

Procedures Guide for Receipts & Payments

Paxton™

CHARITIES ACCOUNTING



Procedures Guide for Receipts & Payments Users

The following procedures are suggested when using the Paxton package for receipts and payments accounting. The procedures have been designed to facilitate consistency of transaction input and reconciliation against the bank.

Make sure that you have followed the steps in the Start Here booklet before running the package for live use.

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Receipts

The monies received will either be for the general purposes of the charity or for some more specific purpose. This allocation of monies is accommodated through the use of funds. It is important that funds are correctly set within the package before proceeding.

Monies received via cheque, cash, bank transfer, standing order, etc will normally include the following categories:-

Normal receipts

- Grants received.
- Fundraising income.
- Income from charitable activities.
- Investment income from interest, etc.
- Sales income via services, merchandising, hall hire, etc.
- Refunds of previous payments.

Donations

- Donations via standing orders with or without Gift Aid.
- Donations via cheque or cash with or without Gift Aid.
- Gift Aid claims.

Normal Receipts

Normal receipts can be booked either using the **Receipts** program for single entries or the **Multiple Receipts** program for multiple entries.

For single entries proceed as follows :

- Menu: Accounts – Receipts.
- 'Money account' is the account to which the total amount will be booked.
- 'Receipt reference' will appear in the bank reconciliation and so, enter this as something that may relate it to the bank statement entry, e.g. paying-in slip number, DD, STO, etc.
- The 'Effective date' should be set to the date of the banking if known. Otherwise leave as 'todays' date.
- Enter the total amount being booked.
- Enter 'Reference 1' usually as the payer name.
- Specify the default fund code that will apply to each entry unless specifically entered in the appropriate lines.
- Enter the analysis lines in the grid. Each line will require a receipt analysis account code (either keyed in or selected by right clicking on the 'A/C' field), an amount and a fund code (if different to the default fund code from the screen header).
- When the entries are completed, press Confirm and check the entries for correctness. If amendments are required, then press Cancel and edit the appropriate entry details. Otherwise, press Record to process..

The Multiple Income Bookings program is normally used where there are multiple receipts included on the same booking reference. The most common example of this is where a single bank paying-in slip for cheques and cash requires as separate line for each payer.



Donations

Donations may be received from named individuals or organisations. These donors can be added to the system together with any appropriate standing order details (as many as required per donor). Then, as and when required, the donations received can be booked to the system.

If an individual donor has signed a valid Gift Aid declaration then donations received will qualify for tax recovery from HMRC. The system will automatically accumulate donations marked as with Gift Aid and can output an HMRC Charities On-line approved claim.

Adding a new donor

- Menu: Donations – Donor Maintenance.
- Press the Add action button to add a new donor.
- A flag can be set via the System Maintenance program to automatically generate donor references - these can be manually overridden.
- Only set the Gift Aid flag and start date if a valid declaration has been obtained from this donor.
- Add the details and press Record when completed.

Adding a standing order

- Menu: Donations – Donor Maintenance.
- Select the required donor.
- Press the 'S.Order' flowline button.
- Enter the standing order details. For a new standing order, leave the 'Last processed date' blank. Make sure that the correct 'Fund code', 'Bank account' and, if appropriate, 'Donation account' are specified.
- The 'Next due date' is important as this will determine when this standing order is next processed. After processing the system will automatically update the next due date according to the 'Frequency' setting.
- Press Record when completed.
- Multiple standing orders can be set up for each donor.

Booking standing order donations from your bank statement

- Menu: Donations – Donation Bookings.
- Enter 'Reference 1' as 'SO' followed by the date (ddmmyy) or the bank statement number.
- Leave 'Reference 2' blank. The system will automatically put the donor name to this field for each standing order line.
- Select the 'Money account' to which the donations total will be booked. Standing orders set with a different money account will not be displayed.
- Enter or select the 'Default donation account'. Standing orders with no donation account set will be booked to this account.
- Leave the 'Fund code' blank to display standing orders for all funds. Otherwise, enter or select a 'Default Fund' code' to restrict the display to standing orders only for that fund.
- Enter or select the 'Default date'. Only standing orders due up to this date will be displayed for processing.
- Select the 'Standing orders' option and confirm if correct.
- Select whether donors are to be listed by date, reference or by name.
- Check each displayed entry against your bank statement. There may be differences as follows:-
 - If the effective date or amount differs, these can be overridden to fit the bank statement.
 - If a displayed entry does not appear in the bank statement, that entry can be removed from the screen by clicking the mouse pointer to the 'Eff date' field of the entry and pressing the Delete Line action button. Note that this does not delete the standing order record from the system, it only removes the entry from this run of the Donations Booking program.
 - If a standing order donation entry appears in the bank statement but not on the screen then the donor and standing order details will need to be added as described above before the donation can be booked. Note that if this situation occurs part way through running the Donation Bookings program, then continue with the current entries and include the new standing order in a subsequent run of the Donation Bookings program.
- When the entries are completed, press Confirm and check the entries for correctness. If amendments are required, then press Cancel and edit the appropriate entry details. Otherwise, press Record to process.

Booking cheques and cash donations from known donors

- Menu: Donations – Donation Bookings.
- 'Reference 1' will appear in the bank reconciliation and so, if known, enter this as the bank paying-in slip reference.
- Enter 'Reference 2' as 'DB ddmmyy' where 'ddmmyy' is the date.
- Select the 'Money account' to which the donations total will be booked.
- Select the 'Default donation a/c. This will be used where no donation analysis account code is entered in the donation line.
- If logging of Gift Aid entry lines is to be suppressed, then check the 'No Gift Aid' box.
- Enter or select a 'Default Fund' code. This will be used where no fund code is entered in the donation line.
- Enter or select the 'Default date' that will apply to all entry lines. For accuracy within the bank reconciliation program, this should be the date that the banking was made.
- Select the 'Other donations' option and enter the donation details in the grid. Donor references can either be keyed in or selected by right clicking in the 'Donor ref' field. If the reference is not known then right click in either the 'Donor ref' or 'Name' to select from a list or double click in either of these fields for a fuller search on name, address, postcode, etc. Note that New donors can be added within this bookings program by pressing the Donor flowline button. Note that if you select the 'Weekly gifts' option, then all donors whose 'Weekly gift' flag has been set will be displayed. In this case, only enter a value against those donors that have given.
- When the entries are completed, press Confirm and check the details for correctness. If amendments are required, then press Cancel and edit the appropriate entry details. Otherwise, press Record to process.

Booking cash donations from unknown donors

Individual cash donations of up to £20 value from unknown donors can be booked under the Gift Aid Small Donations Scheme (GASDS). Refer to HMRC for eligibility details.

To add a 'small donations' donor:

- Menu: Donations – GASDS Maintenance.
- Press the Add action button to add the new donor.
- For your GASDS small donor set the Community Building flag to 'N'. There can only be one small donor under the scheme.
- For community buildings set the Community Building flag to 'Y'. There may be many community building donors under the scheme.
- Make sure that you have set the Threshold figure correctly. Set the Start Date to when you have been approved by HMRC for the scheme. It can not be before 06/04/13.

Donations from the small donations donor and community buildings donors will be entered as normal via the Donation Bookings program. Threshold checks will prevent over booking in any tax year.



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Gift Aid Tax Claims

Claims for recoverable Gift Aid are now made via HMRC's Charities Online facility. You will need to register with HMRC to use this service. Refer to the HMRC website for registration and claim submission details. If you have used the Donation Bookings program to enter your donations then you can output a spreadsheet of your claim details for submission as detailed below. If you are also submitting a claim under the community buildings scheme then a separate spreadsheet will need to be output for this. Spreadsheets need to be submitted in OpenDocument format (i.e. Open Office format).

Generating your Charities Online Gift Aid Claims

New claims will be made as follows:-

- Menu: Donations – Gift Aid Schedule.
- Enter a Reference and 'Donations up to' date.
- For normal donor claims check the 'New schedule' option and the 'Donation schedule' option. For small donation donor claims (GASDS scheme) or community buildings claims check the appropriate option.
- Press the Display button. Claim details for each relevant donor will be listed.
- Select the output option required. Note that if Open Office is not available then it can be downloaded free of charge. Alternatively, many versions of Microsoft Excel will allow output to be generated in Open Office format.
SPECIAL NOTE: Spreadsheet transmission only applies to normal donor claims and community building claims. Using Charities Online you will manually key in your small donation donor claim. WHEN MAKING A SMALL DONATION DONOR CLAIM IT IS IMPERATIVE THAT YOU PRINT OUT THE CLAIM DETAIL EVEN THOUGH IT WILL ONLY BE FOR ONE LINE. OTHERWISE, THE SYSTEM WILL NOT KNOW THAT A CLAIM FOR THE SMALL DONATION DONOR HAS BEEN MADE.
- To submit the claim, log in to the HMRC website and follow the Charities On-line instructions.

Printing an internal summary

When payment is received from HMRC, it will need to be booked through the accounts with the correct apportionment across funds. This report lists the split between the funds.

- After the schedule has been printed, run the Gift Aid Schedule program again.
- Press the 'Reproduce schedule' option and select the 'Reference' of the required schedule.
- Check the 'Internal summary' box.
- Press Display and Print. This report will show, for that schedule, the breakdown between funds of the total donations.

Booking the Gift Aid payment from HMRC

Make sure that you have the internal summary report for the claim for which payment has been received then book the payment as follows:-

- Menu: Accounts – Receipts.
- 'Money account' is the account to which the total amount will be booked.
- Enter 'Receipt reference' as how the payment has been made e.g. 'Transfer' or 'Online', etc.
- The 'Effective date' should be set to the date of the banking if known. Otherwise leave as 'today's' date.
- Enter the total amount being booked.
- Enter 'Reference 1' as 'HMRC'.
- Enter the analysis lines in the grid. There will be a separate line for each fund code that appears in the internal summary report. For each required line, enter the receipt analysis code for Gift Aid recovered, the amount for the fund and the fund code.
- When the entries are completed, press Confirm and check the entries for correctness. If amendments are required, then press Cancel and edit the appropriate entry details. Otherwise, press Record to process.

Payments

Payments that have been made for whatever purpose can be booked either through the Multiple Payments, Payments, Adjustments or the Purchase Ledger programs.

Although the Adjustments program can be used to book transactions between any accounts in the system, it is normally used to enter amendment adjustments to the accounts.

The Purchase Ledger allows paid invoices to be booked against suppliers. See the next page for operating details.

If the purchase ledger is not used then regular payments can be easily booked using the Multiple Payments program as follows :-

- Menu : Accounts – Multiple Payments
- Select the required 'Money account'
- Enter the 'Effective date' (leave blank for 'today') and the 'Fund code' as the defaults for the entries in the grid below.
- In the grid, for each payment item, enter the Effective date, Payment account (right click to select), Value, Fund code (right click to select), Payment reference (how paid e.g. DD, Online, cheque number, etc) and Expenditure reference (who you are paying).
- When the entries are completed, enter the total as displayed in the screen header and press Confirm and Record.

NOTE: To book payments where a single payment needs to be analysed over multiple payment heads, or extra comment description is required, then use the singular Payments program.

Using the Purchase Ledger

If the purchase ledger is to be used, then your suppliers will need to be added to the system. Paid invoices and credit notes can then be booked to the appropriate supplier.

Adding a new supplier

- Menu: Purchase Ledger – Supplier Maintenance.
- Press the Add action button to add a new supplier.
- The 'Name' and 'Account code' are required but all other fields are optional.
- The account code needs to be unique. A suggestion is to use the first 4 characters of the supplier name suffixed with 01, 02, etc. E.g. Arcade Stationers would have an account code ARCA01.
- Press Record when completed.

Booking an invoice to a supplier

- Menu: Purchase Ledger – Purchase A/C Centre.
- Select the supplier being paid.
- Press the Invoice flowline button.
- The 'Effective date' should be set to the date that the payment was made. E.g. the date of the cheque.
- Enter the total amount being booked.
- Enter 'Reference 1' as the invoice number.
- Enter or select a default fund code.
- Enter the 'Payment ref' as how the payment was made e.g cheque number, DD, Transfer, Online, etc. This will appear in the bank reconciliation.
- Check that the correct money account is specified.
- Enter the analysis line(s) in the grid. Each line will require a payment analysis account code and an amount. The account code can either be keyed in or selected by right clicking in the 'A/C' field. Enter 'Fund code' if different to the default.
- When the entries are completed, press Confirm and check the entries for correctness. If amendments are required, then press Cancel and edit the appropriate entry details. Otherwise, press Record to process.

Bank Reconciliation

The Bank Reconciliation program will be used to validate that your bookings of monies received and paid out check correctly against your bank statement. A separate reconciliation is required for each different money account to which you have made a booking. The program can display entries either individually or consolidated by date or by reference on the same date. Entries from your bank statement that appear on the screen are 'checked off' as reconciled and will not be displayed when the program is next run. Hence, only unreconciled entries will appear in future displays.

The program can be run as many times as required as follows:-

- Menu: Accounts – Bank Reconciliation.
- Select 'New'.
- Select the 'Money account' to be reconciled.
- Enter a 'Reference'. Suggest that this is the ending bank statement number or date. This reference can be used to recall a previous reconciliation.
- Select the month or date to which the reconciliation is to be performed.
- If required, select the 'Consolidate by ref' or 'Consolidate by date' option. Note that standing order donations will always be shown individually.
- Enter balance from your bank statement to the 'Bank statement' field.
- Press Confirm to display the unreconciled entries.
- Press the Change action button and double click in the 'Recon' column for entries that tally with your bank statement. This will mark the entries as reconciled (Double click again to unset if a mistake is made).
- If a displayed entry needs to be amended, then double click in the far right column to display the transaction details. Normal reverse and re-entry facilities are available to amend or remove the transaction. On return, the transaction will be amended or removed from the bank reconciliation.'
- When all appropriate entries have been marked as reconciled, the 'Difference' box in the screen header should show zero. If it does not show zero then there is either an erroneous entry or missed entry.
- If a difference is shown, then the messages 'Continue to record reconciliation?' and 'There is still a difference' will be displayed. If you wish to make changes to the displayed reconciliations, then press 'No' otherwise press 'Yes' to continue.
- If required, press Print to list out the **unreconciled** entries.

Money Transfers Between Funds

The transfer of money between funds needs to be separately shown in the accounts, in particular, the transfers to and from restricted and endowment funds which must be specifically declared in your Charity Commission Receipts & Payments Return. Transfers are strictly controlled by the package through the Inter Fund Transfers program which books all transfer transactions through a specific 'Fund transfers account code' that is declared to the system in the System Maintenance program.

The following procedure should be used to book all transfers between funds:-

- Menu: Accounts – Inter Fund Transfers.
- Enter or select the 'Effective date' if different to 'today'.
- Enter or select the fund code and money account codes involved in the transfer.
- Enter amount to be transferred and a reference.
- Enter a brief 'Comment'. This may refer to the authority for the transfer.
- When complete, press Confirm and Record to perform the transfer.

The history of all transfers can be viewed by selecting the 'Fund transfers account code' within the Accounts Enquiry program.

Money Movements within a Fund

This would typically occur if, for example, you maintained a bank account and a petty cash account. From time to time you may wish to move monies between the two accounts. If so then proceed as follows:-

- Menu: Accounts – Money Transfers.
- Select the 'Fund code' and the 'From and To money accounts'.
- Enter the 'Value' to be moved.
- Enter 'Reference 1'. This will appear in the bank reconcillation for both money accounts.
- Make sure that the correct 'Effective date' is specified.
- When complete press Confirm and Record to process.

Closing months and Years

The package uses calendar monthly accounting periods that are automatically created for you as the date moves on. All transactions have an effective date which will determine the date and, hence, the month in which any transaction will take effect. When a transaction is entered, the effective date can be set to any date that lies within an open accounting month. You will close months as and when you wish to do so. Only the oldest open month can be closed. By closing a month, a lock is set so that newly entered transactions with an effective date up to the end of that month are blocked from being booked. Months closed in error can be re-opened.

Your accounting year start date will have been entered when your database was created. As the date moves on, the system will create new accounting years as it needs them. (Note that the system always requires that one year in advance always exists. Hence, when the system creates a new year, it will create the next year not the current year). You will decide when a year is to be closed. A year can only be closed if all months within that year are closed. If a year is closed in error, then it can be re-opened. Only two accounting years can be open at any one time i.e. the current year and the previous year.

Nothing is lost or deleted when a month or year is closed. Hence, all enquiries, reports and previews are available for all months whether they are closed or not.

Typically, a month will be closed when you are satisfied that there are no more transactions to be booked to it and a successful bank reconciliation has been performed. You will probably wish to hold the last month of a year open for a while until the year end inspection or audit has been performed. This will allow any adjustments to be booked to the previous year before closing it out.

Closing a month

- Menu: Administration – Open/Close - Close Month.
- The details of the oldest open month will be displayed.
- Press Confirm to continue with the closure.

Re-opening a month

- Menu: Administration – Open/Close - Re-Open Month.
- The details of the most recent closed month will be displayed.
- Press Confirm to re-open the month.

Closing a year

- Menu: Administration – Open/Close - Close Year.
- The details of the oldest open year will be displayed. Note that all months within that year must be closed.
- Press Confirm to continue with the closure.

Re-opening a year

- Menu: Administration – Open/Close - Re-Open Year.
- The details of the most recent closed year will be displayed.
- Press Confirm to re-open the year.

Report Notes

A few general points regarding reports:-

- All reports are 'on demand' at all times. There are no set procedures or restrictions on the use of any report.
- All current and historical data is available for reporting. No data is lost or deleted when a month or year is closed.
- Most reports can be previewed on screen. If required, selected or all pages of a preview can be printed.
- All previewed reports can be transferred directly to Microsoft Excel or to a transfer file.
- Where relevant, accounting reports can be produced for all or a selected fund.
- All report definitions can be stored in the 'Catalogue' for subsequent re-use on demand. As dates and months move on, a report can be selected from the Catalogue, the date changed and the definition written back to the Catalogue under the same name.

A wide range of reports and enquiries are available within the package. Try experimenting with some of the selections (suggest as previews!).



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