



HOME STUDY FOR TENANTS Treasurer Skills

Workbook

AIM:

The aim of this course is to assist you to identify the skills required to be an effective treasurer, from opening a group bank account, managing the groups' finances and preparing the books for annual auditing.

WHAT YOU WILL LEARN IN THIS WORKBOOK:

- ❖ The roles and responsibilities of the treasurer
- ❖ How to open a bank account for your association
- ❖ How to set up an effective book keeping system
- ❖ How to manage the petty cash
- ❖ How to prepare financial statements
- ❖ How to prepare accounts for audit

HOW TO USE THIS WORKBOOK

Go through it at your own pace. Stop for a break whenever you want or at times suggested in the workbook - whichever suits you best. When you start up again, look back at the section you had just completed.

As you go through the workbook you are asked to carry out tasks.

Do not look ahead in the workbook for answers. These are given in the correct place in the workbook. You will come to them at the correct stage.

If you get stuck on something, try the following:

- ❖ Leave aside and try again later
- ❖ Turn back pages in the workbook looking for clues and ideas
- ❖ Phone TIS for assistance - use our free phone number 0800 731 3772 or reverse the charges

Hello and welcome to this Treasurer Skills Workbook. It is hoped that you find the workbook informative, enjoyable and easy to use. Take your time and carry out the tasks at your own pace, but remember to follow the order of the book and don't miss sections or jump ahead to others too soon.

Have Fun and Good Luck!

INTRODUCTION

Many groups often find it difficult to persuade one of its' members to take on the role of treasurer. This may be because we find it difficult to consider managing money that isn't our own or because the idea of "keeping books" fills us with dread. But don't worry this workbook will provide you with the basics on how to manage an effective finance system.

The treasurer is an important role within any organisation - but you do not need to be a trained accountant to perform this task for your group - just a good system and attention to detail.

All groups who receive any type of grant funding, whether £100 or thousands of pounds need a good treasurer - that person could be you.



Activity 1 - Responsibilities of a Treasurer

What do you think are the responsibilities of a treasurer?

Note this in the space provided below

1.
2.
3.
4.
5.
6.
7.
8.
9.



Activity 2 - What are you afraid of?

For some people being a treasurer would be the last thing they would want to do. The very idea of it fills them with **terror**. But what exactly is it that we are afraid of?

List 5 things that would make you afraid of becoming a treasurer or if you are already a treasurer what concerns you most in this role?
1.
2.
3.
4.
5.



The key responsibilities of a treasurer are:

- ❖ To keep accurate records of all financial transactions
- ❖ To keep all receipts
- ❖ To maintain petty cash records
- ❖ To keep and sign cheques (there should always be two or more signatories to a cheque)
- ❖ To regularly inform the group about it's current financial position,
- ❖ To inform the group of projected income / expenditure i.e. budgets
- ❖ To collect all monies i.e. membership fees
- ❖ To pay the bills
- ❖ To prepare the accounts for the auditor and the AGM

Some of the fears we have about being a treasurer are as follows: -

- ❖ 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 a full set of accounts

Point to Note - most group accounts require cheques to be signed by 2 out of 3 signatories. These should be members of the group who regularly attend meetings and are accessible if cheques need signed in between meetings.

Activity 3 - Financial Jargon

One of the things that can put people off becoming treasurer is the fear that we don't know or understand the language used. This exercise will assist you to test the knowledge you already have:

Complete the boxes below:

	Word	Description
1.	Bank statement	
2.	Bank interest	
3	Cheque book	
4.	Bank charges	
5.	Petty cash	
6.	Debit	
7.	Credit	
8.	Income	

9.	Expenditure	
10.	Ledgers	
11.	Budgets	
12.	Balance	
13.	Reconciliation	

Something to remember

Feeling some level of fear is actually good for us. The adrenaline created gives us the energy we need to do what has to be done. So, be positive! You're now on your way to knowing the language used and the basics of an effective book keeping system!

"FEEL THE FEAR AND DO IT ANYWAY"



Jargon Buster - financial language explained

	Word	Description
1.	Bank statement	Details of all financial transactions you have made. This is received from the bank.
2.	Bank interest	Received from the bank - this is money added to your account - but only if the account is in credit.
3	Cheque book	This is received from the bank when you open your account. It is a method of payment.
4.	Bank charges	These are deducted from your account for processing your financial transactions i.e. processing cheques, direct debits
5.	Petty cash	This is the method of keeping small amounts of cash available to pay general items i.e. postage, tea, coffee etc
6.	Debit	This is money which is deducted from your account when you pay bills (using your cheque book)
7.	Credit	The money paid into your account for monies you have received and banked
8.	Income	The money received
9.	Expenditure	The money spent
10.	Ledgers	The term used in accounting for filing information
11.	Budgets	Reports based on income and expenditure
12.	Balance	The amount of money left in your account, once all debits and credits have been calculated
13.	Reconciliation	The final report showing that your financial statement is the same as your bank statement

Activity 4 - Opening a Bank Account

Okay so you've now agreed to take on the position of treasurer with your group. Good for you! But you now need to open a group bank account - so how do you go about it?

When considering which bank to open your account with is there anything you should consider before making your decision?

Insert below

--

What do you think you need before you can open a bank account for your group? List below

1.	
2.	
3.	
4.	

Things to consider when opening a bank account for your group

- ❖ 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 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
- ❖ Some banks may look more favourable on your application if one or more of the signatories already holds a personal account with them
- ❖ Some banks may look more favourable on your application if one or more of the signatories already holds a personal account with them

Things you need when opening an account!

- ✓ Application form
- ✓ Personal identification (passport or drivers licence etc)
 - ✓ At least three agreed signatories
 - ✓ Group constitution

Activity 4 - Choosing a Bank for your Account

Here are the terms and conditions for three different banks - look at them and think about which bank would be best for your group to open its account.

Bank A

Minimum Balance	There is no minimum balance on the account
Maximum Balance	There is no maximum balance on the account
Deduction of Tax	For charities and most organisations the interest is paid gross - there is no tax deduction
Transaction Charges	There are no transaction charges
Overdraft Facility	Discuss with bank, a fee may be charged for this facility
Constitution	To open an account, a copy of the constitution is required
Copy of minutes	In order to set up cheque signatories, a copy of the group minute is required
Identification	Passport or driving licence is required. If you do not have a passport, 2 forms of identification showing your name and address are required i.e. as bill, phone bill etc. For signatory purposes, a bank card would be requested or some form of legal document showing your signature <i>Identification would not be required if the person(s) opening the account are current customers</i>
Credit search	No credit search would take place

Bank B

Minimum Balance	There is no minimum balance on the account
Maximum Balance	The maximum balance is £500,000
Deduction of Tax	Interest rates will be paid gross or net subject to the tax status of the group
Transaction Charges	Charges will be made i.e. direct debits 15p, standing orders 20p, cheques and other debits 25p, credits re BACS 15p, bank giro credits 25p, cheques paid in 10p
Overdraft Facility	Discuss with bank, charges will apply
Constitution	To open an account, a copy of the constitution is required
Copy of minutes	In order to set up cheque signatories, a copy of the group minute is required
Identification	Passport or driving licence is required. If you do not have a passport, 2 forms of identification showing your name and address are required i.e. as bill, phone bill etc. For signatory purposes, a bank card would be requested or some form of legal document showing your signature <i>Identification would not be required if the person(s) opening the account are current customers</i>
Credit search	A credit search would take place

Bank C

Minimum Balance	On a current account a minimum balance of £100 is required
Maximum Balance	There is no maximum balance on the account
Deduction of Tax	For voluntary organisations the interest is paid gross - there is no tax deduction
Transaction Charges	Transaction charges will apply
Overdraft Facility	Discuss with bank, a fee may be charged for this facility
Constitution	To open an account, a copy of the constitution is required
Copy of minutes	In order to set up cheque signatories, a copy of the group minute is required
Identification	Passport or driving licence is required. If you do not have a passport, 2 forms of identification showing your name and address are required i.e. as bill, phone bill etc. For signatory purposes, a bank card would be requested or some form of legal document showing your signature <i>Identification would not be required if the person(s) opening the account are current customers</i>
Credit search	A credit search would take place

Which one will you choose, please tick

- A
- B
- C

Activity 5 - Your Accounts System

The following items detail the groups financial transactions over the last month, insert them in the correct space in the "book" below:

- 1st February 05 Council Grant £200
- 10th February 05 travel expenses £10.50
- Balance form previous month £120 1st February
- Hall lets 28th February £32.00
- 20TH February stationary £40.50

Old Town Tenants & Residents Association				
Balance sheet from 01/02/05 to 28/02/05				
INCOME				EXPENDITURE
TOTAL INCOME				TOTAL EXPENDITURE

February Accounts

Old Town Tenants & Residents Association				
Balance sheet from 01/02/05 to 28/02/05				
INCOME			EXPENDITURE	
Balance brought forward	£120.00		Travel expenses	£50.00
Council grant	£200.00		Stationary	£40.50
Raffle money	£115.00		Hall lets	£32.00
TOTAL INCOME	£435.00		TOTAL EXPENDITURE	£122.50

Income £435.00
 Expenditure £122.50
 Balance £212.50

"TOP TIP"

**Make sure you keep all receipts for every item.
 It's a good idea to clip them together for each month.
 Keep receipts for petty cash and cheque account items separately.
 This will make it easier to answer questions relating to the accounts if
 asked and it will assist your auditor conduct the annual audit of your
 accounts.**

Activity 5a - Petty Cash

As well as having a cheque account with the bank, most groups also operate a petty cash system. This allows the treasurer to have immediate access to a small amount of money, mainly for incidentals and things which must be paid for there and then.

- £5.25 tea, coffee etc 5th February
- Stamps £2.60 25th February
- Raffle books £3.50 15th February
- £2.50 16th February bus fares
- Raffle prizes £20.00 16th February
- 1st February Petty cash balance £15.65

Old Town Tenants & Residents Association				
Petty Cash Balance sheet from 01/02/05 to 28/02/05				
INCOME				EXPENDITURE
TOTAL INCOME				TOTAL EXPENDITURE

Activity 5 b - overall accounts balance

At first you may think that having to manage a cheque account with the bank and a petty cash system will be difficult to manage, however this is not always the case.

It will assist you if you use an accounts ledger book - this can be purchased from most good stationary stores. You will then be able to insert the number of columns required to ensure you have enough space to note all items needed.

It is a good idea to keep your cheque account system at the front of the ledger and the petty cash account system at the back of the ledger - this means that you do not have to keep to different ledgers.

As highlighted earlier in the workbook it is the responsibility of the treasurer to give a financial report to the group each month.

Using the information you have worked on in Activity 5 and 5 a, please use the space below to insert your financial report for February.

Financial report - February 05

Petty cash account - February 05

Old Town Tenants & Residents Association				
Petty Cash Balance sheet from 01/02/05 to 28/02/05				
INCOME			EXPENDITURE	
Balance brought forward	£15.65		Tea, coffee, etc	£5.25
Transfer from main account	£30.00		Raffle books	£3.50
			Bus fares	£2.60
			Raffle prizes	£20.00
TOTAL INCOME	£45.65		TOTAL EXPENDITURE	£31.35

Financial report - February 05

Cheque Account	
Income	£435.00
Expenditure	£152.50
Balance	£282.50
Petty Cash Account	
Income	£45.65
Expenditure	£31.35
Balance	£14.30
Total balance £296.80	

It may be a good idea to take a break now before moving onto Activity 6



Activity 6 - 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 may be a member of the Association with financial skills or with an interest in finances. (It cannot be members of the Treasurer's family)

The "auditor" will check your monthly accounting, bank statements and receipts.

Use this activity to practice putting together a financial reconciliation.

Money received this year

- £205.02 - balance carried forward from last year
- RTO Grant - £300.00
- Community Grant - £300.00

Money spent this year

- Hall lets £3.80 per session x 10 meetings
- The print company - Ink cartridges £35.00
- Scanner - £27.84
- Laptop - £250.00
- Telephone expenses - £40.00
- Subscriptions (TIS) - £10.00
- Stamps and stationary - £10.00
- Computer repair - £28.00
- Travel expenses 470 miles at 20p / mile

Old Town Tenants & Residents Association

Balance sheet from 01/04/04 to 31/03/05

INCOME				EXPENDITURE
TOTAL INCOME				TOTAL EXPENDITURE
BALANCE AS AT 31st March 2005				
Having examined the books, receipts, cheques and bank statements, I find all to be correct as at 31 st March 2005				
Signed: <i>Auditor</i>				

Check your entries against this completed sheet. How did you get on?

Old Town Tenants & Residents Association				
Balance sheet from 01/04/04 to 31/03/05				
INCOME			EXPENDITURE	
Balance Brought Forward	£205.02		Hall lets 10x£3.80	£38.00
RTO Administration Grant	£300.00		The Print Company	£35.00
Community 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
TOTAL INCOME	<u>£805.02</u>		TOTAL EXPENDITURE	<u>£533.34</u>
BALANCE AS AT 31st March 2005			<u>£271.68</u>	
Having examined the books, receipts, cheques and bank statements, I find all to be correct as at 31 st March 2005				
Signed: <i>Auditor</i>				

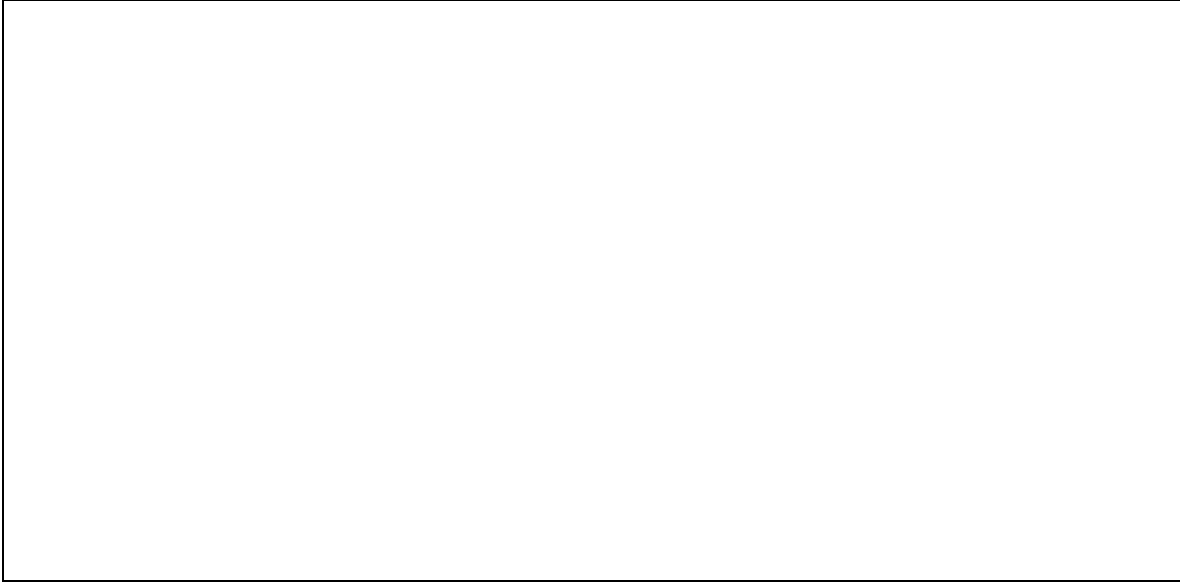
Activity 7 - being prepared

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


In the space below insert 3 things the treasurer should do.

Consider the things the treasurer should do before a committee meeting!
Use the space below to note your answers.

What is the treasurers' role at the groups' meeting?



What do you think is the treasurers' responsibility at the Annual General Meeting?



The treasurer

- ☞ 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 group, 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.

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 group'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 group'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 they have received the audited accounts.

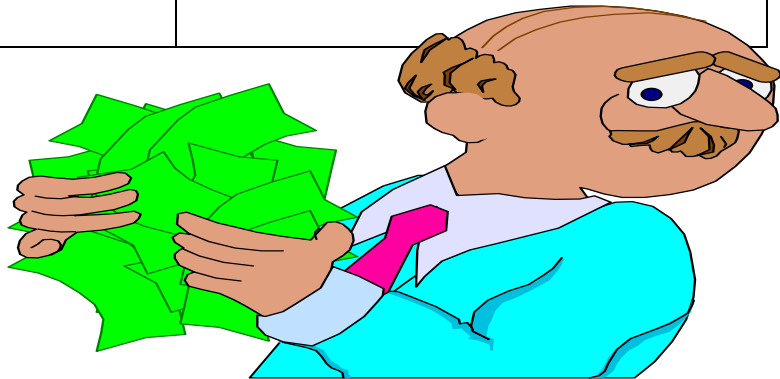


Top Tip

The following items will assist the treasurer carry out the financial tasks on behalf of the group.

The Treasurer should have:

<input checked="" type="checkbox"/> A diary	<input checked="" type="checkbox"/> Cheque book
<input checked="" type="checkbox"/> Receipt book	<input checked="" type="checkbox"/> Calculator
<input checked="" type="checkbox"/> Cash box	<input checked="" type="checkbox"/> Note pad
<input checked="" type="checkbox"/> Petty cash book	<input checked="" type="checkbox"/> Accounts book (ledger)
<input checked="" type="checkbox"/> Petty cash book	<input checked="" type="checkbox"/> Folder for receipts (all receipts)
<input checked="" type="checkbox"/> Computer Spreadsheet programme such as Excel (if you have access to a computer)	<input checked="" type="checkbox"/> Lockable filing cabinet (if possible and especially if you have use of an office)



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 may be required which identifies all calls which the claim refers to

Congratulations, you are almost at the end of this workbook however - before we finish, please complete the following

This section gives you a chance to check over what we have covered in the workbook. It takes the form of a quiz. All you have to do is insert your answers in the spaces provided.

Question	Answer
1. The treasurer is one office bearer role - name another two?	
2. The money the group receives is called?	
3. The money the group spends is called?	
4. What items does a group need before it can open a bank account?	
5. How often should the treasurer report on the finances to the rest of the group?	
6. Complete the blanks P_ t _ _ C _ s _	
7. Who would not make a suitable auditor for the groups' finances?	
8. When buying items or paying bills it is vital to keep what?	
9. Who is responsible for deciding what the groups' money should be spent on?	
10. How many signatories are needed for a cheque account?	

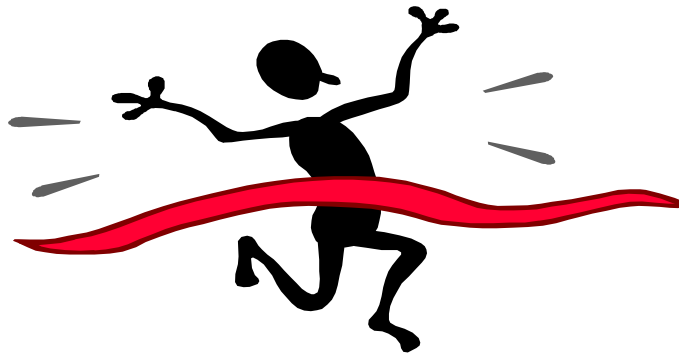
What Next?

Phone or write to TIS to ask for the Checkback pack for this workbook.
We'll send it to you straight away.

In it you will get: -

- ❖ The answers to the quiz
- ❖ A "Things to Remember" sheet of helpful hints
- ❖ A list of other course in the TIS "Home Study for Tenants" series
- ❖ **A Certificate of Completion**

**For the moment - Congratulations in completing this workbook.
We hope you enjoyed learning this way and that you will go on and do more of the course in the series.**



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