



The British Horse Society

FINANCIAL REGULATIONS FOR BHS VOLUNTEER COMMITTEES (Previously referred to as National Structure Policy)

EFFECTIVE DATE: 01st March 2016

As APPROVED BY: FINANCE COMMITTEE

This policy applies to all British Horse Society (BHS) volunteer committees, including county, regional and national committees. BHS Volunteer Committees (“Committee(s)”) are part of the BHS. The BHS is a company limited by guarantee, having no share capital, incorporated on 5 November 1947, Company No. 0444742, Charity No. 210504 and SCO38516.

The Board of Trustees are legally responsible for the finances and operations of the BHS including those of Committees. The Board of Trustees reserve the right to amend this policy at any point and to request additional information or reports from any Committee in order to meet their legal and financial responsibilities.

Ultimate responsibility for deciding on the use, investment and Expenditure of all assets held by the BHS lies with the Trustees of the BHS as they are legally accountable for all of the BHS’s assets.

The Charity Commission recognises the need for charities to hold a proportion of their cash assets in reserve, but does not approve of the general accumulation of reserves for no agreed defined purpose. The principal purpose for which a charity acquires money is to spend it on its charitable objectives and this does of course apply to funds held by Committees as it does to those held centrally.

Committees are encouraged to plan and anticipate for their Income and Expenditure through annual budgeting. Committee Chairmen are accountable for day to day finances and alongside their committee determine Expenditure subject to this policy.

Committee Chairmen must ensure that this policy is adhered to by all volunteers, including the Treasurer who will undertake many of the requirements, outlined below.

Records and Reporting

- Complete and return quarterly and annual Finance Returns (Year Ending December) to the BHS Finance Department in accordance with the current finance timetable as issued by the Director of Finance.
- A completed Finance Return must be submitted for:

- Quarter ending 31 March By 30 April latest
 - Quarter ending 30 June By 31 July latest
 - Quarter ending 30 September By 31 October latest
 - Quarter ending 31 December By 31 January next year latest.
- Guidance notes for completing the Finance Return are provided on the Finance Return itself.
 - Prepare and circulate reports to the Committee and advise on whether the Committee need to consider altering their budgeted Income or Expenditure.
 - Maintain records of all transactions. This should be either on Excel, written books or an accounts computer package.
 - Maintain financial records for all events showing all of the Income and Expenditure.
 - Maintain separately identifiable records and reports for all Restricted Funds.

All records, invoices, documents and receipts should be kept for at least seven years.

Cash

- Cash floats should be drawn from the bank and not from incoming money.
- Cash payments should be made from a cash float and have supporting documentation in the form of receipts.
- All cash should be held securely within fundraising tins or devices or in a locked cash tin or till.

Banking

BHS is reviewing its overall banking arrangements and once a final decision has been agreed revised procedures will be issued. In the meantime please follow the guidelines below:

- Any money belonging to the charity must be kept separately from that of any individual and should be held within an approved BHS bank account in the full name of the committee.
- Any non GBP Sterling banking arrangements will be required to be held within an approved BHS bank account in the full name of the committee.
- Written Authority must be obtained from the Director of Finance to open or close a bank account in the name of the BHS.
- References will be required for all new signatories. If the new signatory is currently a member of the committee then references can be obtained from other committee members.
- Two signatures must be required for each and every transaction.
- Related signatories are not allowed.

If you have any questions on the above please contact the Interim Director of Finance by email at frank.warn@bhs.org.uk or if you prefer on 02476 840528

HQ Investment (COIF) Account

There are facilities at Headquarters to hold reserves for committees to provide competitive interest rates for any funds that are being kept for a specific purpose. These funds are invested with COIF. The rates from this investment Account available to committees will be set by the Finance Committee. The Finance Committee reserves the right to vary these rates at any time by giving 3 months notice.

As from 01st June 2016, the rates will be 1.00% above Bank of England Base Rate.

Deposits

- Are accepted by cheque or BACS on 7 days notice. Any deposit should be for a minimum of £250.
- Deposits should be for a minimum period of 6 months, unless required for withdrawal under exceptional circumstances.
- Please complete an Investment Application Form and send a copy with your cheque or BACS payment to the Director of Finance.

Withdrawals

- Cheques or BACS will be paid out from Headquarters on 14 days notice, with interest, at your written request. Any amount may be withdrawn.
- Please ensure that you complete a Withdrawal Request Form and send this to the Director of Finance at least 7 days before withdrawal date to ensure sufficient time to withdraw funds.

Interest

- Interest will be calculated on all monies held in the HQ investment account at the end of each quarter at the rate applicable for that quarter end (31 March, 30 June, 30 September, 31 December) on the basis of 3 months at the quarter end rate. The interest will be credited to the investment account in the name of that committee and the committee notified of the interest earned within 21 days of the quarter end.
- Once notified, the interest received should be entered into the quarter just ended finance return (e.g. interest earned and notified by 21 April should be entered in quarter end 31 March finance return).

Income

- All incoming money should be banked promptly and completely.
- Invoices should be raised for Trade stand space, Sponsorship, Catering and Advertisements in Newsletters.

VAT on Income

Committees are part of the BHS and as such are therefore registered for VAT.

The VAT Number of The British Horse Society is 584 9334 00. This must be shown on all VAT invoices that you raise, along with your full committee name, being BHS County/Region/Nation Committee (e.g. BHS Merseyside Committee).

Headquarters will deal with any alterations to a Committee's gross Income in light of any VAT payable. Your committee will not be required to account for the VAT payable to HMRC (output tax) nor will the committee be required to pay back to HQ any monies in respect of the output VAT. All of this will be accounted for at Headquarters.

The VAT guidance notes below are not exhaustive. If there is any doubt about the correct treatment or accounting for VAT, please consult the Director of Finance.

- **Sponsorship (Corporate) – Significant benefits** - the advertising of a sponsor of an event by way of large (probably) corporate logos, the placing of banners etc. is likely to be seen as a significant benefit to the sponsor and as such is subject to VAT. You will therefore need to issue a VAT invoice to the sponsor. Sponsorship will not be subject to VAT if the sponsorship is paid for by a registered Charity.

Insignificant benefits (e.g. the naming of the sponsor(s) in a list of “supporters” in a programme or newsletter) do not create a VATable supply, and the Income is then treated as a donation.

Before entering into any sponsorship agreement you should refer to BHS Sponsorship Guidance for Volunteers.

- **Fees to participate in Training or Education Events or an event where the primary purposes is Fundraising** – the receipt of an entry fee for such an event is exempt from VAT. This covers members and non members attending and participating in the event.

Fundraising events such as fun or pleasure rides or coffee mornings or fund raising dinners are exempt from VAT if the primary purpose is the raising of money for charitable purposes and they are promoted as such. The consequence of the exemption is that all takings at the fund raising event, plus any admission charges, are exempt.

There are restrictions on the exemption where multiple events take place at the same location. If there is any doubt about the correct VAT treatment, please consult the Director of Finance.

- **Entry Fees for Fun or Pleasure Rides etc.** – the receipt of an entry fee for a fun or pleasure ride is exempt from VAT.
- **Admission by members of the public as spectators to a competition event** – an admission charge to those not competing or participating in a competition event is standard-rated for VAT. Programmes sold to members of the public spectating at a competition event, if sold together with admission, are standard-rated for VAT and so should be sold separately to admission. It is not necessary to issue VAT invoices to members of the public.
- **Programme Sale** – the sale of reading material separately from admission to an event is zero-rated.

- **Trade stand space** – the letting of an exclusive area on which to pitch a stand is normally exempt from VAT.
- **Trade stand space – where we provide additional services** – additional services may include the design and erection of a temporary stand, provision of security, power, telecommunications, hire of machinery or publicity material. If provided, all of the Income (ie the stand space and the additional services) is subject to standard rated VAT.
- **Catering Receipts - Food and drink sold and taken away to consume** – the provision of cold food to be taken away for consumption off the premises on which it is served is zero-rated for VAT.
- **Catering Receipts - Food and drink sold for consumption on the premises** – the provision of food and drink for consumption on the premises on which it is served, or hot food to be taken away to consume, is subject to standard-rated VAT. You will not need to issue a VAT invoice unless specifically requested.

VAT notice 709/1 will give more guidance as this area can be quite complex.

- **Stabling** – the letting of an exclusive area for the stabling of a horse is exempt from VAT.
- **Advertisements - Where Advertiser is a Charity** - Advertising is zero-rated when supplied to a charity. The supplier should not zero-rate any supply of advertising unless the customer has provided a declaration that the supply qualifies. A copy of the first part of this pro forma declaration is set out below in Appendix B.

Note that it is the BHS that should check that the charity is eligible to receive zero-rated supplies of advertising. The pro forma declaration (Appendix B) is in two parts: part 1 is to be completed by the charity and part 2 by the BHS. Appendix B only shows the first part.

In part 1, the box “8 or 8A” will usually be ticked, as it indicates that the supply is one of the right to advertise, or of the advertisement itself. The box “8B or 8C” will be ticked if the supply is of the design of the advertisement or the supply of closely-related goods. The boxes below 8 to 8C will not generally apply to supplies by the BHS as they are relevant to supplies by printers.

If the BHS requests repeat orders, no declaration is needed provided that it was completed for the first order and no details have changed.

If the BHS takes reasonable steps to check the information in the declaration but it later emerges that there was an inaccuracy, then provided that the BHS accepted the declaration in good faith, it will not be liable for any VAT which it does not charge.

- **Advertisements** - The charging of a fee for the placing of an advertisement in a programme or newsletter is subject to VAT. You will therefore need to issue a VAT invoice.
- **Money from BHS Headquarters** – This is an internal transaction and the receipt of such monies will have no VAT implications.
- **Money from BHS Nation or Region or County Committee** – Similarly this is an internal transaction, and as such does not have any VAT implications.

- **Any other Income** – It will be necessary to give specific details of all other Income received. The BHS may have a VAT liability if the Income is for services rendered or goods sold.

Notes on what should appear on a VAT Invoice and example copies are set out below in Appendix C.

If there is any doubt about the correct VAT treatment of an activity that you are planning, please consult the Director of Finance.

Fundraising

Committees should raise funds only for BHS National Campaigns and appeals and your local activities, in accordance with the current Fundraising guidance.

Any proposals to raise funds for another charity or appeal should be referred to the Director of Fundraising.

Grant Applications

Any grant applications made by Committees in the name of the BHS must be for bona fide BHS activities run by a Committee. Committees cannot apply for grants on behalf of another society, charity, individual or any other body.

This will ensure that all grant applications will only be for events organised by Committees, which will be promoted as a BHS event and will make certain that BHS insurance cover is in place.

Committees should inform the Director of Fundraising prior to submitting any grant applications.

Expenditure

All Expenditure should have accompanying invoices, receipts and where appropriate volunteer expense forms.

Payments for volunteer expenses must be made in accordance with the current BHS Expenses Policy for Volunteers.

No payments are to be made to any individual for their time or services except reimbursement of volunteer expenses, unless they are registered as self-employed. They must produce an invoice to the Treasurer for the Committee's financial records. If the Treasurer is unable to ascertain that he/she will be provided with an invoice for an individual's time or services in advance of hiring assistance, then the services of this individual must not be used.

Donations from Committees to other charities, organisations or individuals are not permitted, unless agreed in writing in advance by the Director of Finance and Director of Fundraising.

VAT on Expenditure

Committees are part of the BHS and as such are therefore registered for VAT.

It is not currently the intention of Headquarters to recover VAT on payments made by volunteer committees. The BHS has restrictions placed on its VAT recovery and in view of the need to obtain proper tax invoices and the VAT restriction the practical issues outweigh any potential benefits.

If a Committee has a reasonable level of Expenditure on a particular item or project, Headquarters will consider reclaiming VAT if VAT invoices are obtained. Such claims must be exceptional. If your Expenditure for a specific activity is anticipated to be in excess of £2,500 (including VAT) then please talk to the Director of Finance in the first instance.

Events with other Charities

Some Committees carry out events in conjunction with another charity. It is imperative that any costs incurred for organising these events are split between the BHS and the other participating charity, and that the net Income is shared equally between the BHS and the other charity (i.e. share the profits/losses).

The event must be promoted in such a way that it is evident to all attendees exactly which charities will benefit from the event. The registered charity number of all charities involved should be shown clearly on all published material.

Finally, where events are jointly run and other activities are going to take place that are not controlled by the BHS, then you must ensure that the other party has their own sufficient Public Liability cover.

If there is any doubt about the adequacy of insurance cover, please consult the Director of Finance.

Appendix A:

Guidance Notes For Completion of Finance Return

The Finance Return can be completed using the excel version or hard copy provided.

These guidance notes mainly apply to the Excel version. If there is anything that you are unclear about do ask the Director of Finance.

The Finance Return should be completed for each quarter separately, showing all actual Income received and all Expenditure paid within the quarter reported upon. The basis of accounting is that of cash accounting, such that monies received but not banked (other than Cash Floats held) and Expenditure incurred but not paid for (include payment into return if cheque raised but not if only invoice received) are to be accounted for only.

You should enter totals only on each line of the return for each quarter. The detailed breakdown should be held in a form that will allow you to identify where and when (and where necessary) from whom monies were received and where and when and to whom all monies were paid out.

All financial transactions and records should fully comply with the latest Financial Regulations for Volunteer Committees.

If you see a cell with a small red triangle in the upper right hand corner, then if you hover your mouse pointer on this red triangle, you will see further VAT guidance.

All spreadsheet tabs are protected so that you should only be able to enter comments and/or values in unshaded or yellow cells.

The first page (Tab Front Sheet) is to allow you to enter details about your Committee and yourself.

Use the drop down menu (cell C13, left click and arrow to scroll down list till you find your Committee reference no.) to enter your Committee name.

Enter your name in cell C19, a contact phone no. in cell C22 and email in cell C25.

Then save the spreadsheet replacing "AANNNN" with your committee no.

The second page (Tab Bank Account Details) is to allow you to enter the committee bank or building account name, address held, account no., sort code and signature details. Provision for upto 3 bank accounts has been made. If you hold more bank accounts than that, please contact the Director of Finance directly.

The Bank or Building Society details will update the quarterly return sheets.

The third page (Tab Qtr. 1 – also for Qtr. 2, 3 and 4) is to allow you to enter the Income received and Expenditure paid within the quarter and update the bank or building society balances at the quarter end and reconcile the two.

The significant difference is that 6 rows have now been shaded in yellow and are specifically for entering VATable Income. Specifically for:

- Sponsorship (Corporate) - Significant benefits Cell B15
- Trade Stand Space - Where we provide additional services Cell B26
- Catering Receipts - Food and drink sold for consumption on the premises Cell B28
- Advertisements - Where advertiser is not a Charity Cell B35

Fuller guidance on the application of VAT is provided in the Financial Regulations for BHS Volunteer Committees. A summary of the VAT guidance will appear in the spreadsheet if you hover your mouse over the yellow cell.

In all instances, you only need to enter the gross Income received under all of the headings within the return. Your committee will not be required to account for the VAT payable to HMRC (output tax) nor will the committee be required to pay back to HQ any monies in respect of the output VAT. All of this will be accounted for at Headquarters.

In respect of all other Income received (to be entered in column B) and all Expenditure paid (to be entered in column E) this should continue to be entered in line with the 2015 return.

It is possible that your committee might receive Restricted donations (Restricted funds). Restricted funds fall into one of two sub-classes: restricted income funds or endowment funds.

Restricted funds are to be spent or applied within a reasonable period from their receipt to further a specific purpose of the charity, which is to further one or more but not all of the charity's charitable purposes. As such the monies received should be clearly identified on the Finance Return (Cells A17 for description and B17 for values).

Capitation monies received (normally by BACS in Quarter 2) should be entered into cell B39.

Please note that it is not currently the intention of Headquarters to recover VAT on Expenditure paid. The BHS has restrictions placed on its VAT recovery and in view of the need to obtain proper tax invoices and the VAT restriction the practical issues outweigh any potential benefits.

If a Committee has a reasonable level of Expenditure on a particular item or project Headquarters will consider reclaiming VAT if VAT invoices are obtained. Such claims must be exceptional. If your Expenditure for a specific activity is anticipated to be in excess of £2,500 (including VAT) then please talk to the Director of Finance in the first instance.

The Bank and Building Society details entered on page 2 should appear in cells A57, 59 and 61.

For Qtr. 1 you should enter the bank balances (as per bank statements) for these accounts as at 31 December of the last year into cells B57, 59 and 61 respectively along with last year's closing Cash Float and HQ Investment (M&G) Account balances into cells B63 and 65.

The corresponding quarter end balances should then be entered into cells E57, 59, 61, 63 and 65. In so doing, the opening balances for the subsequent quarter should then be automatically updated so that you will only be required to complete the quarter end balances in column E.

If the sum of your opening bank, Cash Float and HQ Investment (M&G) Account balances, plus all Income received, less all Expenditure paid does not equal the closing bank balances for the quarter, an error amount will appear in cell E68, shaded in red. This is to highlight that a difference exists that requires reconciling to zero.

Once completed, the spreadsheet should be saved and a copy forwarded by email onto the Finance Department. Your return will be used to post into the BHS Accounts and support the relevant VAT return to HMRC.

Once all 4 quarters are completed, a Tab named YE 31 December will show a summary of all Income and Expenditure movements for the year.

Finally, the Tab named VAT Guidance Notes covers the information provided above in these regulations.

Example:

You arrange a fun riding event. Entrants pay £250 to enter and ride. You print a programme and two local companies pay £25 each to have their names listed on the programme. One of the firms also pays £100 for a full page advert. You provide tea and coffee and cakes for participants to pay for and take away and drink and eat, generating £25. The local tack shop pays £15 for a stand. Finally, participants donate £5 to the BHS. How should you account for this?

Donations and Grants	
Sponsorship (e.g. sponsored rides) - No significant benefits	50.00
Sponsorship (Corporate) - Significant benefits	-
General Donations	5.00
Donations for a specific fund (please specify)	-
Grants	-
Gift Aid on Donations	-
Other (please specify)	-
Participation, Education & Training or Fundraising Events	
Entry Fees for Events - Participation (incl. Fun Rides)	250.00
Entry Fees for Events - Education & Training	-
Entry Fees for Events - Where primary purposes is Fundraising	-
Trade Stand Space	15.00
Trade Stand Space - Where we provide additional services	-
Catering Receipts - Food & drink sold and taken away to consume	25.00
Catering Receipts - Food & drink sold for consumption on the premises	-
Stabling Income	-
Other (please specify)	-
Other (please specify)	-
Other (please specify)	-
Advertisements in Newsletters	
Advertisements - Where Advertiser is a Charity	-
Advertisements - Where advertiser is not a Charity	100.00
Other (please specify)	-
Other (please specify)	-

Appendix B:

Charity Declaration for Advertising:

[tick boxes as appropriate]

[* delete as appropriate]

I.....(full name)

.....(Status in organisation)

of.....(Name and address of
.....organisation)

declare that the above named charity is * buying from/importing from:
..... (Name and address of
.....supplier)

the following which *is/are eligible for relief from VAT under item

8 or 8A 8B or 8C of Zero Rate Group 15:

OR qualify as

- | | |
|--------------------------|------------------------------------------------|
| <input type="checkbox"/> | Printed appeal letters |
| <input type="checkbox"/> | Printed envelopes for use with appeal letters |
| <input type="checkbox"/> | Printed monetary donation collecting envelopes |
| <input type="checkbox"/> | Monetary donation collecting boxes |
| <input type="checkbox"/> | Lapel stickers or badges or component parts |

..... (Signature and date)

NOTE: It the supplier's responsibility to ensure that the goods or services supplied are eligible before zero-rating them.

Appendix C:

Notes on what should appear on a VAT Invoice and example copies:

A VAT invoice raised by a BHS Committee must show the following:

- A sequential and unique number starting with Committee No. (e.g. AANNNN16/01 for the 1st invoice, then AANNNN16/02 for the 2nd invoice etc. where 16 is for invoices raised in 2016).
- The date of supply and tax point (often the same date).
- The name, address and VAT registration number of the BHS Committee, and the name and address of the customer.
- A description of the goods and services.
- For each description, the quantity, VAT rate and (for countable goods and services) the unit price.
- The gross amount payable.
- The rate of any cash discount.
- The total VAT expressed in sterling.

See Example Invoice below.

Simplified invoices raised by a BHS Committee

For any supply where the consideration is below £250, a simplified invoice may be issued. This should include the following:

- A sequential and unique number starting with Committee No. (e.g. AANNNN16/01 for the 1st invoice, then AANNNN16/02 for the 2nd invoice etc. where 16 is for invoices raised in 2016).
- The name, address and VAT registration number of the BHS Committee.
- The date of supply.
- A description of the goods or services supplied.
- The total VAT-inclusive amount payable.
- For each rate of VAT chargeable, the gross amount payable including VAT, and the VAT rate applicable.

See Example Simplified Invoice below.

Invoices raised by Retailers to BHS

A retailer is not required to issue a VAT invoice unless the customer requests one. If the consideration does not exceed £250, the retailer may issue the simplified invoice detailed below. Otherwise, the retailer may issue a full invoice or a modified invoice which shows the VAT-inclusive value of each positive-rated supply instead of the VAT-exclusive value. At the foot of the invoice, the following must be shown:

- The total VAT-inclusive value of positive-rated supplies.
- The total VAT payable on those supplies.
- The total VAT-exclusive value.
- The total value of zero-rated supplies.
- The total value of exempt supplies.

EXAMPLE INVOICE

BHS Merseyside
Somewhere
Merseyside
AAN NAA

VAT no 584 9334 00

XYZ Ltd
12 Oxton Close
Birkenhead
CH43 7YU

Invoice No. AANNNN16/01
Date of issue 01 April 2016
Tax point 01 April 2016

Quantity	Goods	£
120	Head collars @ £15	1,800.00
	VAT AT 20%	360.00
	Total	2,160.00

EXAMPLE SIMPLIFIED INVOICE

BHS Merseyside
Somewhere
Merseyside
AAN NAA

VAT no 584 9334 00

Invoice No. AANNNN16/01

Date 01 April 2016

Amount payable	£
Wine	18.00
Bread	3.00
Total	21.00
Value of standard-rated supplies (including VAT at 20%)	18.00
Value of zero-rated supplies	3.00