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# SUMMER NEWSLETTER 2018

## GETTING FINANCIAL HELP WITH STATUTORY PAY

### What you can reclaim:

As an employer, you can usually reclaim 92% of employees' Statutory Maternity (SMP), Paternity, Adoption and Shared Parental Pay.

You can reclaim 103% if your business qualifies for Small Employers' Relief

### How to reclaim:

Calculate how much you'll get back using your payroll software. To reclaim the payments, include them in an Employer Payment Summary (EPS) to Her Majesty's Revenue and Customs (HMRC). You can write to the PAYE Employer Office to ask for a repayment if you can't set off the payments against the current year's liabilities. You can't do this until the start of the next tax year.

### If you can't afford to make payments:

You can apply for Her Majesty's Revenue and Customs (HMRC) to pay you in advance if you can't afford to make statutory payments.

### How to apply for advance payment:

Apply online to be paid in advance for Statutory Maternity Pay (SMP); Statutory Paternity Pay; Statutory Adoption Pay; Statutory Shared Parental Pay (ShPP). You can apply up to 4 weeks before you want the first payment - HMRC may return your application if you apply earlier.

### Paying back your advance payment:

Send an Employer Payment Summary (EPS) for each pay period you reclaim statutory payments - even if you got an advance payment from HMRC to cover statutory payments to your employees. If the statutory payments you reclaim are more than your PAYE deductions for that month, HMRC will automatically use what's left to reduce what you owe on your advance payment.

### If you're insolvent:

HMRC will pay Statutory Maternity, Paternity or Adoption Pay if your employees were getting these payments when you become insolvent. HMRC will also pay Maternity Pay for pregnant employees who have passed the qualifying week but haven't started getting SMP. You (or someone else like the administrator or liquidator) must contact the National Insolvency Unit and tell them you're insolvent.

*More detailed information can be found here:*

<https://www.gov.uk/recover-statutory-payments>



# Cash Flow Forecasting

**A cash flow forecast** is an estimate of the amount of money you expect to flow in and out of your charity, and includes all your projected income and expenses. A forecast usually covers the next 12 months, however it can also cover a short-term period such as a week or month.

**The most important reason** for preparing a cash flow forecast is to make sure that the charity can afford to pay suppliers and employees. Suppliers who don't get paid will soon stop supplying the charity – it is even worse if employees are not paid on time!

A cash flow forecast can help you:

- ◆ plan out how much income you expect to have this year
- ◆ plan how much you expect to spend in costs
- ◆ understand when cash will come into your bank account and leave it

Armed with this knowledge, you will be well-placed to make important decisions about your charity

Here are some questions that a cash flow forecast can help you answer:

- ◇ *Could you offer a new service?*
- ◇ *Could you start providing services in a different location?*
- ◇ *Can you afford to employ new members of staff?*
- ◇ *Should you outsource some of your day-to-day tasks?*
- ◇ *If you need more space for your charity, can you afford to rent an office rather than working at home?*
- ◇ *Are you at risk of running out of cash?*
- ◇ *Should you look at borrowing money?*

## How to prepare a Cash Flow Forecast

First of all you need to know what your **Expenses** will be. You could group them like this, so that you do not have too many headings on your spreadsheet:

**Staff Costs** - Salaries; National Insurance; Pensions; Recruitment (advertising, applicant expenses, panel expenses); Training; DBS checks

**Office Costs** - Bank charges & interest paid; Photocopying; Postage; Printing and stationery; Telephone & internet; IT software, support & consumables; Insurance – public liability, employer's liability, trustees' indemnity; Meeting expenses/ refreshments; Professional fees/consultancy; Depreciation of equipment; Books, journals, subscriptions; Payroll fees; Volunteers' travel and subsistence

**Premises Costs** - Rent; Council Tax (if relevant); Heat & Light; Buildings insurance; Parking; Repairs and maintenance; Cleaning; Refuse collection; Water rates

**Administration/Governance Costs** - Trustee Meeting expenses – venue/travel costs; AGM expenses – venue, annual report; Independent Examination/Audit

**Charitable Activities** - Staff Costs; Travel & subsistence; Membership subscriptions; Volunteers' travel & subsistence; Training – staff & volunteers

**Publicity** - Staff costs; Website; Publicity materials; Events; Travel and subsistence

**Fundraising** - Staff Costs; Travel & subsistence; Fundraising materials; Events; Consultancy fees

**Sundry expenses** - Small amounts such as Petty Cash type items

Next you will need to know what your **Income** is likely to be. Suggested headings for your spreadsheet could be:

**Grants** - guaranteed income already agreed by funders; non-guaranteed income for which you plan to apply

**Donations** - any regular monthly donations from supporters; one-off donations that have been promised

**Fundraising** – income from planned events

**Membership Fees** - projected income from membership renewals; projected income from new members

**Bank Interest** - income due from investment accounts interest

**Sundry Income** – any income not covered in the above headings

Using these headings, your spreadsheet template for a 3 month forecast would look like this:

	Previous Month	Month 1	Month 2	Month 3
	Actual	Forecast	Forecast	Forecast
<b>Income</b>				
Grants				
Donations				
Fundraising				
Membership Fees				
Bank Interest				
Sundry Income				
<b>Total Income</b>				
<b>Expenditure</b>				
Staff Costs				
Office Costs				
Premises Costs				
Admin/Governance Costs				
Charitable Activities				
Publicity				
Fundraising				
Sundry Expenses				
<b>Total Expenditure</b>				
<b>Bank Brought Forward</b>				
Add Total Income				
Less Total Expenditure				
<b>Bank Carried Forward</b>				

Once you have filled in the columns, your cash flow forecast is ready to use.

Underneath the Income and Expenditure, you can add in the opening bank account balance, total in the Income less the Expenditure figures for month to find out your likely cash position at the end of each month.

This would then give you a clearer picture of your charity's financial health

The forecast figures could then be checked against the actual figures for each month, so that any necessary adjustments to your forecasts can be made, especially if they differ widely from your initial expectations.

If you see that, at the end of the forecast period, that your bank balance is increasing at a steady rate, you would know that your charity's financial

health is sound and secure enough to consider expansion plans

However, if you see that your balance is consistently decreasing, then you would need to plan how you might cut your costs and expenses to keep afloat.

*If you need any further help, please contact us at the office by phone or email*

## ***Breaking News .....***

### ***The winners of the Andrew Buxton Memorial Award for 2018 are***



BAKEWELL TOWN AND COMMUNITY TRUST

### ***Many congratulations to all the team there!***

Mrs Janet Buxton will present the award to them in September

### ***How can you win it next year?***

Your organisation could be next year's winners, provided that you follow these pointers:

Make sure that you send in:

- A copy of the minutes of the AGM appointing CAS as examiner
- A list of the current trustees/members of the management committee
- A copy of the minutes of any meeting amending the constitution or rules
- A copy of the charity registration
- A copy of the previous year's annual accounts
- A record of all the bank and cash income and expenditure, totalled and balanced for the year
- All vouchers covering receipts and payments for the entries in both the cash and petty cash books
- The Deposit Account books and Bank Statements covering the year
- All the salary records
- An inventory of equipment which is the property of or in the control of the Organisation
- Full details of any monies owed to or by the Organisation (debtors/creditors)
- All correspondence relating to funding or donations
- The schedule of insurance cover and premiums

In addition, the Treasurer/Finance Officer should be available during the process to provide any additional information or to answer any queries which relate to the accounts

The day-to-day recording of all book-keeping records is carried out by the staff. The Treasurer periodically reviews the work carried out by the staff and is there for them should they need any advice or assistance.

**REMEMBER: Well-kept accounts that have been correctly submitted take much less time to examine, so that can save you money!!**

*DCAS would like to thank  
Foundation Derbyshire  
for their continuing support for  
our organisation's work by  
funding the production of this  
newsletter*



Foundation  
Derbyshire