

# Harlow u3a

## Financial Policies

This is a statement by the Trustees of Harlow u3a setting out the financial policies that are either required of them or have been adopted by them. It is kept under review and revised as necessary.

### 1. Trustees and their financial responsibilities

Harlow u3a is a Charitable Incorporated Organisation, registered with the Charities Commission and a member of the Third Age Trust (TAT). It is managed by a Committee of Trustees who are elected by Harlow u3a members.

The Trustees of Harlow u3a are responsible for:

- Ensuring that its expenditure is incurred only to support the objectives stated in its constitution, and that its income is sufficient to cover its expenditure.
- Safeguarding the assets of the charity.
- Identifying and managing the risk of loss, waste, theft or fraud.
- Keeping financial records in accordance with its constitution and with the requirements of the Charities Act 2011 and the Charity Commission, and preparing annual accounts in accordance with those requirements.
- Approving an annual budget and setting membership subscription rates.
- Ensuring that financial reporting is robust and of sufficient quality.
- Ensuring that the u3a maintains sufficient resources to meet its likely expenses and to cover risks that might reasonably be regarded as possible.

The Trustees are jointly responsible for keeping full financial records, including those kept by Harlow u3a's activity groups. They have delegated to the Treasurer the day to day tasks of keeping these records and preparing annual accounts, and of supporting the groups so as to ensure that adequate group records are kept. The Treasurer is required to keep the Trustees informed at least monthly of the position of the u3a.

The Trustees have also nominated one Trustee as "Shadow Treasurer", whose role is to support the Treasurer; to be familiar with financial policies, processes and records so as to be able to ask informed questions and offer comments; to help with major activities like the preparation of annual accounts; and to deputise occasionally for the Treasurer.

## **2. Maintenance of financial records**

To provide adequate backup Harlow u3a's financial records are maintained in two forms:

- A set of spreadsheets kept in the Treasurer's local drive and backed up to an external drive and online.
- The financial accounting system and linked membership details in Beacon. This is secured and backed up through our data services provider managed by TAT. We also create local backups.

## **3. Basis of accounting and annual accounts**

Our accounting period runs from April to March each year.

Charities with an annual turnover of less than £250,000 are permitted by law to prepare their accounts on a receipts and payments (or cash) basis – that is, to use a simple form of accounting that summarises cash received and paid by the charity during its financial year, along with a statement of assets and liabilities at the year end. Where receipts and payments accounts are an option, it is for the Trustees to decide which form of accounts to prepare and the Trustees of Harlow u3a have chosen to prepare receipts and payments accounts. These accounts form part of its annual return to the Charity Commission.

Most charities with a gross income of more than £25,000 per year are required to have their accounts independently examined or audited. Harlow u3a's accounts are examined either by a member who is not a trustee or by a professional auditor, who provides a certificate.

## **4. Policy on membership fees**

Harlow u3a obtains the income necessary to cover its costs mainly from the fees paid by its members. The amount payable is reviewed annually when the year's budget is set. A reduced fee is allowed to members who join in the second half of the year and to members who also subscribe to another u3a.

Our policy is to set membership fees at a minimum to cover our central costs, as detailed and subject to the constraints listed below. The basic membership fee does not entitle a member to participate in all groups, and those groups which have expenses such as the cost of hiring meeting places have to charge their own membership fees at a sufficient level to cover their costs fully. The visits, theatre trips and holidays organised by Harlow u3a are sold at a price intended to cover fully the costs of each activity, plus a contribution to the administrative cost of organizing them; the trips activity also maintains a contingency sum to protect us from risks such as unavoidable cancellation costs in extreme circumstances.

The annual Harlow u3a membership fee is set at a level designed to cover -

- Necessary administrative costs;
- The costs of a monthly general meeting with speaker, and of other specific meetings as necessary;
- Fees paid to the Third Age Trust for central support and newsletter and computer services.

It is also set at a level to ensure that Harlow u3a maintains a level of cash which is sufficient to support its activities and to cover its risks. The Third Age Trust's guidance is that unencumbered cash balances should never be less than 50% of annual membership subscriptions, and Harlow u3a has followed this policy and will continue to do so. However, given that the greater part of its income is from Groups and Trips activities, the Trustees consider that it should maintain cash in proportion to its total business and have judged that cash balances of no less than 30% of its annual turnover are appropriate. The ratio is currently around 42% of turnover.

## **5. Gift Aid**

Harlow u3a is entitled as a charity to claim gift aid, that is to reclaim tax from HMRC in respect of all members who have paid their subscription out of taxable income and provided a declaration to that effect. This is an important secondary source of income for us and we actively encourage members to provide the necessary declaration so that we can claim the benefit.

Our basic membership subscription fee (currently £16 for full members) secures membership only and does not secure access to any groups, any rights to personal use of any facilities or to any services provided by Harlow u3a. Gift Aid is claimed only on income from the basic membership fees paid by full members; income from the fees paid by associate members, for which another u3a may claim, and from fees paid to activity groups is excluded.

## **6. Banking**

### **6.1 Bank accounts and mandates**

Harlow u3a has two current bank accounts, one for general purposes and one for group activities; it also has a deposit account for cash not immediately needed.

These are operated in accordance with a bank mandate specifying signatories: these signatories may sign cheques (though only a very small number of cheques are now used) and are required to approve any change in the mandate and its signatories. The authorised signatories are the Chair, Vice Chair, Treasurer and Shadow Treasurer.

An application to the bank to change the mandate may be made only after a decision of the Trustees, which must be minuted.

New accounts may be opened only after a decision of the Trustees, which must be minuted.

## **6.2 Online banking**

Access to the online banking service is delegated to the Treasurer and Shadow Treasurer, in accordance with a bank authorisation signed by the other bank signatories. At least one Trustee in addition to the Treasurer will have access to this facility at all times to ensure that a proper check on bank transactions can be made.

## **7. Expenditure**

### **7.1 Payment of invoices from suppliers**

Most invoices are paid by bank transfer by the Treasurer. They are checked by the Trustee or member who has arranged the goods or service and approved by one Trustee other than the Treasurer. For routine payments, this approval is included in a blanket authorisation from the Committee permitting future payments to specified payees and payee categories. The latest authorisation from the Committee is attached as an appendix.

### **7.2 Purchase of equipment**

Prior approval must be obtained from the Committee for the purchase of equipment, either for central use or for use by specific interest groups. Items may be purchased out of central funds for use by specific groups if the Committee considers that they will be of benefit to the organisation. In these circumstances, it may be appropriate for group facilitators to purchase the equipment themselves after obtaining the necessary approval and then to claim the cost as a personal expense claim.

### **7.3 Expenses**

Out of pocket expenses incurred by Trustees and members for u3a business will be reimbursed. Expense claims should be submitted to the Treasurer with receipts wherever possible, and should include full details of the date, the item, the purpose (if that needs explanation) and the amount.

Where a member provides a service to other members in connection with u3a activities he or she should be reimbursed as follows –

- For tea or coffee provided in someone's house, each member should pay 50p;
- For car transport, the driver should receive a total of 50p per mile from passengers.

This is not regarded as Harlow u3a income and expenditure and need not be recorded in group cash.

## **8. Groups' finances**

### **8.1 Accounting for Groups**

Groups are expected to be self-financing and to collect such sums of money as are necessary to support their activities. This money will normally (subject to paragraph 8.3) be held in the Harlow u3a Groups bank account and will be ring-fenced for each group or set of linked groups to meet its necessary expenses while it continues to be active. In the event that the group or set of groups ceases to be active any remaining money will normally revert to central Harlow u3a funds.

The Treasurer keeps records of the income, expenses and balance for each group, in addition to records that may be kept by the group's own organiser or treasurer.

### **8.2 Procedures**

The procedures for groups to pay money into the bank account, for the payment of expenditure and for accounting to the Treasurer are set out in the Group Facilitators' Handbook.

### **8.3 Petty cash**

Groups may maintain a petty cash float of up to £60. They are required to keep records of cash income and expenditure, except that certain minor categories need not be recorded. This is explained in the Group Facilitators' Handbook.

## **9. Accounting for trips**

The trips, visits and holidays organised by Harlow u3a are managed by the V&O (Trips) Team, which is responsible for the organisation and pricing.

Each trip is treated as a separate group for accounting purposes and is priced with the intention that it will cover its costs, though it is accepted that this may not always prove possible and that there will be circumstances in which it will be appropriate to run a trip at a loss. If the bookings are not fully sufficient at the point at which a commitment needs to be made, it is at the discretion of the Trps Team whether or not to proceed; they will take into account the maximum loss that might be incurred and other factors such as the overall result for other trips done in the accounting period. If they judge that it would be wrong to proceed, all bookings money is returned.

When a trip has been completed, the surplus (or deficit) is transferred to the V&O Admin and Reserve account. This account has three functions –

1. to meet costs that are not allocated to particular trips, such as printing and postage.
2. to act as a contingency reserve in case of a catastrophic event such as a pandemic, which might result in our having to refund all bookings while being unable to claim any cancellation compensation from suppliers. The amount which is currently estimated as broadly sufficient is £2,500: this is based on the actual loss incurred as a result of the 2020 pandemic. The present level of the Admin and Reserve account slightly exceeds that figure.
3. to allow flexibility so that small losses, which are occasionally inevitable despite careful costing, are covered.

The holidays offered by Harlow u3a are done so in the capacity of agent for travel firms. No money is taken by Harlow u3a in respect of them and it has no liability for any costs arising.

## 10. Payments to other charities

Charitable law places restrictions on the extent to which charities may make donations to other charities. This is reflected in our constitution which requires that our income and property is spent solely for the benefit of our own charitable objectives. This precludes donations but not purchases of goods or services.

Therefore,

- we may purchase a service from another charity. For example, we may pay a church for the use of its hall as long as it is made clear that the payment is for a service and not a donation;
- we may pay a speaker's fee to his nominated charity provided that it is done correctly (usually by paying the individual for him to pass on to the charity) and recorded as a "speaker's fee".

## 11. Assets and property

The Third Age Trust recommends that each u3a should keep an Asset Register to record the items of equipment it has purchased. Under an accruals basis of accounting this should record the original purchase price and the current value; however, in a receipts and payments accounting system, items are effectively written off in the year they are paid for.

Harlow u3a has no equipment of any remaining monetary value and therefore no Asset Register. No property is included in its year end balances. It has however some items of equipment that remain serviceable and it maintains a property list which records the locations and guardians of such items.

## Appendix 1

### APPROVAL TO MAKE PAYMENTS FROM HARLOW U3A BANK ACCOUNTS

In accordance with U3A requirements and policies, the Trustees hereby authorise the Treasurer to make online payments from Harlow U3A bank accounts, either by bank transfer or by debit card, now and in the future to -

- (a) the following people and organisations who have properly invoiced for amounts due to them for services provided to Harlow U3A:

Bridge Church  
Bonny Cakebread  
Great Parndon Community Association  
Harlow Cricket Club  
Harlow District Council  
Harlow RUFC  
Mark Hall Community Association  
New Edition  
Norman Booth Centre (Batts)  
Belinda Nuttall  
Our Lady of Fatima Church  
P&R Travel  
Paringdon Sports Club and any caterers used by it  
Potter Street Baptist Church  
Roisin Quinn  
Southern Star Coaches  
St John's ARC  
Third Age Trust (including for capitation, Beacon and any other category);

- (b) any other venue which has provided accommodation or catering for meetings;
- (c) any speaker or entertainer who has provided services for General meetings;
- (d) any Harlow U3A member who has incurred expenses in connection with U3A business and who properly claims reimbursement;
- (e) any Harlow U3A member who is properly due to have any payment refunded;
- (f) any group facilitator for reimbursement of expenses properly claimed or for transfer to petty cash, the latter with a maximum of £60 per group.

This authorisation is made by Harlow U3A Committee on 14 July 2025 and is to apply unless withdrawn.