

# Area and Group finance: overview

FIN003



## Introduction

The Ramblers' Areas and Groups are charged with delivering our charitable objectives locally. Although much of this work is carried out voluntarily and at no cost to the Ramblers, some Area and Group activity requires expenditure to be incurred. Each Area and Group committee is responsible for overseeing this expenditure to ensure that it delivers our charitable objectives effectively. Areas and Groups also often generate income in order to support charitable activities.

## The Treasurer's role

The Treasurer carries out all financial administration for the Area or Group. This includes the recording of income and expenditure, reporting on financial activity to the committee (at meetings) and to central office (via the annual return), anticipating future funding needs (via the annual budgeting process) and monitoring bank accounts and reserves.

## The financial year

- The Ramblers' financial year runs from 1st October - 30th September.
- The annual budgeting exercise commences in early summer and concludes in October.
- Areas are funded by central office at quarterly intervals (October, January, April and July). Groups are funded by Areas, generally on a quarterly or twice-yearly basis.
- Annual returns are submitted to central office (via Areas) by early November.

## Budgeting and funding

Areas are required to submit an annual budget to central office and are funded on this basis. Basic funding for Groups is provided on request through the 'basic allocation'. Groups requiring more than the basic amount are required to complete a budget to justify their request. Once budgets have been approved centrally, funding is paid from central office to Areas, which in turn distribute this amongst their Groups.

As well as central funding, some Areas and Groups also receive funding from other sources. This may be through: fundraising events, sales or advertising revenue from publications, donations, grants and legacies. The Ramblers encourages Areas and Groups to raise additional resources in these ways, but there are important regulations and legislation that Areas and Groups need to bear in mind and comply with when doing so. It is for these reasons that Groups must not set out to generate significant surpluses from activities such as coach rambles, holidays and socials. Where these activities do take place they are required to be 'cost neutral'.

## Area and Group reserves

Areas and Groups should aim to keep their funds at an appropriate level. There should be sufficient funds to cover a certain amount of unanticipated expenditure but if funds are kept too high this might be viewed as unnecessary accumulation of cash and fall foul of Charity Commission guidelines. These state that funds should be applied to charitable expenditure within a reasonable time frame. As a guide, (unrestricted) funds should not generally exceed 80% of annual (unrestricted) expenditure at year end.

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## Bank accounts

The Ramblers bank with the Unity Trust Bank. This is an independent bank which serves many charities and trade unions, and has an ethical code of investment and operation. All Areas and Groups should bank with Unity Trust. Groups who do not have a Unity Trust account should contact the Finance Team for support in opening an account. Banking with Unity Trust has various advantages for the organisation, including the ability to make instant transfers between accounts, maximising the interest received and minimising bank charges.

The Unity Trust Bank does not have local branches, but Areas and Groups can operate their account(s) through a branch of the Co-operative bank or a nominated branch of the Post Office – both of which offer a free cash and cheque depositing service. Alternatively, Areas and Groups can nominate a local branch of a high street bank of their choice, however only cash (and not cheques) can generally be deposited in nominated banks. Cheque deposits are made by post.

Although Areas and Groups hold accounts in their own names, all money is held on behalf of the Ramblers as a whole. In the case of a Group ceasing to operate, all money in the Group's bank account(s) is passed to the Area.

## Signatories

Areas and Groups often make payments by cheque. One signatory may be sufficient for cheques under a specified amount (recommended as no more than £100). For larger amounts, two signatories should be required. Groups are encouraged to select at least three or four people (who are usually committee members and must be Ramblers members) to act as signatories to enable cheques to be signed easily at committee meetings.

## The annual return and accounts

Areas and Groups are required to produce annual **accounts** for presentation at their AGM, comprising an income and expenditure account, balance sheet and Treasurer's report. These accounts should be assessed by an independent examiner prior to presentation at the AGM.

In addition, Areas and Groups are required to submit their financial results to central office in the form of an **annual return**, distributed to Treasurers each year. The annual return is required to be completed earlier than the accounts in order to allow sufficient time to audit and consolidate all Area and Group results for inclusion in our statutory accounts. Groups submit their returns to their Area and these are then forwarded to central office alongside the Area annual return.

## Whistle-blowing

Although unlikely, wherever money is involved there is always the risk of fraud or misappropriation of funds occurring. If you suspect that such activity may be occurring within the Ramblers, please report the matter to the Finance team so that we can investigate further. All reports will be treated in full confidence.

**Contact the Finance team:** [areagroupfinance@ramblers.org.uk](mailto:areagroupfinance@ramblers.org.uk)

*Updated: August 2011*