Finance and Accounting Policy

Introduction

The director of Rainbow Circus CIC share overall responsibility for financial control and safeguarding the funds and ensuring that the organisation operates in accordance with the financial powers stated in article of association. This document sets out how this responsibility will be exercised and where functions have been delegated to particular members, staff or volunteers of Rainbow Circus CIC.

Rainbow circus follows the CIC regulators guidance. The following policy is formulated to manage our financial activities systematically and efficiently. These procedures are essential for maintaining financial accuracy, transparency, and compliance within our organisation.

Accounting and Financial Documentation

Accounting and Financial records will be kept so that:

- Rainbow Circus can meet its legal obligations, e.g., HM Revenue and Customs, Companies House, Companies Act or UK-adopted International Accounting Standards.
- The Rainbow Circus directors and members can have control of the organisations finances.
- The organisation can meet contractual obligations and the requirements of funding bodies.
- The maintain a reputation of responsibility, transparency and accuracy.

The organisation will keep proper record of accounts, this will include:

- A balance sheet and overall cash-flow spreadsheet analysing all transactions of income and expendeture including: grants, fees, donations, petty cash records, payroll records, expenses. This is to be signed by the Directors.
- Monthly statements from community bank account, which will be reviewed, compared and minuted in directors/members meetings.
- Project budgets and tables of income and expenditure for individual projects. This will include notes on restricted and unrestricted income and expenditure.
- Incoming and outgoing invoices for particular services such as: performers, consultants, instructors and professionals required to meet our company's objectives. This includes a trail of authority and reason for payment alongside a project budget
- An accurate inventory of fixed assets and capital items including donated and purchased equipment exceeding £50.
- Statement of financial activities including table annotated with notes.
- Directors Annual CIC report signed by the secretary or director and their printed name, including a business review and an auditors report also signed and dated by them.
- Budget for next Financial year.
- Analysis of expenditures on activities, support costs, fund movements.

Budget

The financial year for Rainbow Circus CIC will end on 31st March .

Before the start of each financial year, the members will approve a budgeted income and expenditure account for the following year.

Directors will review and compare actual income, and expenditure with the budget every 3 months. This will be minuted in general meetings.

For each project Rainbow Circus will create a project budget to predict income and expenses for upcoming events. The actual expenditure and income will be inputted onto the cash-flow chart on the completion of the project and fed back to members in minuted meetings. A comparison of predicted and actual income and expenditures will be reviewed and documented.

At the end of each financial year a comparison of predicted and actual income and expenditures will be reviewed and documented in the Directors Annual CIC Report to inform future budgets.

Restricted and Unrestricted Funds

Unrestricted funds are spent or supplied at the discretion of the directors/members to further any of the company's purposes. For example funds gained through our fundraising activities/donation buckets. Unrestricted funds may be used to finance a deficit on a restricted fund.

Funds held on specific trusts under law are classed as restricted funds. The specific trusts may be declared by the donor when making the gift or may result from the terms of an appeal for fund. For example we may be commissioned for particular partnership or project, and funds received for this must be used for that particular purpose. Where donors express to allocate their funds to a specified purpose, this must be maintained. Costs charged to a restricted fund must relate to the activities undertaken to further the specific charitable purposed the fund was established to support. Restricted income funds are to be spent or applied within a reasonable period from their receipt to further a specific purpose of the organisation, which is to further one or more but not all of the company's charitable purposes.

When a tangible fixed asset (e.g. equipment) is funded through an appeal or by way of a grant or donation, the accounting treatment of the asset acquired will depend on the circumstances of each case. Members should consider whether the terms of the gift require the organisation to hold the tangible fixed asset acquired on an on-going basis for the specific purpose or are met once the specified asset is acquired, so allowing the company to use the asset on an unrestricted basis for any purpose. The value of tangible fixed assets can be transferred from restricted to unrestricted funds when the asset has been purchased from a restricted fund donation but is held for a general and not a restricted purpose.

Both restricted and unrestricted funds will be clearly documented on our summary of financial activities. Rainbow Circus will attach a summary of income received and expenditure made from each restricted fund, this will be attached to the project budget.

Accounts and Audit

Rainbow circus will hold receipt and payment accounts which contain a statement summarising all money received and paid out by the company in the financial year, and a statement giving details of its assets and liabilities at the end of the year. We will keep record of stock held by the company at the end of each financial year, all stock takings from which you have taken or prepared any statements of stock and statements of all goods sold and purchased, other than by ordinary retail trade. This should list the goods, the buyers and sellers

Accounts will be drawn up after each financial year within 4 months of the end of the year and presented to the next Annual General Meeting.

The accounts will be submitted by the Director to Companies House in accordance with the Companies Act 2006.

The directors will appoint an appropriately qualified auditor or an independent examiner to audit the accounts for presentation at the next Annual General Meeting. They will review the appointment of the auditor/independent examiner at least every 3 years. The company's annual accounts for each financial year must be sent or presented to members of the company including any person who is entitled to receive notice of general meetings.

Accounting records must be kept for 6 years.

Best value

When procuring goods and services it is Rainbow Circus's aim to achieve best value. For goods and services valued at over £100 at least 3 quotes will be obtained. For service contracts such as ICT, telephone and cleaning organisations will be invited to submit a proposal and these will be considered in relation to specific criteria including price, service requirements and quality. Whenever possible feedback will be obtained from organisations that are currently using the relevant service provider.

Service contracts will be reviewed at least every 3 years.

Bank

Rainbow Circus will bank with NatWest, community banking, where the accounts will be held in the name of Rainbow Circus. The current account will be held with NatWest. All bank accounts held by Rainbow Circus must be agreed and approved by the members board.

The bank mandate (list of people who can sign cheques on the organisation's behalf) will always be approved and minuted by the Rainbow Circus Directors as will all changes to it.

Rainbow Circus will require the bank to provide current account statements every month. These will be reconciled with the cash flow spreadsheet every month by the secretary and the director will sign the monthly reconciliation.

Rainbow Circus will not use any other bank or financial institution or use overdraft facilities or invest speculatively unless authorised, approved and minuted by the directors and board of members.

Fundraising, funding bids, tenders, and partnership arrangements

All fund raising, grant applications and tendering undertaken on behalf of Rainbow Circus will be done in the name of the organisation and will generally be based on recovery of the full cost of the proposed work. If the organisation is to subsidise the cost of any work from reserves or earned income then this must be approved by the directors. Details of all funding bids and tenders will be provided to the board of members.

Rainbow Circus may be the partner in a bid submitted by another organisation only if this is consistent with the objectives of Rainbow Circus. The partnership arrangements must have the prior approval of the Director or, in the absence of the Director, a delegated member. All partnership arrangements will be reported to the members' board. When Rainbow Circus will receive funding from partnership arrangements and take on financial commitments a written agreement must be in place covering the financial arrangements. In these circumstances the funding that Rainbow Circus receives should generally be based on recovery of the full cost of the proposed work.

Receipts (income)

Rainbow Circus will ensure that all the income to which it is entitled is received and that this is evidenced on the Rainbow Circus Cash-flow chart and banked without delay. The organisation will maintain files of documentation i.e. letters from funding bodies to back this up, receipts, photo, photocopy

All payments must be made to Rainbow Circus by cheque or BACS. The Directors and Secretary will review all debts on a monthly basis and agree follow up action. When an individual debt exists for period of more than 3 months then this will be brought to the attention of members and relevant action agreed.

A schedule of charges for services and facilities will be maintained by secretary. A copy will be provided to the accountant. This schedule will be reviewed at least annually.

Payments (expenditure)

Expenditure is the amount of a company'sresources that have been spent or otherwise used up in carrying out its activities. An expense results in either a decrease in a company's assets or an

increase in its liabilities. Examples of an expense include cash spent to purchase goods or services, the depreciation charge on tangible fixed assets, and incurring a liability when goods and services are purchased on credit. Liabilities can result from exchange transactions that are contractual, for example the purchase of goods or services or the employment of staff. Liabilities can also arise from non-exchange transactions, such as making grants or other funding commitments to further a company's purposes for which the company receives no other benefit in return.

The preferred method of payment is by bank transfer cheques will also be used when bank transfer payment is not possible. Cheque books (unused and partly used cheque books) must be kept in the safe under lock and key. Whenever possible, the same person should not be responsible for ordering, processing and checking invoices as well as raising payment requisitions, signing cheques and authorising payments.

The relevant payee's name will always be inscribed on cheques before signature. The cheque stub will always be filled in. Blank cheques will NEVER be signed.

No payments will be authorised or cheques signed without original documentation.

Money will only be spent to meet conditions and requirements of the funding bodies and in pursuance of the objectives in the Constitution.

Payment Procedures and Documentation

Every payment from the organisation's bank accounts will be supported by an original invoice (never against a suppliers statement or final demand). The original invoice will be filed and kept for seven years. The person who signs the cheque or authorises the online bank payment should ensure that the Rainbow Circus request for payment form is fully completed. This includes the following.

PAYMENT METHOD
DATE OF INVOICE /REQUEST
AMOUNT OF PAYMENT
WHO AUTHORISED THE PAYMENT

The only exceptions to payments not being supported by an original invoice would be for such items as advanced booking fees for a future course, VAT, etc. Alternative supporting documentation such as the booking application form must be provided.

Contracts with suppliers can only be set up if authorised by all Directors.

The preferred and principal method of payment is either by cheque or internet banking from the current account. Payments shall only be made on receipt of a 'payment authorisation' form correctly completed.

Petty cash will always be maintained on the cash-flow chart. Delegated staff/volunteer/member will have overall responsibility for this float as agreed by the Directors. When that is more or less expended, a cheque will be drawn for sufficient bringing up the float to the agreed sum the cheque being supported by a complete set of expenditure vouchers and when possible receipts, totalling the amount spent.

Expenses/Allowances – Rainbow Circus will reimburse expenditure paid for personally by staff/volunteers/members that is claimed using the agreed claim form, providing:

- Fares are evidenced by proof of purchase.
- Other expenditure is evidenced by original receipts.
- Car mileage is based on HMRC allowances.
- The expenditure has been authorised by directors or board of members
- The claim is submitted within 3 months of expenditure being incurred.

Authorisation Process

- Purchase requests forms (Appendix-one) to be submitted to the Directors/Secretary either in person or via organisation email. Requests must include cost of the item, urgency of request, and consider the following:
    - Pricing and value for money
    - Functionality and features
    - Quality and reliability
    - Reputation and trustworthiness
    - Compatibility and integration with existing resources
    - Benefits to beneficiaries
    - Alternatives
    - Necessity
- Directors and/or Secretary will review the request and review financial and approve or refuse the request and put in actions following the approval/refusal. For requests over £100 the board of members will be invited to review the request.

No signatory should authorise payments to him or herself. It is the responsibility of the other signatory to ensure this does not happen.

Rainbow Circus does not accept liability for any financial commitment unless properly authorised

Salaries and payroll

At present there are no members of staff receiving regular payment or salary. However Rainbow Circus will pay individuals providing services to the company. These will be documented through invoices for specific events or projects. There will be a clear trail to show the authority and reason for payment. Rainbow Circus will provide records of these transactions.

All contracts with freelance suppliers will be on the basis of Rainbow Circus standard consultancy agreement or an alternative that covers the main requirements in the standard consultancy agreement and is subject to the agreement of the board of members. Freelance contracts will be subject to the authorisation limits outlined in section payments (expenditure) above.

All staff and volunteer appointments will be authorised by the Directors and follow our safer recruitment policy.

Donation of goods, facilities and services including volunteers

The donation of goods, facilities and services to a company provides an economic resource for use by the organisation to further its aims and objectives. Rainbow circus recognises in its accounts the value of goods, facilities and services and will include it either in the main body or notes to our accounts.

Donated good must be measured at their fair value, unless it is impractical to measure reliably the fair value of donated items. A value may be derived from: the cost of the item to the donor or the estimated resale value after deducting the cost to sell the goods. The terms of a gift may require the company to make on-going use of the donated item, so preventing its sale. In such instances, there may be costs involved in removing such a restriction before the asset could be sold. This would be reflected in a lower assessment of the fair value amount than if the use of that asset was not so restricted.

If a company is given facilities and services for its own use which it would otherwise have purchased, these must be included in the accounts when received, provided the value of the gift can be measured reliably. Measuring donated services using fair value would not be practical as such services cannot be resold and the use of fair value may result in an overstatement of the value of the donation to the company. Donated facilities and services are therefore measured and included in accounts on the basis of the value of the gift to

the company. Value to the company is the amount that the company would pay in the open market for an alternative item that would provide a benefit equivalent to the donated item. Value to the company may be lower than, but cannot exceed, the price the company would pay in the open market for the item.

CIC's often rely on the contribution of unpaid general volunteers in carrying out their activities. However, placing a monetary value on their contribution presents significant difficulties. For example, where they might not employ additional staff were volunteers not available, or volunteers might complement the work of paid staff rather than replace them. These factors, together with the lack of a market comparator price for general volunteers, make it impractical for their contribution to be measured reliably for accounting purposes. Given the absence of a reliable measurement basis, the contribution of general volunteers. However Rainbow Circus understands the nature and scale of the role played by our volunteers and therefore makes a statement indicating their contribution in a note to the accounts.

Donated goods held by the company for distribution to its beneficiaries should be recognised as stock, with the corresponding income recognised within donations and measured at its fair value.

Confidentiality

The confidentiality of directors, members,employees and volunteers financial circumstances will be respected at all times.

Directors, members, volunteers and employees will at all times act in the best interest of the organisation and if they experience a conflict of interest they will not divulge sensitive information about the organisation.

Fixed assets and inventory of capital items

Rainbow Circus will maintain a fixed assets register stating the date of purchase, cost, serial numbers and normal location of the asset(s). If it holds stocks of goods, e.g. circus equipment.. of significant value, it will maintain proper records. Rainbow Circus will maintain an inventory of all capital items. The fixed assets register and inventory will be produced by the secretary and reviewed by the Directors or delegated member on a day to day basis.

Financial Reporting and CIC Annual Report

The Directors will prepare and approve an annual report, at the end of each financial year, to ensure the company is publicly accountable to its stakeholders. This should include funders, donors, financial supporters, service users and other beneficiaries. It will provide a review our company's structure, legal purposes, objectives, activities, financial performances and financial position.

Rainbow Circus will adhere to current Financial Reporting Standard (FRS 102) applicable in the UK and Ireland. (https://www.icaew.com/technical/corporate-reporting/uk-gaap/frs-102-the-financial-reporting-standard)

The responsibility for preparing the report rests with Rainbow Circus Company Directors and the final text must be approved by members.

Monitoring, Reviews and Updates

All cash flow to be documented and amended as appropriate (e.g. after conclusion of a project) or when making transactions in or out of the accounts.

Secretary to do a weekly review of accounts and submitted purchase requests/project budgets to submit to directors or members were appropriate.

Directors to review bank accounts monthly and record in meeting minutes.

Directors to submit annual finance report including years cash-flow chart, project budgets and statement of financial activities. Finance policy is to be, read, amended and signed annually unless immediate change is required.

Purchase request form

PART one: Purchase request

Name:	Date of completion:
Item description to be purchased:	Cost of item: (please provide quotation/link to supplier)
Urgency of request:	Reason for purchase:

Has the following been considered (tick all that apply)			
Pricing and value for money	Functionality and features	Quality and reliability	Reputation and trustworthiness
Compatibility and Integration	Benefits to beneficiaries	Alternatives	Necessity

PART two: Purchase approval (To be completed by authorised Directors or committee chair)

Name	Date of approval/refusal:		
How satisfied are you that purchase request complied with the 'ticked' considerations.	Satisfied	Undecided	Unsatisfied
Is the purchase to be approved. If the answer is no, please justify decision below	Approved	Refused	
Reason for refusal:	Actions following approval/refusal:		

Project Budget

Type of event: workshop/class/ performance		Date:	
		Duration:	
Predicted number of attendees/participants:		Location:	
Project proposal:			
Predicted Expenses:			
Venue: (rental fee/security deposit)		Marketing: (social media campaign, leaflets, posters etc.)	
Food and Beverages:		Equipment: (speakers, circus kit, microphone etc.)	
Materials:		Travel costs:	
Salaries:		Miscellaneous:	
Predicted Income:			
Materials/goods:		Services (including volunteers):	
Facilities:		Donations:	
Sponsorship:		Funding:	
Measurement of completion:			
Other notes:			
Signed by:			

Fixed assets register

Asset	Quantity	Estimated value/Cost to replace individual item	Supplier	Date of Purchase/ donation