signatories
- ✓ Group constitution
- ✓ Copy of minute of your meeting that agreed opening a bank account

# Keeping a Track of the money

A proper record needs to be kept of all income and expenditure which will run for each financial year. In order to keep track of the money, you need to get a ledger book from a local stationery shop. (They will also sell petty cash receipts and cash boxes). Remember keeping a ledger is a term used in accounting for filing information. In the ledger book mark out columns as suggested below:

DATE	Cheque no.	DESCRIPTION	INCOME	EXPENDITURE	BALANCE
1 <sup>st</sup> Feb 05		Previous Balance	£120.00		£120.00
1 <sup>st</sup> Feb 05		Council grant	£200.00		£320.00
1 <sup>st</sup> Feb 05	<b>001</b>	<b>Petty cash</b>		<b>£30.00</b>	£290.00
10 <sup>th</sup> Feb 05	<b>002</b>	<b>Travel expenses</b>		<b>£50.00</b>	£240.00
20 <sup>th</sup> Feb 05	<b>003</b>	<b>Stationery</b>		<b>£40.50</b>	£199.50
26 <sup>th</sup> Feb 05		Raffle money	£115.00		£314.50
28 <sup>th</sup> Feb 05	<b>004</b>	<b>Hall lets</b>		<b>£32.00</b>	£282.50
TOTAL			£435.00	<b>£152.50</b>	<u>£282.50</u>
1 <sup>st</sup> Mar. 05		Balance brought forward			£282.50

Example of keeping an Accounts System

## Notes:

1. In this system expenditure is recorded in **Bold Text**. However you can also record expenditure in black ink.
2. At the end of each month, check that the bank statement matches up with your accounts. It is important to keep a record in your accounts of the cheque numbers and tick them against the bank statement. (Sometimes this is not possible as statement dates do not always go to the end of the month and you may have to work on two statements at a time).
3. Keep all bank statements and receipts in a folder.

# Petty Cash

Petty cash is a method of keeping small amounts of cash available to pay general items. Associations often keep a record of their petty cash at the back of their ledger book. **No money should be issued without a receipt.** You can record your petty cash in a similar way to your main accounting system. Here is an example of recording information for petty cash.

Date	Description	Income	Date	Description	Expenditure
31/01/05	Cash in hand	£2.14	03/05/05	Postage	£3.20
01/02/05	Received from Bank	£30.00	07/07/05	Stationery	£6.27
02/03/05	Membership	£2.00	27/09/05	Photocopying	£3.96
14/04/05	Membership	£2.00	29/10/05	Misc. (tea/coffee)	£5.97
	<b>TOTAL</b>	<b>£36.14</b>		<b>TOTAL</b>	<b>£19.40</b>
	Cash in hand	£16.74		Balance	£16.74

## “TOP TIP”

- ◆ Make sure you keep all receipts for every item. If it is not clear what it is for write it on the back of the receipt
- ◆ It's a good idea to clip receipts together for each month.
- ◆ This will make it easier to answer questions relating to the accounts if asked and it will assist your auditor to conduct the annual audit of your accounts.

# Presenting financial statements

At the Annual General Meeting of the Tenants & Residents Association the treasurer has to present a financial statement or Reconciliation. This is a year end report showing that your financial statement is the same as the bank statement.

This means that approximately a month before the Annual General Meeting the Treasurer has to have the accounts audited. This does not mean the Association having to go to the expense of hiring an expensive accountant. Normally two people are appointed at the every AGM to act as auditors. This should be someone with financial skills, totally independent of the Association. (It cannot be members of the Treasurer's family or any members of the Association).

The "auditor" will check your monthly accounting, bank statements and receipts. The following is an example of an end of year financial "Reconciliation".

<b>Petershill Tenants &amp; Residents Association</b>			
<b>Balance sheet from 01/04/04 to 31/03/05</b>			
<b>INCOME</b>		<b>EXPENDITURE</b>	
Balance Brought Forward	£205.02	Hall lets 10x£3.80	£38.00
Administration Grant	£300.00	Blue Dolphin Ink	£35.00
Local Grant	£300.00	Scanner	£27.84
		Laptop	£250.00
		Telephone expenses	£40.00
		Subscriptions (TIS)	£10.00
		Stamps & Stationery	£10.00
		Computer repair	£28.00
		Travel expenses 470 miles @ 20p	£94.00
<b>TOTAL INCOME</b>	<b>£805.02</b>	<b>TOTAL EXPENDITURE</b>	<b>£533.34</b>
<b>BALANCE AS AT 31<sup>st</sup> March 2005</b>		<b>£271.68</b>	
Having examined the books, receipts, cheques and bank statements, I find all to be correct as at 31 <sup>st</sup> March 2005			
Signed:			

# Sources of Funding

## ✓ Your landlord

Your landlord should provide financial assistance for tenants & residents associations. It is likely to cover the following items:

- ◆ Annual grant to Registered Tenants Organisations
- ◆ Start-up grant for new groups
- ◆ One off grants to help meet the cost of items/events out with the scope of other grants or funding
- ◆ Access to area committee grants for one off items
- ◆ Travel and subsistence to facilitate participation
- ◆ Access to independent advice
- ◆ Assistance to attend national conferences/seminars
- ◆ Information, advice and training

## ✓ Fundraising

In addition to grant funding, many associations also collect a membership fee and/or fund raise for their own purposes such as social events. It is a good idea to keep a separate account for money gathered from fundraising. This account should be presented separately from any grant funded accounts at the Annual General Meeting.

## ✓ Local Authority Grant Funding

Local Authorities may have sources of funding which associations can get access to. Examples are

- ◆ Community Grants: to fund activities and projects which benefits the community;
- ◆ Christmas Grant: to fund community groups to provide Christmas events;
- ◆ Gala Day Grants: granted for gala days/summer festivals.

Contact your Local Authority for details of their grants and methods of applying.

# National Lottery Charities Board - Small Grants

Your group need not be a charity to apply for a small grant award. There are detailed criteria for applying and they will usually fund things like equipment and computers, training courses, start-up costs.

Full details are enclosed in their booklet. Contact:

## **Awards for All**

4th Floor - 1 Atlantic Quay, 1 Robertson Street, Glasgow G2 8JB

Tel: 0141 242 1400, Email: [Scotland@awardsforall.org.uk](mailto:Scotland@awardsforall.org.uk)

Website: [www.awardsforall.org.uk](http://www.awardsforall.org.uk)

# Tenant Participation Development Team

If you are a Registered Tenant Organisation you can apply for a grant from the Tenant Participation Development Team. The team can award grants of between

£1000 - £10,000. The grant is to support projects which get tenants involved in making decisions about their homes and communities. The Team is looking for new approaches that encourage more tenants to get involved and help tenants have a greater influence on housing services. The scheme is called "Bright Ideas". Details are available from:

## **Tenant Participation Development Team**

Communities Scotland, Thistle House, 91 Haymarket Terrace, Edinburgh EH12 5HE

Tel: 0131 479 5312, Fax: 0131 313 2680, Email: [cooka@communitiesScotland.gov.uk](mailto:cooka@communitiesScotland.gov.uk)

# Tenants Information Service

This Information Note was produced by TIS. We are a national organisation providing independent advice, support and training to tenants throughout Scotland. We welcome memberships from tenants & residents associations, landlords and individual members.

This Information Note is only one of many guides produced by TIS on topics of interest to tenants.

Contact us for more information.

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