

Leighton Buzzard Young Farmers Club Accounts 2013/14 & 2014/15

Examination by Alan Lawson for the Trustees

I was asked to assist with the compilation of accounts for 2013/14 and 2014/15 and report on my examination of those accounts.

I have, with the current Treasurer's assistance, created a simple income and expenditure statement and statement of assets (bank/cash balances) based on the information contained in the bank statements, cash and paying in books, receipts and other paperwork provided by the former treasurer for the years 2013/14 & 2014/15 and confirmed bank balances at year ends.

I have also examined the end result as though I was independently examining the accounts and identified a number of areas of poor accounting practice :-

- Cash payments made from cash receipts without proper records being maintained (e.g. bar receipts used to pay expenses incurred by club members thereby reducing income for that event as recorded in the accounts)
- Treasurer's (and other club members) monies /personal cheques used to conduct club's business because treasurer did not have access to club bank account for some considerable time after taking on the role (signatures not changed) .
- Receipts not retained and filed correctly for all payments made.
- Extremely large cash floats held by Treasurer (presumably to overcome difficulty in accessing bank account).

I have set up Peter Humphreys (Treasurer appointed at 2015 AGM) with accounting software and advised him regarding accounting best practice so as to avoid similar issues arising in the future.

I have concluded that whilst poor accounting practices employed by the previous treasurer have resulted in poor records being kept for the financial years 2013/14 & 2014/15 I found no evidence of and have no reason to believe there has been any dishonesty, fraud or significant loss to LBYFC.

The Trustees should be aware that had the income exceeded £25,000 in either year, or an independent examination been required, the examiner would have been legally bound to report the accounting irregularities to the Charity Commission.

I attach additional notes outlining the Charity Commissions requirements as far as accounts and a Trustee annual report are concerned.

I am happy to assist with the compilation of the annual report 2014/15 if required.

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27th October 2015

Additional Notes – setting out Charity Commission requirements

Accounting Requirements

All charities must :-

- keep accounting records (e.g. cash books, invoices, receipts , Gift Aid records(if applicable) *(these documents must be kept for 6 years)*)
- make accounts available to the public on request
- compile trustees' annual report
- make trustees' annual report available to the public on request

Type of accounts required

As the Club's annual income is less than £250,000 trustees are only required to prepare simple income and expenditure accounts and a statement of assets (bank balances, cash and value of stock) and liabilities (any amounts owed) at the financial year end.

Auditing requirements

If annual income is less than £25,000 there is **no** requirement for the trustees to have accounts independently examined (or audited).

Trustees should note however that the "NFYFC Club Treasurer Profile" booklet states that YFC accounts should be either independently examined or audited. It may also be the case that the club's own constitution requires accounts to be examined or formally audited.

Trustees Annual Report

All registered charities are required to compile a Trustee Annual Report and make it available on request. This again is mentioned in the "NFYFC Club Treasurer Profile" booklet

It is a legal requirement that the Trustee' Annual Report should contain the following:

(extract from <https://www.gov.uk/government/publications/charity-reporting-and-accounting-the-essentials-cc15b/charity-reporting-and-accounting-the-essentials>)

7. Legal requirements for trustees' annual reports

The detailed legal requirements for the trustees' annual report are set out in The Charities (Accounts and Reports) Regulations 2008 which provide the legal underpinning for the recommendations made in the Charities SORP. The headings used in this section are taken from the SORP, however trustees may choose how they lay out their trustees' annual report, provided all the legal requirements are met.

Small charities, whether preparing receipts and payments accounts or accruals accounts have identical annual reporting requirements under the 2008 Regulations and should follow sections 7.1 and 7.2. Large charities, which are subject to statutory audit, must follow sections 7.1 and 7.3. All charities preparing accounts on an accruals basis, whether small or large should also refer to the SORP.

For the minority of charities preparing group accounts there are some additional reporting requirements and these are set out in section 7.4.

The regulations require that the trustees' annual report is dated and signed by one or more trustees, each of whom has been authorised so to do.

7.1 Matters that all charities must report

7.1.1 Reference and administrative details of the charity, its trustees and advisers (SORP para 41)

- the charity's name, which in the case of a registered charity means the name under which it is registered - any other name which a charity uses should also be given
- the charity registration number, and if applicable, the company registration number
- the address of the principal office of the charity, and in the case of a charitable company, the address of its registered office
- the names of all those who were the charity's trustees or custodian trustees on the date the report was approved; where there are more than 50 trustees, the names of at least 50 of the trustees (including all the officers of the charity, eg chair, treasurer etc) - where the trustee is a body corporate, the names of any person who is a director of the body corporate are given
- the name of any other person who served as a charity trustee or custodian trustee in the financial year in question

Where the disclosure of the names of any charity trustees, custodian trustees, senior staff member, or persons with power of appointment, or of the charity's principal address could lead to that person being placed in personal danger (for example in the case of a women's refuge), the charity trustees may dispense with the disclosure provided that the commission has given them authority so to do. (SORP para 42)

7.1.2 Structure, governance and management (SORP para 44)

The trustees' annual report should provide the reader with an understanding of how the charity is constituted, its organisational structure and how its trustees are appointed and trained and assist the reader to understand how the charity's decision-making processes work. The level of detail provided may well depend on the size and complexity of the charity and be proportionate to the needs of the report's readers.

- particulars, including the date if known, of the nature of the governing document, for example trust deed, memorandum and articles of association etc and how the charity is or its trustees are constituted for example limited company, unincorporated association etc
- the methods adopted for the recruitment and appointment of new trustees, including details of any constitutional provisions relating to appointments, for example, election to post; where any other person or body external to the charity is entitled to appoint one or more of the trustees this should be explained together with the name of that person or body (subject to section 1) if permission not to disclose has been obtained

7.1.3 A financial review (SORP paras 55 & 56)

- policy on reserves stating the level of reserves held and why they are held; where material funds have been designated, the reserves policy statement should quantify and explain the purposes of these designations, and where set aside for future expenditure, the likely timing of the expenditure - where no reserves policy is in place, a statement should be made to that effect
- where any fund is materially in deficit, the circumstances giving rise to the deficit and details of the steps being taken to eliminate the deficit

7.1.4 Funds held as custodian trustee on behalf of others (SORP para 59)

Where a charity is or its trustees are, acting as custodian trustees, the following matters should be disclosed in the report:

- a description of the assets which they hold in this capacity

- the name and objects of the charity (or charities) on whose behalf the assets are held and how this activity falls within their own objects
- details of the arrangements for safe custody and segregation of such assets from the charity's own assets

7.1.5 Public benefit statement

A statement confirming whether the charity trustees have complied with their duty to have due regard to the guidance on public benefit published by the commission in exercising their powers or duties.

7.2 Matters that smaller charities, not subject to statutory audit must also report

7.2.1 Objectives and activities (SORP paras 47 & 52)

Charities that are not subject to a statutory audit requirement may limit their disclosures within this section to a summary description of the purposes of the charity (its objects) and the main activities undertaken by the charity to further its charitable purposes for the public benefit.

7.2.2 Achievements and performance (SORP paras 53 & 54)

Charities that are not subject to a statutory audit requirement may limit their disclosures within this section to a brief summary of the achievements of the charity during the year in relation to its objects.