



POLICY GUIDE ON ACCOUNTING PROCEDURES FOR FORMATIONS



JULY 2019

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1. FOREWORD

The Scout Association of Australia, and indeed all National Scout Organisations in the World, relies heavily on volunteer support at all levels.

Nowhere is this more important than at Group level. All of the planning, instruction, training and administration which take place in Branch, Region or District and Group are of no avail if the end result does not achieve better Scouting for our Youth Members.

There are many types of support. Group Leaders, as the focal point of any Group, rely heavily on the many parents and supporters who continue to give so much to the success of this Branch, and without whom they could not function.

One important aspect of any organisation is, of course, accounting procedures for Formations and this guide is intended to give assistance in this area.

Queensland Branch Scouting Instructions (QBSI) should be read in conjunction with this guide.

The forms and instructions herein are simple and effective, and if followed will provide all that is needed by Group and other Formation Treasurers, both to account for all finance and in reporting to the Branch Support Office.

Treasurers are encouraged to discuss all financial matters with the Treasurer in the next leading Formation e.g. District, Region etc.

If you have any further questions, please contact the Finance Section of Branch Support Office, as they would be most pleased to answer any inquiry regarding procedures to Group/District/Regional finances.

DARYL SCOTT

CHIEF COMMISSIONER OF QUEENSLAND

JULY 2019

2. STRUCTURE OF THE FINANCE SYSTEM

The first step in good financial leadership, is the preparation of accurate and timely financial reporting. Financial reporting is the process of collecting, recording, classifying and summarising financial information, for the purpose of decision making and compliance.

Accounting practice classifies all transactions into one of five main categories, or account types. Assets, Liabilities, Equity, Income and Expenses. The first three of these categories are recorded on the Balance Sheet and the last two of these categories form the Profit and Loss Statement. The interaction between these categories is mediated by the double entry system.

The double entry system is very similar to Issac Newtons 3rd Law. 'For every action there is an equal and opposite reaction'. In a double entry system every entry has a corresponding and opposite entry to another account.

For example when your group purchases some activity supplies, the two entries would be as follows.

Cash at bank (asset)	Decreases
Activity supplies (expense)	Increases

This might not seem relevant while using accounting software, but it is the process that underlies all accounting systems and sometimes if you are struggling to understand, how or why something is done, it can be useful to bring the problem back down to simple entries.

All Formations, at a bare minimum must keep a record of Income and Expenses, which will reconcile back to the bank balance as recorded on the bank reconciliation. It is preferable that the financial transactions and therefore the financial statements are prepared using Xero accounting software, as this is Scouts Qld recommended accounting package.

Assets

The items that a Formation is acquiring ultimately are called the assets; this is anything that can be owned or controlled to produce value and that is held by an organisation to produce positive economic value. In general term, assets are the items that a Formation acquires that will have a value in the future.

The assets of the Formation could comprise of:

- Buildings, vehicles, plant and equipment
- Money owed to the Formation by Members (eg term fees)
- Cash and bank accounts
- Development fund investment
- GST refund due

Liabilities

A liability is the Formation's legal financial debts or obligations that arise during the course of operations. It is expected that Formations are accounting on a cash basis, therefore it is unlikely that there will be any liabilities ie amounts owing; unless there are funds owing to the Scouts Qld Branch Support Office.

Equity

When you take the value of Liabilities away from Assets, what is left over is equity. $\text{Assets} - \text{Liabilities} = \text{Equity}$. In general business this left over value is what belongs to the owner of the organisation. In the context of Scouting this amount represents surplus money that can be used to improve Scouting in Queensland.

2. STRUCTURE OF THE FINANCE SYSTEM (cont'd)

Income

The monies that flow into a Formation from any source are termed income (or receipts) of the Formation. These could comprise:

- Camp fees
- Donations
- Fund raising
- Grants income
- Interest received
- Membership fees
- Registration fees
- Rental income
- Term Fees
- Sales uniforms, badges, etc

Expenses

The monies that flow out of a Formation are termed expenses (or payments) of the Formation. These could comprise:

- Accountancy software fees
- Audit fees
- Bank charges
- Camp fees
- Cleaning
- Cost of goods sold (uniforms, badges, etc)
- Electricity
- Fundraising expenses
- Gifts and presentations
- Insurance
- Loan repayments
- Membership fees to Branch Support Office
- Motor vehicle
- Postage and courier including PO Box renewal
- Printing and stationery
- Purchase of assets
- Rates – council and water
- Registration trailer
- Rent or lease payments
- Repairs and maintenance
- Telephone and internet
- Training costs
- Travel

Financial year

The Scouts Association of Australia, Queensland Branch has a financial year 1 April to 31 March.

3. XERO FINANCIAL SOFTWARE

Scouts Qld prefers that formations use Xero, which is accounting software that is stored and accessed via the internet, or the financial statements can be prepared manually (ie use cash books),

Why use Xero for the preparation of the Formations Financial Statements

1. The Formation can take advantage of many Xero benefits
2. Prepare Scouts Qld for potential changes to the accounting standards, which will require Scouts to produce consolidated financial reports at some time.

The main benefits provided by Xero are

1. The automation of manual processes.
2. Replaces the manual cashbook and receipting system
3. Removes the need for spreadsheets and paper documents
4. Xero provides a central location where transactions can be recorded and electronic documents can be stored.
5. You can elect for bank statement information to feed directly into Xero, which prompts the categorising/coding of the financial information.
6. Xero allows you to generate an invoice, which you can then email thus reducing postage costs.
7. Xero has a fully integrated accounts receivable, accounts payable and asset register.

There is a recommended Xero chart of accounts and our Xero Support Officer will create the chart of accounts for you. This is to reduce the additional work of setting up Xero by the Formation. Please note that from time to time we will update the recommended chart of accounts as the reporting needs change. If you require additional accounts in your Chart of Accounts, please contact our Xero Support Officer who will discuss and then assist you with this request. The recommended chart of accounts can also be applied to other accounting software.

If using Xero, you won't have to use manual cash books, which reduces stationery costs and the amount of time your Treasurer requires to prepare the monthly financial statements as there are less steps involved.

If you are using other accounting non cloud based software, please ensure appropriate back-ups are in place in the event your files are corrupted.

Help with using Xero

Xero provides extensive user guides to support its software. These guides are kept up to date as the program grows and changes, for this reasons, we have chosen to rely heavily on these rather than trying to recreate scout specific user guides.

A Formation is effectively a small business and many of these user guides will apply directly. You can get help from:

1. Our dedicated Xero Support Officer can be contacted on email: xero@scoutsqld.com.au and support is available between 9am and 3pm every Tuesday, Wednesday and Thursday or
2. Access Xero Central – Xero's online learning and support centre <https://central.xero.com/s/>

Also Xero discussions gives you a place to ask questions of other Xero users, and to offer answers to existing discussions.

<https://central.xero.com/s/article/Discussions-on-Xero-Central>

4. SOURCE DOCUMENTS

The process of accounting for financial information starts at the point of collecting source documents. Source documents are the physical (or electronic) basis upon which business transactions are recorded. Source documents are typically retained for use as evidence of transactions, particularly when the Formation's financial statements are audited at year end. These source documents verify that transactions have, in fact, occurred.

Examples of source documents, and their related business transactions that appear in the financial records, are:

- Receipt book unless issuing receipts through Xero
- Bank deposit book
- Bank statement(s)
 - As Formations are required to deposit all monies received into a bank account, and all expenses are paid from said bank account, the bank statement becomes the main 'source of truth' of which the financial accounting is based.
 - In Xero, bank statement information can be fed directly into the accounting system to allowing for more efficient processing of bank transactions.
 - These transactions can then be matched up with the other source documents.
- Cheque book (if required as most payments can be made electronically by authorised Formation Committee members)
- Cash book(s)
 - This can be used as evidence of cash income and expenses. This can be maintained manually or electronically using Xero.
 - If using Xero, both invoices and receipts can then be sent electronically doing away with the need for a manual receipt book.
- Petty cash book
- Supplier invoices & receipts
 - This is a source document that supports payment to a supplier.
 - We must ensure that the documents provided by our suppliers are valid tax invoices (see below).
 - Supplier invoices and statements.

Valid Tax Invoices

When you make a purchase of more than \$82.50 (including GST) you need a tax invoice from the supplier to be able to claim a credit for the GST in the purchase price.

Tax invoices for taxable sales of less than \$1,000 must include enough information to clearly determine the following seven details:

1. that the document is intended to be a tax invoice
2. the seller's identity
3. the seller's Australian business number (ABN)
4. the date the invoice was issued
5. a brief description of the items sold, including the quantity (if applicable) and the price
6. the GST amount (if any) payable – this can be shown separately or, if the GST amount is exactly one-eleventh of the total price, as a statement such as 'Total price includes GST'
7. the extent to which each sale on the invoice is a taxable sale (that is, the extent to which each sale includes GST)

In addition, tax invoices for sales of \$1,000 or more need to show the buyer's identity or ABN.

4. SOURCE DOCUMENTS (cont'd)

Using Xero to Store Source Documents

In Xero Source documents can be attached to transactions. This can be done by using your phone or scanner to create an electronic version of the source document.

The following link provides details of how this can be done in the Xero system.

<https://central.xero.com/s/article/Email-a-file-attachment>

5. BUDGET

The Formation, as well as each section are required to prepare budgets for each financial year, estimating the income and expenses for the year. This budget should be prepared, reviewed and approved by the Formation Committee prior to the commencement of each new Financial Year. At regular intervals, actual levels of income and expenses should be compared to budgeted levels to highlight variances, check on available funds and to monitor performance. This regular review should be also reported to the Formation Committee.

We suggest that you use last year's budget (if available) and projected year to date financial results as the starting point for the budget and put that information into two separate columns. On a third column, you should then allow for known increases of both income and expenses for the upcoming financial year and the expected change in membership or activities. Please refer Appendix 1 for a draft budget template.

Please note that grants and sponsorship are not to be included as income within the budget, as it is not known how much or when it would be received.

If using Xero or another accounting software, the approved Formation budget should be entered/uploaded into the accounting software. This will allow you to review your actual monthly and year to date results against the budget. We can provide assistance with this, please email xero@scoutsqld.com.au

Budget Manager

The following link shows you how to create and manage your budget in Xero.

<https://central.xero.com/s/article/Create-a-budget#Createanewbudgetbasedonanexistingbudget>

6. BANK ACCOUNT(S)

Formations have a responsibility to account for all monies received. For this reason it requires that all monies received be receipted and deposited into a Scouts Qld bank account.

The account is opened with an initial deposit and specimen signatures of those authorised to use it. All bank accounts must be established with at least two authorised signatories for all payments (one of these signatories must be the Formation Treasurer). It is recommended that these authorised signatories are not from the same family so that there is clear separation of duties. Authorised signatures can be via the traditional signature or electronic authorisation. Please note that if there is a reimbursement of funds to a Formation member, that member cannot be a signatory to that transaction.

If you wish to deposit funds to the bank outside the bank's opening hours, the Formation Leader or Formation Treasurer should contact the bank to obtain instructions for after-hours deposits.

6. BANK ACCOUNT(S) (cont'd)

Payments of authorised invoices can be made either by:

- Electronic funds transfer (EFT);
- BPay;
- Petty cash (refer Section 10 of this manual);
- Debit card (refer Section 11 of this manual);
- By cheque;
- Withdrawal of cash and payment to the supplier. This is the least preferred method of payment as involves cash. If you need to pay an expense with cash please ensure you obtain a receipt.

The Scout Association of Australia, Queensland Branch Inc., has a legal responsibility to account for all monies received. For this reason all Formation bank accounts **MUST** include the title of the Scout Association, and a reference to the particular Formation as shown below:

The Scout Association of Australia, Queensland Branch Inc.
 “Suburbia” Scout Formation

The account is opened with an initial deposit and signatures of those authorised to use the bank account. Please note that the Scout Association of Australia, Qld Branch, has a tax file exemption on the basis that it is a registered charity. Please advise your bank of this exemption, otherwise tax will be deducted on any interest earned.

The Formation can have one bank account for Committee, Joey Scout Mob, Cub Scout Pack and Scout Troop. There may be additional bank accounts established for the Venturer Unit and the Rover Crew, but the Formation Treasurer and Formation Leader must oversee these accounts. In addition to the general working account(s), a Formation Committee may have additional bank accounts e.g. Jamboree Fund, etc. Any section accounts must be consolidated and must be audited as part of the annual financial audit of the Formation Accounts.

Another option is through the use of tracking categories in Xero you can track and report separately for each Section while operating out of one bank account. This will give you the option of creating whole of group or section specific reports at the click of a button, refer <https://central.xero.com/s/article/Set-up-tracking-categories-AU>

7. INCOME AND EXPENSES

Income

When any cash is received, write a receipt as soon as possible and give the original receipt to the person who has given you cash. You can purchase an official receipt book from the online Scout Shop (www.scoutshop.com.au), use a generic receipt book or issue the receipt from Xero. Please note that when receipting and counting cash, two officers should be present (wherever possible).

If using manual cash books; these can be purchased from a local stationery store or newsagent. If accounting for manually, once the cash has been received you can enter the details into the cashbook i.e. date of the receipt, details (from who received), receipt number, amount received and the dissection of the amount received e.g. amount net of GST and the GST amount which totals to the amount received.

7. INCOME AND EXPENSES (cont'd)

As often as practicable, but at least weekly, all monies should be banked. If there are discrepancies between the amounts that is expected to the banked and the actual cash and cheques to bank, then every attempt must be made to find any discrepancy. You may use a payment platform such as Stripe to process receipt of Formation funds.

If using a manual cash book, then at the end of each month please add up each column in the dissected section and cross total this section (add up column totals). Where the receipt does not apply to any dissected column of the receipt cash book, enter the amount in sundries and write alongside additional details of the receipt. The total income received must agree with the total cash dissections. If they don't agree please check that details of income have been dissected correctly into the appropriate column. The total of the income should also equal total of bank deposits, assuming all banking has been done as at month end.

Expenses

Payments may be made in cash, cheque, debit card, electronic transfer (including BPay) or by invoice to your group debtors account issued by the Branch Support Office. It is very important for all invoices issued by the Branch Support Office are paid within 30 days as failure to pay on time affect the cash flow of the Branch Support Office. Cash payments should be limited to a small expenses only and should be paid from petty cash.

Before making a payment, be sure to have a valid tax invoice for the goods or services being paid for. Also check that the amounts are as agreed for the purchase, and have the invoice authorised, by an appropriate person in the Formation, usually the Formation Leader.

If using a manual cash book, then enter the payment details into the payments cash book ie date of the payment, details of who was paid, the amount paid and cheque number (if paid by cheque). Enter the information about the type of payment into the appropriate column of the payment cash book. Where the payment made does not apply to any dissection column, enter the amount in sundries and write alongside additional details of the payment. At the end of each month, add up each column in the dissected section and cross total this section (add up column totals). The total payments must agree with the total expense dissections and if they don't agree please check that all expenses have been allocated correctly into each column.

Cheques – cancelling or stopping payment

If you need to cancel a cheque, the word “void” should be printed across the cheque and butt. The cancelled cheque shall be kept in your files for the annual audit. Cancelled cheques must be folded and stapled to the cheque butt.

If you need to stop payment on a cheque or a series of cheques (eg lost or stolen) then you should immediately contact the bank stop the payment; this should be both verbal and written instructions.

Electronic Funds Transfer (EFT)

If you have prepared a file for the bank and then it comes to your attention there is an error. The authorised bank contacts can delete the file. The file then can be resubmitted for approval.

Interest received, automatic payments and bank charges

If you are preparing manual cash books, please ensure you record any interest received, automatic payments, bank charges, etc are recorded in the cash books.

8. BANK RECONCILIATION(S)

As soon as possible after the end of the month, a bank statement should be obtained/downloaded from the bank and bank reconciliation performed. A monthly reconciliation statement must be completed by any Formation level, which operates a bank account.

The purpose of the reconciliation is to ensure that the balance as recorded by the Bank of the Formation's bank account(s) agrees with the Formation's records.

If you are using Xero please follow the link for the bank reconciliation instructions
<https://central.xero.com/s/article/Bank-reconciliation-in-Xero>

If you are doing the bank reconciliation manually please follow the following steps:

1. Tick off the deposits on the bank statement against the deposits as recorded by the income cash book, noting any outstanding deposits (those which have been recorded in the income cash book during the month, but do not appear on the bank statement). Bank deposits appear quite quickly on the bank statements and you should contact the bank if funds have been banked prior to month end and are not appearing on the bank statement to ensure the funds haven't been misplaced.
2. Tick off the payments on the bank statement against the payments as recorded in the payments cash book, noting any outstanding cheques (those which have been recorded in the payments cash book during the month, but do not appear on the bank statement), plus any that may have been noted as outstanding the previous month, which are still not on the bank statement. You should follow up any unrepresented payments to ensure the accounts are paid.
3. To the balance shown on the month end bank statement, add deposits not shown on the bank statement (outstanding deposits) and subtract the payments (outstanding payments) not shown on the bank statement eg cheque number and amount.

The total as above should then equal the balance of bank account obtained by using the cash book total income less the total expenses, which has been added to the opening bank value (per the previous months bank reconciliation).

Statement of income and expenses (profit and loss statement):

After the end of each month and at the end of the financial year, statement of income and expenses shall be prepared for the Formation. This is required to show, in summary form, all the income and expenses for the period under review. This statement should be incorporated in the Formation's records as a method of control over the Formation's financial affairs. Please refer an example at Appendix 3.

Section income and expense statements together with the bank reconciliations should be presented to the Formation Leader on a monthly basis.

If using Xero please refer the attached link <https://central.xero.com/s/article/Profit-and-Loss-New#Newversion>

Balance Sheet

If using Xero you will be able to generate balance sheet. Please ensure all items reconcile back to source documents. Please refer the attached link <https://central.xero.com/s/article/Balance-Sheet-New#Newversion>

9. DEBTOR ACCOUNTS

From a financial perspective, Branch Support Office has a number of departments whereby a Scout Formation would be invoiced for necessary payment for services of the Branch Office eg leaders training fees, membership payments, insurance premium, rates and lease payments to Local Councils, etc.

Branch Support Office pays certain suppliers in good faith that the Formation will repay the invoice within 30 days. This is due to late or non-payment of rates has resulted in some Local Governments being hesitant in actively assisting Scout Formations. The Branch Support Office will pay the charges and then on-bill (recharge) the relevant Scouting Formation for the amount paid net of GST (this is because the Branch Support Office will claim the GST and then pass onto the Formation). This will ensure in most cases that any discount for early payment is received and good faith is retained with local councils.

It is extremely important for all Formations to have sufficient funds available to pay these invoices. Annual budgeting will assist with this process. Scout Groups who do not meet the terms of the invoice may receive correspondence from the Finance Manager highlighting the outstanding payments and seeking urgent attention to the matter.

10. PETTY CASH

A petty cash float may be established to cover small payments where other payment options are not practical. To establish this account a cash cheque should be drawn for an amount of no more than \$100. This cheque should be shown as 'cash on hand' as it is really not a payment but cash held which is recorded on the balance sheet. Petty cash should not exceed \$100 unless approved by the Formation Leader.

We suggest you purchase an exercise book or a pre-ruled petty cash book from a stationery supplier or newsagent to record all petty cash expenses. If you wish to rule up your own petty cash please refer appendix 2, example petty cash book.

For expenses please complete a petty cash voucher (obtainable from stationery suppliers and newsagents) for each payment showing to whom paid, amount, date and reason for payment. Attach to the voucher any supporting documents. You should then enter in the details in the petty cash book showing the payment details and extending the payment to relevant column. The volume of expense reimbursement will determine when the petty cash monies should be recouped.

Once a month, the petty cash expenses should be totalled in the petty cash book. Total payment column should agree with total of summary columns. You should then subtract expenses from the original petty cash amount and the balance should agree with cash on hand. To top up the petty cash, please prepare cheque requisition to recoup the amount expended and charge to the relevant accounts. For example if the expenses was \$20, then you top up the petty cash for \$20.

Nails for den	\$15.00
Postage	\$ 1.00
Envelopes	<u>\$ 4.00</u>
	<u>\$20.00</u>

This in effect charges the expenses to the relevant account and the original petty cash amount stays as 'cash on hand' = original cheque drawn ie \$100.

If you are using Xero, you can set up a cash account for record your petty cash, refer attached link.

<https://central.xero.com/s/article/Manage-petty-cash-in-Xero-AU>

11. DEBIT CARDS

The use of a debit card is linked to an imprest account. An imprest account is a fund used by an organisation for small items of expenses and restored to a fixed amount periodically.

The imprest account should not exceed \$500 unless a higher amount is approved by the Group Leader and the Group Treasurer for a specific event or large activity. Automatic top ups from the Group bank account are not permitted. Authorised card holders must provide the Formation Treasurer with a completed Form F34 debit card reconciliation, which is available on the Scouts Qld Branch website. The completed F34 must detail all the card expenses and attach the invoices for each item of expenses.

The Formation Treasurer is required to confirm the completed F34, reconcile the expenses to the imprest account bank statement and the attached invoices. Once the Formation Treasurer is satisfied that the expenses is in accordance with expectations and does not indicate any spending of a private or personal nature, the imprest can be restored to its limit.

The link below shows how debit card can be accounted for in Xero.

<https://central.xero.com/s/article/Manage-petty-cash-in-Xero-AU>

12. AUDIT REQUIREMENTS

It is basic that the Formation ensures accountability and custody of its funds. The main means of achieving accountability is:

- The installation of internal control procedures as described in this guide.
- The production and certification of financial statement regularly by the Treasurer (to each meeting of the Committee and annually for audit).
- Regular audits (at a minimum as at 31 March each year by a qualified person). It is recommended that an audit should also be carried out when there is a change in Treasurer or full Committee.

The following must be submitted to your Auditors if using accounting software such as Xero:

- Provide access to the accounting software, which should include the balance sheet, profit and loss report, bank reconciliations, asset register, bank statements (from the bank feeds), invoices, income information, etc as attached in the file.

If you are preparing a manual set of accounts you will also need to provide the auditor with the following:

- Cash books
- Invoices
- Receipt books
- Bank statements, bank deposit books and bank reconciliations
- Petty cash book
- Asset register

The auditor must be qualified with suitable accounting experience, but has no personal association with the formation. If the Formation cannot find a qualified auditor, then application can be made through the Branch Support Office for a person with accounting or banking knowledge to be appointed. The application form A69 – Application for Approval of Formation Auditor, should be completed and approved by the Branch Support Office. These audited accounts must be presented at the Formations Annual General Meeting and declarations signed by the President and Treasurer.

13. ANNUAL FINANCIAL RETURN

The preparation of yearly financial return is mandatory for the Association to meet its obligation under the *Associations Incorporations Act 1981 (QLD)* which requires details of all Income and Expenses for the year by the Formation. You must complete a form B5 Annual Financial Return, which is available on the Qld Branch Website.

A copy of the financial return is forwarded to the Branch Support Office when the appointed auditor has signed it. The annual financial return must be lodged with the Branch Support Office by 31 May each year.

14. GRANTS

The Scout Association of Australia, Queensland Branch Inc, as the legal entity, has legal and financial responsibility for all grants applied for under the Australian Business Number (ABN). To manage this responsibility the organisation must have a record of all grant commitments and oversee the effective completion of all grant terms and conditions.

All grant applications must have the support of the Formation's District and Region Commissioners prior to being forwarded to the Branch Support Office for approval.

Prior to applying for a grant, the Formation must provide (see QBSI 6.5 for full details of procedures):

1. be financial with the Branch Support Office ie have no debt or have a debt which is being managed through a repayment agreement;
2. have submitted a current financial return and property return and
3. be a viable Formation

The only people authorised to sign applications on behalf of the Association are the Chief Commissioner and the General Manager.

For all grant enquiries please email grants@scoutsqld.com.au

15. PROPERTY, PLANT AND EQUIPMENT

Formations are required to submit details of equipment as part of the Annual Property Return.

A simple equipment register can be kept which will assist in compiling the return at the appropriate time. It is a register of all items owned by the Formation and shall detail the following:

- Date of Purchase
- Description of Item
- Quantity of Item Types
- Cost Price
- Replacement Cost (to be updated at least annually)
- Date of Disposal

If being maintained manually, the equipment register can be a book, which is to be retained as a permanent record

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

It is important to note that the return should be costed for replacement cost values - that is, the actual cost involved in replacing any item (incl. installation if needed) at current market value. This will give a general guide to Formation equipment to be covered by insurance.

If using Xero, you can maintain electronically a fixed asset register and depreciate these assets. The following link provided guidance on registering fixed assets and then depreciating these assets
<https://central.xero.com/s/article/Register-fixed-assets>

16. RESOURCES

Money held in a bank account is of little direct benefit to the Youth Members enrolled in a Scout Formation at any given time. Parents and the movement in general, should reasonably expect that moneys raised are applied to the needs and benefit of the Youth Members of the day.

Therefore it is the committee's responsibility to make sure financial resources are applied in a transparent, agreed upon, planned and organised manner to support the operating costs of Scouting with proper consideration given of the needs and goodwill of those supporting fundraising activities.

Acquisitions:

All purchases, be they large or small, should be justifiable according to the following criteria:

- ✓ To what extent does the proposed acquisition support the Mission and Purpose of the Movement? How?
- ✓ What would be the effect of not making the acquisition?
- ✓ Have alternatives to making a purchase been thoroughly explored? (ie. loan hire, joint ownership). Why is purchase the preferable option?
- ✓ What consideration has been made for ongoing costs of acquisition?
- ✓ Are sufficient funds available to service this new liability? As well as existing cost.

Scouts Qld cannot afford ad-hoc or ill-planned expenses which produces only short-term, or questionable benefit.

Please note that the ownership of all assets, resources, equipment and funds are vested in the Queensland Branch, regardless of the initial source or manner of acquisition.

The decision to replace, repair or dispose of equipment with a replacement cost of less than \$500.00 rests at the discretion of the Formation.

For equipment with a replacement cost of greater than \$500 but less than \$1,000 in addition to the Formation's approval must have the prior sanction of the District Commissioner. The District Commissioner will decide on whether the items will be retained, reallocated or sold, and also the method of disposal.

The Chief Commissioner is to be consulted for a decision regarding the destination of any sale proceeds, taking into consideration the needs of the State as a whole.

TREASURERS ARE ENCOURAGED TO DISCUSS ALL FINANCIAL MATTERS WITH THE TREASURER IN THE NEXT FORMATION SO IF YOU HAVE ANY QUESTIONS OR QUERIES AT ANY TIME, PLEASE CONTACT YOUR DISTRICT, REGION OR BRANCH SUPPORT OFFICE FINANCE SECTION, WHO WILL BE HAPPY TO HELP.

17. BRANCH DEVELOPMENT FUND

The Development Fund was established to principally assist the development of Scouting in Queensland and to provide opportunities of pooling funds to obtain a greater interest return. Please refer QBSI 6.4 for full details of procedures.

It is policy that any funds held by Formations for Investment must be deposited into the Branch Development Fund. Depositor and borrower interest rates are reviewed at regular intervals.

To deposit surplus funds:

Simply forward the sum that it is desired to invested to the Branch Support Office, with a covering note or email. There is no lodgement form. Upon receipt the Branch Support Office will acknowledge the deposit. All deposits are considered “on call”

To withdraw funds:

Withdrawals must be in writing and signed by two authorised signatories from the Formation.

To apply for a loan:

Application for a development fund loan is via the Form F3, which can be obtained from the Scouts Qld website.

18. GOODS AND SERVICES TAX (GST)

The Scout Association of Australia, Queensland Branch is the entity registered for GST purposes and has its own Australian Business Number (ABN). Formations cannot not apply for their own ABN.

With the use of Xero by both Branch Support Office and Formations, there is the facility for Formations to now pay GST outputs on certain revenue items and also claim GST inputs on many expenses directly through Xero. The role of the Branch support office is to help with this unification process and manage compliance of legislated requirements. One such obligation is to lodge a Business Activity Statement (BAS).

Business Activity Statement

The Scout Association of Australia, Queensland Branch is required to lodge its BAS for each month by the 21st of the following month. For example the December BAS is due for lodgment on 21 January.

As all Scout Formations in QLD use the same ABN we can only lodge one BAS. Therefore for each individual Scout Formation to claim back the GST paid we need to gather reports from all Formations and consolidate them into this one BAS. Once the BAS is lodged, the GST refunded to Branch Support Office is then returned to the Formation.

Why should Formations care about GST?

The first answer to this question is that we pay GST to our suppliers that we can claim back from the ATO. If we fail to claim back this GST we are in effect giving money to the ATO which could be used to further Scouting.

The second reason is to ensure that Scouts QLD is compliant with its legislative requirements. We are required to remit to the ATO on certain income generated, for example Uniform Sales and Den Hire (in some circumstances), if Scouts QLD fails to comply with the required legislative requirements, there is a risk of legal proceedings being brought against Scouts QLD from the ATO.

18. GOODS AND SERVICES TAX (GST) (cont'd)

To help Formations better understand the implications of GST more fully, attached as Appendix 4 illustrates the typical categories of revenue and expenses that a Formation may experience with the related GST treatment shown.

The commercial activities of Scouts Qld are taxable supplies, but non-commercial activities may be GST free dependent upon certain threshold tests. This means that GST is not required to be remitted for non-commercial sales, but GST credits can still be claimed for the GST included in the price of purchases to make these sales. Below is an extract from the ATO website:

The term 'non-commercial activities' refers to sales made when the payment received for the sale is less than a specified amount. The sale is GST-free if the amount charged is either of the following:

- less than 50% of the GST-inclusive market value
- less than 75% of the amount the endorsed charity, gift deductible entity or government school paid to purchase the item that is subsequently sold.

When the sale is a supply of accommodation by a registered charity, gift deductible entity or government school, the sale is GST-free if the amount charged is either of the following:

- less than 75% of the GST-inclusive market value of the accommodation
- less than 75% of the cost of providing the accommodation.

Example: GST-free sales

The Children in Need charity sells banana and carrot cakes at a fete for \$3.00 each. Similar cakes would sell at a cake shop for \$6.50 each.

As the consideration received for each cake is less than 50% of the GST-inclusive market value, the sale of the cakes is GST-free.

Grant funding is sometimes awarded inclusive of GST. The Branch Support Office is responsible for remitting the GST component of any grant funding to the Australian Taxation Office (ATO). The Branch Support Office will arrange for payment of will claim back the GST of all grant related invoices.

Finally, as Scouts Australia, Queensland Branch is a registered charitable entity, there is no requirement on behalf of outside entities to withhold 48.5% withholding tax from payments made to Formations. Should Formations encounter any problems with withholding tax they must request these entities to contact Queensland Branch Support Office.

19. MANAGING AUTHORISED FORMATION USERS

It is your decision which members of your group use Xero or other accounting software and in what capacity. Please read through the link below to learn how to manage users in Xero.

<https://central.xero.com/s/article/Add-a-new-user-to-your-organisation>

It is also important that you effectively manage your authorised bank signatories. Please ensure that when Committee members change that authorised users are immediately updated. This also applies to bank signatories.

APPENDIX 1 – BUDGET TEMPLATE

	Current Year's Budget	Projected Current Year's Actual results	Proposed Budget – new financial year
INCOME			
Camp fees			
Donations			
Fundraising			
Interest received			
Membership fees			
Registration fees			
Rental income			
Sale uniforms, badges, etc			
TOTAL INCOME			
EXPENSES			
Accountancy software fees			
Audit fees			
Bank charges			
Cleaning			
Cost of goods sold (uniforms, badges, etc)			
Electricity			
Fundraising expenses			
Gifts and presentations			
Insurance			
Telephone and internet			
Training costs			
Loan repayments			
Membership fees to Branch Support Office			
Motor vehicle			
Postage and courier including PO Box renewal			
Printing and stationery			
Purchase of assets			
Rates – council and water			
Registration trailer			
Rent or lease payments			
Repairs and maintenance			
Telephone and internet			
Training costs			
TOTAL EXPENSES			
SURPLUS (DEFICIT)			

APPENDIX 4 - GOODS AND SERVICES TAX (GST) GUIDE

Name of Account/Activity	Type	GST Treatment
Membership Fees	Revenue	No GST to remit from income
Membership Fees - Family Levies	Revenue	No GST to remit from income
Region Subsidy	Revenue	No GST charged and hence no GST to remit
Donations	Revenue	No GST to remit from Income
Grants Income	Revenue	Nil refer page 14 of this guide
Uniform Sales	Revenue	Must charge GST and remit to ATO
Rental Income - i.e. Den Hire	Revenue	No GST to remit as non-commercial activity
Registration Fees - Activities	Revenue	No GST to remit from income
Registration Fees - Camp Fees	Revenue	No GST to remit from income
Interest Income	Revenue	No GST to remit however
Cost of Goods Sold	Direct Costs	Can claim GST input on expenses
Advertising	Expense	Can claim GST input on Expenses
Activity Expenses	Expense	Can claim GST input on Expenses
Fundraising Expenses	Expense	Can claim GST input on Expenses
Badges	Expense	Can claim GST input on Expenses
Bank Fees	Expense	Can only claim GST where it is applied
Cleaning	Expense	Can claim GST input on Expenses
Camp Fees - Scout Association Charges	Expense	No GST paid
Camp Fees - External	Direct Costs	Can claim GST input on Expenses
Scout Supply Centre Purchases - Non Specific	Expense	No GST paid
Consulting & Accounting	Expense	Can claim GST input on Expenses
Consumables	Expense	Can claim GST input on Expenses
District Levy	Expense	No GST paid
Registration Fees - from Branch for Leaders etc.	Expense	No GST paid
Electricity	Expense	Can claim GST input on Expenses
Freight & Courier	Expense	Can claim GST input on Expenses
General Expenses	Expense	Can claim GST input on Expenses
Meal Expenses	Expense	Can claim GST input on Expenses
Facility Fee	Expense	No GST paid
Interest Expense	Expense	No GST paid
Legal expenses	Expense	Can claim GST input on Expenses
Motor Vehicle Expenses	Expense	Can claim GST input on Expenses
Postage & Courier	Expense	Can claim GST input on Expenses
Printing & Stationery	Expense	Can claim GST input on Expenses
Rates - Council and Water	Expense	Can claim GST input on Expenses (if applicable)
Registration - Trailer	Expense	Can claim GST input on Expenses
Rent	Expense	Can claim GST input on Expenses
Repairs and Maintenance	Expense	Can claim GST input on Expenses
Shed Expenses	Expense	Can claim GST input on Expenses
Telephone & Internet	Expense	Can claim GST input on Expenses
Training Expenses	Expense	Can claim GST input on Expenses
Travel - National	Expense	Can claim GST input on Expenses
Travel - International	Expense	No GST paid