

Branch Accounts Guide 2017

1. Introduction

This document contains important information and should be read by **all** Branches prior to completing their 2017 Branch Accounts.

If you need help or support, please contact your MSO or email the Branch Accounts Team at branchaccounts@britishlegion.org.uk.

2. Which form do I need to complete?

You must complete either a **Branch Accounts Form** or **Income and Expenditure Form**.

You **must** complete a Branch Accounts Form if:

1. There is a corporate or local trusteeship property connected to your Branch; or
2. Your Branch has assets in excess of £200,000; or
3. Your Branch has income or expenditure for the year in excess of £30,000.

All other Branches (apart from LOMAS branches – see section 6.3) should complete an Income and Expenditure Form.

If you believe you have received the wrong form for your Branch, copies of forms and supporting guidance are available from your MSO or by emailing branchaccounts@britishlegion.org.uk.

3. What is the deadline?

Your accounts must be submitted by **30 September 2017**, the date stipulated in the Royal Charter, in order that the Legion's auditors can complete their audit. Do not wait for the Branch Annual General Meeting to approve the accounts before submitting them.

If for any reason you are unable to complete your Branch accounts by 30 September 2017, you **must** inform your MSO as soon as possible and ask for support. The Membership Council monitors non-returns and will take action against Branches which fail to submit annual accounts on time for two consecutive years.

4. What do I need to send?

Please send the **original** form, the **original** completed 'Authority to Disclose Information' forms and **copies** of the required bank statements to your MSO, who will forward the documents to Finance. You should make a copy of all original documents forwarded and file them for your own records.

One 'Authority to Disclose Information' form should be completed for each bank or investment company (e.g. Lloyds Bank) used by the Branch (not one form per account). A blank form is included with this pack; please photocopy the form if you use more than one bank. Each form must be signed by two signatories from the bank mandate.

Please also provide a copy of the **bank statement for each individual bank and investment account**, which shows the account balance on 30 June 2017. Please do not provide photocopy bank and investment statements for the whole year.

5. Audit or Independent Examination?

All accounts require either an audit or independent examination. An audit is only required if:

1. Your Branch has assets in excess of £200,000 (excluding property, trust funds and funds held in the BFI); or
2. Your Branch has annual income or expenditure in excess of £250,000.

All other Branches should arrange for their accounts to be independently examined. An independent examination can be carried out by a qualified accountant or by someone with a suitable background in finance. However, an independent examination cannot be carried out by someone who is:

1. An officer or Committee member of the Branch;
2. A major donor to or beneficiary of the Branch; or
3. The child, parent, grandchild, grandparent, sibling, spouse, civil partner, business partner or employee of a Branch officer or Committee member or of someone who is a major donor to or beneficiary of the Branch.

We continue to promote the services of the (free) Legion trained Independent Examiners; a list of trained Independent Examiners in your area can be obtained from your MSO.

If you are using a firm of accountants, you must clearly specify whether you require them to carry out an audit or an independent examination in the letter of engagement.

Where a full audit is required, the Auditor must issue an 'Audit Report' confirming that a full audit was conducted. Both auditors and independent examiners must also complete the 'Report of the Independent Examiner' attached to this guide **and** the relevant section of the front page of the Branch accounts.

6. General Guidance (applicable to both forms)

6.1. Accuracy

Before submitting the accounts to be audited or independently examined, please check all calculations to ensure they add up. We encourage Branch Treasurers to use the

excel versions of the forms to improve accuracy. Excel copies of the forms are available from your MSO.

6.2. Branch Certificate and procedure for submission

The Branch Certificate on Page 1 must be completed and signed by the Branch Officers. This certificate confirms that the Branch Committee is aware that the Branch accounts are their responsibility and that the return is accurate and complete.

The procedure for preparing and submitting the Branch accounts is as follows:

Step 1 - Branch officers sign the Branch Certificate first to confirm that the accounts prepared under their stewardship are correct and include all funds held by the Branch;

Step 2 - The Branch Certificate is then signed by the Independent Examiner or auditor to confirm their independent opinion on the accounts;

Step 3 - The accounts are sent to the Membership Support Officer by **30 September**, prior to AGM adoption;

Step 4 - After the accounts have been adopted at the Branch AGM, the Branch Secretary will confirm this by signing the final sheet of the Branch copy of the accounts and add the AGM date.

6.3. LOMAS Branches

Branches using LOMAS should produce their year end accounts in LOMAS and should **not** complete a manual return. The treasurer **must** electronically sign off the account in the year end tab before the year end return is printed, signed by the branch committee or forwarded to the auditor/ independent examiner. This action is confirmed when the header of the year end return changes from “*Year End Unsigned*” to “*Year End Signed*”. Once the status has changed to “*Year End Signed*”, the return should be printed, administered and the Branch certificate signed in line with the procedure above. For further support with this process, email LOMASHelpdesk@britishlegion.org.uk.

6.4. Cash accounting

The accounts must be prepared on a **Cash** basis – which means you should only include income actually received and payments actually made during the year.

6.5. Charity Accounting Requirements

Restricted funds: Under charity law, charities must analyse their income, expenditure, assets and liabilities between restricted and unrestricted funds. You must therefore use pages 6 and 7 of the Branch Accounts to tell us about any funds where the **donor** has specified how the funds must be used by the Branch. This is not the same as earmarked funds set aside by the Branch for a specific purpose.

‘Related Party’ transactions: List any payments in the year (other than reimbursement of expenses) to Branch Officers, or parties connected to Branch Officers (such as family). For example, if a Branch Officer’s son provided decorating services to the Branch, please list the person’s name, relationship to the Branch and amount paid.

Significant transactions after 30 June 2017: Please list on the Continuation Sheet any unusual or large transactions occurring between 30 June 2017 and the date your accounts are signed.

Significant gifts in kind: Please use the ‘Additional Information’ sheet to tell us about any substantial gifts of property or shares received by the Branch in the period 1 July 2016 to 30 June 2017. This is not intended to include donated raffle prizes or donations of goods for fundraising purposes (such as jumble)

6.6. Honoraria

Under employment legislation, charities are not permitted to pay round sum allowances (‘honoraria’) to volunteers. Payments must not be made to volunteers other than to reimburse actual expenses incurred (upon the production of receipts). This includes Legion Independent Examiners, who may not charge a fee or receive an honorarium.

6.7. Payment of Grants

Grants to other ex-Service charities may only be made with the prior authorisation of the Central Grants Team in the Operations Directorate.

6.8. Transfers from Branches to other parts of the Legion:

All transfers from the Branch to other parts of the Legion must be shown under ‘15. Other Expenditure’ on the Income and Expenditure form or ‘13. Other Payments’ on the Branch Accounts form. Please list the individual payments on the continuation sheet; this information is **very important** for the completion of the Legion’s annual accounts to ensure that income and expenditure is not double counted.

6.9. Sub-Branches:

If your Branch became a sub-Branch during the year:

- a. If you are still holding funds at 30 June 2017, you must complete an annual return, reporting all relevant income, expenditure and bank balances for the sub-Branch.
- b. If you have transferred all bank balances and records to the parent Branch, you should either:
 - i) submit a final account showing income and expenditure up to the date of becoming a sub-Branch, and show the transfer of funds to the parent Branch or;

- ii) make a statement to the effect that all transactions from 1 July 2016 have been recorded in the books of the parent Branch, stating the name of the parent Branch.

No accounts will be required in the future; we only need the above information for the year in which the Branch becomes a sub-Branch.

6.10. Currency Denomination

If your accounts are not submitted in sterling, you should clearly state the currency on the form.

Branch Treasurer Checklist

- The Branch Name, County/District and Branch Code are entered correctly
- The Branch Certificate is dated and signed by at least the Chairman and Treasurer
- The Report of the Independent Examiner (IE) section has been completed in full and signed by the Independent Examiner/Auditor (where a full audit has been performed, an auditor's report should also be attached)
- Bank/Building Society Name, Sort Code and Account Number has been provided for each account listed
- Arithmetic is correct
- Opening balances for 1 July 2016 equal previous year closing balances for each account/fund
- A bank statement has been included that supports the balance at 30 June 2017 on each individual bank account
- The total income less expenditure matches the increase or decrease in total bank balances for the year
- Statements and current valuations have been provided for investments (*where applicable*)
- Property income/expenditure details have been provided (*where applicable*)
- An "Authority to Disclose Information" form has been completed in full for every bank or investment company used by the branch