Redgrave Community Society Limited



"working for the community"

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FINANCIAL MANAGEMENT POLICY

1 Purpose and scope

The Society will safeguard its funds and assets, maintain reliable financial records and use resources for its community benefit purposes in accordance with the registered Rules. This policy covers rent, grants, donations, community shares, loans, expenditure and the Society's ownership of the Cross Keys. The tenant's trading accounts remain the tenant's responsibility.

This policy operates under the Society's registered Rules, including the complete amendment registered by the FCA on 27 May 2025. If any provision conflicts with those Rules, the Rules prevail. Nothing in this policy changes membership rights, voting requirements, officer appointments or matters reserved to members.

2 Committee and officer responsibilities

The Committee is collectively accountable for financial oversight and approves budgets, borrowing, major expenditure and share-related decisions within the Rules. The Treasurer maintains financial records, prepares reports and monitors cash flow. The Secretary records approvals and maintains governing and grant documents.

The Chairperson supports scrutiny but cannot replace Committee approval. External accountants provide the services agreed with them; Committee responsibility remains with the Society. Delegations, bank signatories and any spending limits must be recorded and reviewed at least annually.

3 Budgets and cash flow

The Committee will approve an annual budget covering rent income, operating costs, insurance, maintenance, professional fees, debt repayments and approved share withdrawals. The Treasurer will distinguish accounting income and expenditure from cash movements: loan principal and share repayments must not be treated as routine operating expenses merely because cash is paid.

A rolling cash forecast will be maintained and updated during repair projects. It must include restricted funds, payment timing, VAT, contingency, grant claims and financing commitments. Expected grants must be distinguished from formally awarded funding. Contracts must not be entered into without an affordable funding plan.

4 Banking and payments

Accounts must be held in the Society's name. Online access must use individual credentials and appropriate security; passwords must not be shared. Bank mandates should require two authorised

approvals for payments. If a banking facility cannot technically enforce this, documented independent approval must be obtained before release and regularly checked.

The person preparing a payment must not be its sole approver. A payee must not approve their own payment or reimbursement. Invoices must be checked against authorised expenditure and delivery. New or changed bank details must be verified independently through a trusted route. Blank signed cheques and undocumented cash advances are prohibited.

5 Income donations and fundraising

Rent due and received must be reconciled to the lease; arrears or disputes must be reported to the Committee. Donations must be recorded with the campaign, date, amount and any restrictions. Cash collections should be counted by two people, documented and banked promptly; receipts should be issued where appropriate.

Fundraising publicity must accurately explain the purpose and any conditions. Restricted donations must be used accordingly, with arrangements for a changed or unsuccessful project considered before collection. Gift Aid must not be claimed unless eligibility and the necessary arrangements have been established. A community benefit society is not automatically eligible simply because it benefits the community.

6 Grant and project funds

Each grant must have a recorded award, conditions, approved budget, claim timetable and named lead. Restricted project transactions must be identifiable through separate accounting codes or an equivalent ledger; a separate bank account will be used if required by the funder.

Claims must be supported by eligible expenditure, invoices, approvals, procurement evidence and payment records where required. Avoid double funding the same cost. Match funding, VAT recovery, project changes and reporting obligations must be monitored. No promise of grant funding may be represented as confirmed before the award is made.

7 Accounting reconciliations and reporting

Transactions must be entered promptly with supporting records. The Treasurer will reconcile each bank account at least monthly. An uninvolved Committee member will review reconciliations and significant exceptions. Cash, creditor, debtor, loan and share balances must also be checked as appropriate.

Each ordinary Committee meeting should receive a concise financial report showing bank balances, unrestricted and restricted funds, budget performance, liabilities, arrears, grant position and significant risks. During major works the report must include committed costs, contingency remaining and forecast cash requirements. Discrepancies must be investigated and resolved rather than carried forward unexplained.

8 Community shares loans and reserves

The Society will maintain an accurate member and share register and reconcile the share ledger to its accounts. Applications for withdrawals, interest, transfers or repayment must follow the registered Rules and approved terms. No automatic right to withdrawal or guaranteed return should be represented where none exist.

Share interest must follow Rule 8.5. The Committee's decision on the basis of calculation and the rate for a year requires approval by resolution of members at the Annual Members' Meeting under Rule 8.5.2. The agreed rate must not exceed 5% or 2% above the Bank of England base rate, whichever is greater. Interest is discretionary, must be paid from trading profits and must take

account of prudent reserves and community benefit. Share withdrawals must follow Rule 8.4 and any adopted share withdrawal policy.

Borrowing and personal guarantees require Committee scrutiny, authority under the Rules and professional advice where appropriate. Repayment schedules and security must be recorded. The Committee will determine a proportionate unrestricted reserve target based on operating commitments, building risks and cash flow; restricted funds cannot be treated as freely available reserves.

9 Tax insurance and annual accounts

The Treasurer will obtain advice on corporation tax, VAT and any option to tax before relying on a tax saving or recoverable VAT in a budget. VAT must not be reclaimed or charged without the appropriate basis. Grant income and repair costs must be accounted for consistently with professional advice.

The Society will maintain appropriate insurance and notify insurers of material changes and relevant incidents. Assets and major improvements must be recorded appropriately.

Under Rule 6.1, the Committee must cause Annual Accounts to be prepared by a qualified auditor. Preparation of accounts is separate from the requirement for a full audit. Where legally permitted, a resolution on audit disapplication must be put to members at the Annual Members' Meeting under Rule 6.2. If members disapply the full audit, the Society must arrange the independent accountant's or lay auditor's report required by Rule 6.3 and applicable law. Disapplication does not itself amend Rule 6.1. The Committee must agree a compliant arrangement with its professional adviser and retain the members' resolution and supporting report.

Appointment and removal of auditors must follow Rules 6.4–6.9, including matters reserved to the Annual Members' Meeting and the Committee's power to fill a casual vacancy. Annual Accounts and reports must be presented to members under Rules 6.10–6.11. Published revenue accounts and balance sheets must meet Rule 6.12, including signature by the Secretary and two members acting on behalf of the Committee. The balance sheet must be displayed as required by Rule 6.13; the annual return and accompanying accounts/report must be filed and made available to members as required by Rule 6.14.

10 Expenses conflicts and fraud

Under Rule 5.18, Management Committee members are not entitled to remuneration but may be reimbursed for reasonable expenses incurred on Society business. Claims must state the purpose, include receipts or other satisfactory evidence and be approved by someone other than the claimant. Committee approval cannot authorise remuneration prohibited by Rule 5.18. Any allowance or exceptional reimbursement arrangement must remain within that restriction and the registered Rules.

Interests, related party transactions and benefits must be declared and managed independently. Suspected fraud or misuse should be reported to the Chairperson or an uninvolved Committee member if the Chairperson is implicated. Preserve records, restrict access where justified and obtain appropriate advice. Police, insurers, funders and regulators must be notified where required; retaliation against good faith reporting is unacceptable.

11 Records continuity and review

Accounting, tax and grant records must be retained for applicable periods, normally at least six years for accounting and tax records and longer where funder or other requirements demand. Member and share records must be kept for as long as needed to evidence rights and obligations. Records must be backed up securely with authorised continuity access.

Under Rule 9.11, proper minutes of members' meetings, Committee meetings and sub-committee meetings must be kept and made available for inspection by members at reasonable times, subject to confidentiality duties. Financial and governance records must preserve members' information rights under the Rules. Sensitive personal, safeguarding and commercially confidential information must be protected; confidentiality must not be used as a blanket reason to withhold material that members are entitled to inspect.

Officer handovers must include balances, access arrangements, outstanding claims, liabilities and reporting dates. The Committee will review this policy annually and following a significant control failure, project change or relevant legal change. It should be read with the Procurement Policy and registered Rules.