

Annual Branch Accounts Guide 2019

1. Introduction

This document contains important information and should be read by all branches prior to completing their 2019 Annual Branch Accounts.

Please note that branches which use LOMAS to complete their accounts have a different procedure to follow. This can be found by clicking 'FAQ' within the LOMAS system.

If you need help or support with any aspect of the year-end process, please contact your Membership Support Officer (MSO) in the first instance, or email the Branch Accounts Team at branchaccounts@britishlegion.org.uk.

2. Timeline

The branch year-end process includes a number of steps, as follows:-



This guide deals with each stage of the process in turn.

Please note that the deadline for submission of completed accounts to your MSO is 30 September 2019. This date is stipulated in the Royal Charter, and it is important that it is met so that the Legion's auditors can complete their audit. Please do not wait until after your branch AGM before submitting.

If, for any reason, you believe you will be unable to submit your accounts on time, please inform your MSO at the earliest possible opportunity. They, or the Branch Accounts Team, will be happy to support wherever possible. The Membership Council monitors non-returns and may take action against branches which fail to submit accounts on time.

3. General guidance

3.1 What to include

The accounts should include all Legion funds held by or on behalf of the branch, and all income and expenditure into and out of these funds during the branch financial year (1 July 2018 to 30 June 2019).

The only exceptions are Legacy Trust and Branch Property Trust (BPT) funds held at head office on the branch's behalf, which should not be included whilst they remain under head office administration. Any drawdowns of these funds (for example into a branch bank account) should be included as income under the relevant category.

The accounts should not include any funds, income or expenditure which do not form part of the Legion's charitable funds. In particular, transactions and funds relating to RBL clubs, properties held in local trusteeship or members' social funds should not be included.

3.2 Receipts and payments basis

The accounts are to be completed on a receipts and payments basis (also known as 'cash accounting'). This means that you should only include income actually received and expenditure actually paid during the year.

Any income (cash or cheques) received before 30 June 2019 but not yet paid into the bank at that date should be included under the relevant income line and within 'Petty cash' at line 9.

Any cheque payments which have been issued to the recipient but have not yet cleared the bank statement as at 30 June 2019 should be included under the relevant expenditure line. Where this results in a difference between the cash balances within the accounts as at 30 June 2019, and the balance on the relevant bank or investment statement, you should include with the accounts a reconciliation between the balance in the accounts and the balance on the statement. A suggested bank reconciliation template has been provided as an Appendix to the Annual Branch Accounts form for this purpose, but you are free to use an alternative format if you prefer (for example, by annotating the copy statement submitted).

3.3 Income and expenditure with other parts of the Legion group

It is important that any income from, or payments to, any other parts of the Legion group are clearly identified within the branch accounts. This is to ensure that income and expenditure is not double-counted when we prepare the accounts of the Legion as a whole.

For the avoidance of doubt, the Legion group includes the main charity (head office and all area and regional offices), all counties, districts and branches, all RBL care homes and break centres, the Women's Section (including all Women's Section branches), the Poppy Appeal, the NMA (including NMA Enterprises), the Poppyscotland group (including the Lady Haig Poppy Factory), RBL Trading (including Poppyshop), RBL Developments, Poppy Lottery, and Remembrance Travel. It does not include RBL Clubs, RBL Industries (RBLI), or Poppy Factory, which are separate legal entities.

Income from any part of the Legion should only be included at the following lines of the accounts:-

- Line 14 – Branch subs from head office
- Line 18 – Rental income received from head office
- Line 20 – Legacies received from head office
- Line 24 – BFI interest
- Line 50 – BPT transitional funding
- Lines 51 and 52 – Any other income

Any income from another part of the Legion which is not covered by one of the first 5 categories above must be entered at line 51 or 52. Do not include at any other line, even if it appears to be relevant. For example, rental income received locally from another Legion branch should be entered at line 51 (or 52) with a brief description, not at line 19 (rental/hire income received locally).

Amounts paid to any other part of the Legion should only be included at the following lines of the accounts:-

- Line 30 – Legion membership fees paid to Novacraft
- Line 32 – Net amount paid to Poppy Appeal
- Line 34 – Festival of Remembrance payments to head office
- Lines 82 to 89 – Payments to other parts of the Legion

As with income, please do not include amounts paid to other parts of the Legion in any other line.

3.4 Positive/negative numbers

All assets, income and expenditure figures should normally be entered as positive numbers. The only exceptions would be where the branch has issued or received refunds in respect of income and expenditure in a previous year, or incurred losses on investments (entered as negative numbers at lines 25 and/or 26 – see part 4.4 of this guide for further guidance).

3.5 Closed branches, sub-branches and County Supported Branches

If your branch has closed or become a County Supported Branch during year, please note the following instructions:

- a) If you are still holding funds at 30 June 2019, you must complete accounts covering funds still held along with related income and expenditure for the year.
- b) If you have transferred all funds to another branch, county/district or head office, then you should either:
 - i. submit a final account showing income and expenditure up to the date of transfer, and then show the transfer of funds as expenditure under 'Other payments to other parts of the Legion' (line 89); or
 - ii. make a statement to the effect that all transactions from 1 July 2018 have been recorded in the books of the county/district, stating its name.

4. Step 1 – Accounts Preparation (Sections 2 to 6 of Annual Branch Accounts form)

The following step-by-step guide takes you through preparing the accounts in the recommended order.

4.1 Branch information (Section 1)

Before starting, please enter your branch name, county or district name, and 4 digit branch number into the boxes at the top of Section 1. The branch number should also be entered at the top of each page.

4.2 Currency (Section 1)

UK branches should enter GBP into this box.

Overseas branches should enter the three-letter currency code for the currency which will be used throughout the accounts. Please note that it is important that a consistent currency is used throughout the accounts in order for them to add up correctly. If you have transactions and balances in multiple

currencies, you should complete the accounts in the currency in which the majority of branch funds are held. Any transactions and balances held in other currencies should be translated to the reporting currency using the rates published at www.oanda.com as at 30 June 2019. Please also enter details of any translated balances or transactions, together with the rates used, into the relevant box at the bottom of Section 1.

4.3 Summary of Branch Assets (Section 2)

Please complete the details of all bank and investment accounts which have been held by the branch during the year, including the bank or institution name, sort code and account number. Optionally, if you wish to include any further details (e.g. an account name), please do so in the 'Bank name' box.

Please enter the opening balance for each bank account, investment account, branch BFI account and petty cash as at 1 July 2018. This should always match the closing balance reported in last year's accounts.

Next, enter the closing balance for each account. Note that this should be the 'cash book' balance, i.e. the balance which is to be expected after taking into account any transactions which have been made but not yet cleared the bank (e.g. cheques which have been issued by the branch but not yet paid in by the recipient). See part 3.2 of this guide for further information.

Please note that the BFI balance at line 5 must agree to the BFI statement issued by head office as at 30 June 2019. If any corrections are required to this statement they will be processed in the following branch financial year.

Investment balances should be quoted at market value as at 30 June 2019. This information should be provided by the relevant institution.

Finally, total each column at line 10 and then enter the net increase or decrease in funds for the year (i.e. the closing balance minus the opening balance) at line 11.

Opening balance errors and corrections

Occasionally, branches may identify errors in the previous year's closing balances. These should be addressed as follows:-

- a) Do not attempt to rectify the error by changing this year's opening balances. These must equal the closing balances submitted last year.
- b) For errors where the impact on the opening balances is less than £500 (both on each individual account and in total):
 - i. If the error was caused by income or expenditure which should have been reported in a previous year but was not (for example because a cheque cleared late), then please include the income or expenditure within the relevant line in this year's accounts.
 - ii. For any other type of error, please include any adjustment required within 'Other income' (lines 53-55) or 'Other expenditure' (lines 91-95) as appropriate.

- iii. In either case, please include full details of the error and the corrective action taken within the 'significant information' box (third box down) at Section 6 of the accounts.
- c) If the impact of the error is £500 or more (either on an individual account or on the total opening balance), please contact the Branch Accounts Team at branchaccounts@britishlegion.org.uk, who will advise how to proceed.

Bank reconciliations

As explained at part 3.2 of this guide, a bank reconciliation must be provided in respect of any accounts for which the cash book balance entered into the accounts does not match the statement balance as at 30 June 2019. No reconciliation is required for accounts where the balances match.

Other assets and liabilities

There is no longer a requirement for branches to include within the accounts any non-cash assets and liabilities such as property, fixed assets, debtors or creditors.

Where branches also prepare full accruals accounts for local publication or for audit purposes, a copy of these accounts should be submitted alongside the Annual Branch Accounts form. However, the Annual Branch Accounts form should still be completed on a receipts and payments basis.

4.4 Income and expenditure (Sections 3 & 4)

We recommend that Sections 3 and 4 are completed together. The guidance below sets out what should be included within each income and expenditure line.

Membership fees

Line 12 (Legion membership fees collected) – This should include all cash received at the branch for Legion membership renewals, if applicable. Do not include monies paid to head office by members directly.

Line 30 (Legion membership fees paid to Novacraft) – Enter the total of Legion membership subscriptions actually paid by the branch to head office. Do not include monies paid to head office by members directly. Ordinarily, the figure here should equal the figure at line 12. Where this is not the case, an explanation should be provided in the 'Significant Information' box (third box down) at Section 6.

Line 13 (Branch subs from members) – Enter the total of all branch subscriptions paid directly to the branch by members. This is only relevant for overseas branches – UK branches should leave this blank.

Line 14 (Branch subs from head office) – Branch subscription fees received back from head office should be included here.

Poppy Appeal events

Include here income raised from fundraising events held by the branch in the name of the Poppy Appeal. Money collected as part of the main Poppy Appeal should be banked directly into the head office bank account and should not be recorded here (unless money for the main Appeal has been banked into the branch bank account in error).

Line 15 (Poppy Appeal events income) – Enter any money collected for the Poppy Appeal through branch events. This will include cash collections.

Line 31 (Poppy Appeal events expenditure) – Enter any expenses incurred by the branch in raising funds for the Poppy Appeal. These should be deducted from the money paid over to head office.

Line 32 (Net amount paid to Poppy Appeal) – Enter the amount actually paid over to the Poppy Appeal arising from branch events. Please note that all money collected for the Poppy Appeal, after deducting any expenses incurred, should be paid over to head office, therefore the figure here should normally equal the income at line 15 less expenditure at line 31. Where this is not the case, an explanation should be provided in the ‘Significant Information’ box (third box down) at Section 6.

Branch fundraising events

Lines 16 and 33 (Branch fundraising event income and expenditure) – Include here income raised, and expenditure incurred, in relation to general branch fundraising events.

Festival of Remembrance

Line 17 (Festival of Remembrance ticket income) – Include any income received by the branch for Festival of Remembrance tickets. Do not include any amounts paid directly to head office by members.

Line 34 (Festival of Remembrance payments to head office) – Any amounts paid to head office by the branch for Festival of Remembrance tickets should be included here. Do not include monies paid to head office by members directly. Ordinarily, the figure here should equal the figure at line 17. Where this is not the case, an explanation should be provided in the ‘Significant Information’ box (third box down) at Section 6.

Branch property income and expenditure

These sections should be used to record all income and expenditure to and from branch funds in relation to properties held under a Branch Property Trust (BPT), i.e. a branch property held in corporate trusteeship. Please note that transactions related to properties held in local trusteeship should not be included in branch accounts. If you are unsure, please contact the Branch Property Trusts team for further advice (bpt@britishlegion.org.uk).

Only transactions impacting on branch funds (as reported at Section 2) should be included. Do not include income and expenditure within BPT investment accounts administered at head office (e.g. CCLA accounts).

Line 18 (Rental income received from head office) – Enter the amount of rent transferred from head office to the branch in the year. Include both rent paid in cash, and rent paid into the BFI account.

Line 19 (Rental/hire income received locally) – Include income received directly by the branch from local tenants, or ad hoc hire of Branch Property Trust properties. Any hire income from non-BPT properties (e.g. subletting a property rented by the branch, where allowable under the terms of the lease) should be included under ‘Other income’ at lines 53 to 55.

Lines 57 to 65 (Branch property expenditure) – Please include all expenditure relating to BPT properties here, analysed under the correct subheadings. If the ‘Other’ lines are used (lines 64 and 65), please enter a brief description of the expenditure. Total this section at line 66, and then transfer this figure to line 35.

Legacies

Line 20 (Legacies received from head office) – Include here any amounts drawn down into branch funds from Legacy Trusts held at head office. Do not include legacy income received at head office but not paid over to the branch.

Line 21 (Legacies received locally) – Include here any legacies received by the branch locally. Further details should be provided at Section 6. Please remember that all legacies over £5,000 must be paid over to head office.

Donations

Line 22 (Donations) – Include any donation income not already included on another line. This includes donations in respect of badges, wreaths etc. Please remember that, in order to ensure compliance with HMRC rules, branches are not permitted to undertake trading of any kind – goods can only be offered in return for donations.

Interest and investment income

This section should be used to record all interest income, dividend income, and gains and losses, on branch bank accounts, the BFI account, and locally held investments (i.e. all funds included within the Summary of Branch Assets). Do not include any income, gains or losses relating to BPT or Legacy Trust investments held at head office, even if it has subsequently been paid to the branch. Any payment made to the branch from such investments should be included at line 20 (for Legacy Trusts) or lines 50 to 52 (for BPTs).

Line 23 (Bank interest) – Include all interest received on branch bank accounts (i.e. those included at lines 1 to 4 of the Summary of Branch Assets).

Line 24 (BFI interest) – This must agree to the amounts recorded on the quarterly BFI statements.

Line 25 (Interest and dividends on investments) – Include all interest and dividends received on locally held investments (i.e. those included at lines 6 to 8 of the Summary of Branch Assets). This will include any interest or dividend payment separately reported on the investment statement which increases the value of the investment itself (i.e. that is reinvested), and also any payment of interest or dividends to a separate investment account or branch bank account.

Line 26 (Unrealised gains/losses on investments) – This line should be used to record any change in market value on locally held investments (i.e. those included at lines 6 to 8 of the Summary of Branch Assets), after taking into account all other transactions. Please do not include any interest or dividend income (recorded at line 25), gains/losses on the sale of investments (recorded at line 27), or any changes in value arising from transfers to and from another account (which will not impact total branch funds therefore do not need to be included).

The correct figure to enter at line 26 can be calculated as follows:-

Unrealised gain/loss (line 26) = Closing balance of investments (lines 6 to 8) – Opening balance of investments (lines 6 to 8) – Interest and dividend income (line 25) – Deposits in year (actual cash paid in) + Withdrawals in year (actual cash received back including any interest or dividend income received in cash)

Gains should be entered as positive numbers, whilst losses should be entered as negative numbers.

Line 27 (Gain/loss on sale of investment) – This line should be used to record any gain or loss on the sale or disposal of a locally held investment (i.e. those included at lines 6 to 8 of the Summary of Branch Assets). The gain or loss is the difference between the opening balance in the Summary of Branch Assets, adjusted for any transactions during the year prior to the disposal, and the amount of cash received upon disposal. For example, if you have an investment with an opening balance of £20,000, and you dispose of it part-way through the year receiving £22,000, you would record a gain of £2,000. Gains should be entered as positive numbers, whilst losses should be entered as negative numbers.

Other income

Lines 50 to 52 (Income from other parts of the Legion not included elsewhere) – Please see part 3.3 of this guide for further guidance. Income relating to BPT transitional funding requests should be entered at line 50. Other income should be entered at lines 51 and 52. For each line used, please state the source of the income (e.g. branch or county name), and the reason.

Lines 53 to 55 (Other income) – Include any other income from outside the Legion which is not covered by another line within the income section. Please enter a brief description for each item.

Ceremonial expenditure (non-BCS)

Lines 67 to 72 (Ceremonial expenditure) – Include all branch ceremonial expenditure under the most appropriate sub-heading. These lines will total at line 73, then be entered at line 36. Note that this section should not exclude expenditure of a ceremonial nature which falls under the Branch Community Support (BCS) programme, e.g. attendance at funerals. Such expenditure should be recorded at lines 74 to 80.

Branch Community Support (BCS) expenditure

Lines 74 to 80 (Branch Community Support expenditure) – Include all expenditure incurred under the BCS programme under the most appropriate sub-heading. For more information on the various activity types, please refer to the [Branch Community Support Booklet](#) which is available on the Legion's website. Then, total these lines at line 81 and transfer this figure to line 37.

Management and administration expenditure

Line 38 (Conferences and meetings) – Include all branch expenditure relating to local, regional and national conferences and meetings, for example delegates' expenses, conference fares paid, AGM expenses, etc. If funding has been received in respect of conference fares (e.g. from head office or another branch or county), then total expenditure should be shown here, with any income received included at lines 51 to 52.

Line 39 (Hire of premises for meetings) – Include any expenditure on the hire of non-branch properties for local branch meetings (e.g. village halls), along with any directly related expenditure such as insurance, cleaning and repairs. Any expenditure in respect of branch properties (held under a Branch Property Trust) should not be included here – this should be entered at lines 57 to 65. In addition, any costs relating to other purposes should not be included here, but should be entered in the most relevant expenditure line (e.g. premises hire for a branch fundraising event at line 33, hire for a branch awareness event at line 78).

Line 40 (Bank charges) – Enter any bank charges incurred, including any interest or charges payable on overdrawn balances, and any charges incurred in respect of audit letters. Where charges have been reimbursed, total expenditure should still be shown at this line, with any income received included at lines 51 to 52.

Line 41 (Audit and independent examination fees and expenses) – Include all expenditure relating to the audit or independent examination of the accounts. Remember the accounts are prepared on a receipts and payments basis, so the figure here will usually relate to the fee for the previous year (assuming this is paid in arrears).

Please note that, under employment legislation, charities are not permitted to pay round sum allowances ('honoraria') to volunteers. Payments must not be made to volunteers other than to reimburse actual expenses incurred (upon the production of receipts). This includes Legion Independent Examiners, who may not charge a fee or receive an honorarium.

Line 42 (Training and development costs and expenses) – Include all costs and expenses incurred by the branch for training and development of branch officers, members and volunteers. Where training costs are reimbursed from elsewhere in the Legion (for example from head office or a county), then total expenditure should be shown here, with any income received included at lines 51 to 52.

Line 43 (Branch recruitment expenditure) – Include all costs related specifically to branch recruitment. Do not include expenditure on branch awareness events held under the BCS programme (to be entered at line 78), or events which are primarily for the purposes of fundraising (to be entered at line 33).

Line 44 (Printing, stationery and postage) – Include here the costs of printing, stationery and postage incurred in the management and administration of the branch. Any costs relating to other purposes should not be included here, but should be entered in the most relevant expenditure line (e.g. printing costs for a branch fundraising event at line 33, printing costs for a branch awareness event at line 78).

Purchase of branch equipment

Line 45 (Purchase of branch equipment) – Include all expenditure on branch equipment, e.g. furniture. Do not include the purchase of badges or wreaths (to be included at line 71), or the purchase of consumable items for fundraising purposes (i.e. items to be given out in return for donations), which should be included at line 33.

Payments to other parts of the Legion

Please see part 3.3 of this guide for further information.

Lines 82 to 87 (Donations) – These lines should be used for all donations from branch funds to other parts of the Legion, e.g. almonisation. Do not include any payments or transfers out of Legacy Trusts or BPTs held at head office. For each line used, please specify the name of the recipient.

Line 86 should be used to record any donations to the Poppy Appeal made out of branch funds. Do not include amounts paid over arising from branch Poppy Appeal events (to be recorded at line 32), or money collected as part of the main Poppy Appeal and banked directly into the head office bank account.

Line 88 (Payment to head office or county for GP90) – Please use this line for any branch funds paid to head office or county for GP90 (including attendance fees and wreath purchase). Please specify the recipient.

Line 89 (Other payments to other parts of the Legion) – This line should be used for any payments to another part of the Legion not covered by one of the lines above. Please state the recipient (e.g. branch or county name), and the reason for the payment.

Once complete, total this section at line 90 and enter this figure at line 46.

Other expenditure

Lines 91 to 95 (Other expenditure) – Use this section for any expenditure not covered elsewhere on the form. No payments to other parts of the Legion group should be entered here under any circumstances. For each line used, please give a brief description of the nature of the expenditure.

Total check

Once all income and expenditure lines have been completed, enter the total income at line 29, total expenditure at line 48, and the total net movement in branch cash (income less expenditure) at line 49. The figure at line 49 should match exactly the increase/decrease in cash calculated at line 11 of the Summary of Branch Assets. ***If these two figures do not match, there is an error in the accounts, so please double-check your entries and totals.***

4.5 Restricted Funds (Section 5)

Charity law requires us to separate our income, expenditure, assets and liabilities between restricted and unrestricted funds. Restricted funds are those subject to legal restrictions on their use, usually imposed by the donor, which means that they can only be used for specific activities or in a specific geographical area. This is not the same as funds which have been earmarked or designated for a particular use by the branch itself, which are included within general branch unrestricted funds.

In order to qualify as a restricted fund, there must be legal restrictions in place which are narrower than the charitable objects of the Legion as a whole. For this reason, it is highly unusual for branches to hold restricted funds within their branch funds.

An example of a genuine branch restricted fund would be where the branch has drawn down cash from a Legacy Trust fund held at head office, but has not yet spent it at year-end. Please note that, as with other parts of the form, Legacy Trust fund and BPT balances which remain with head office should not be reported in the branch accounts.

If you think your branch has a restricted fund, it is strongly advised that you contact the Branch Accounts Team at branchaccounts@britishlegion.org.uk to confirm this, prior to completing the branch accounts.

Where restricted funds are identified, these should be reported at Section 5 of the branch accounts. Please state the name of the fund and give a brief description, including why the fund is restricted and what the terms of the restriction are. Please then complete the fund's opening balance, income and expenditure for the year, and then calculate the closing balance.

Please note that all income, expenditure and assets relating to restricted funds should also be included within Sections 2 to 4 of the branch accounts. On each income and expenditure line at Section 5, please specify the income or expenditure line within Sections 3 and 4 in which the relevant income or expenditure is included (e.g. by using the line number).

4.6 Additional information (Section 6)

The additional information section is to be completed by all branches. If there is nothing to report under a particular heading, please state 'None'.

Related party transactions

Related party transactions are any transactions between the branch and the Branch Officers, or any persons or companies connected to the Branch Officers. It is important that these are recorded in order to demonstrate compliance with legislation.

A 'connected person' is a spouse, partner, business partner, or close family member (i.e. parent, grandparent, child, grandchild, dependent or sibling). A 'connected company' is a company over which a Branch Officer or connected person exercises control, for example as the company's owner, Director, or senior manager.

Examples of related party transactions which require disclosure include:-

- a) The Branch Secretary's wife has hired the branch premises for a private party.
- b) The Branch Chairman's son is the Director of a local company which the branch has paid to redecorate its premises.
- c) Under the BCS scheme, representatives of the branch have visited a close family member of a Branch Officer in hospital, and claimed expenses.

In each case, you should detail the related party's relationship to the branch, and the nature and amount of the transaction. Companies should be named. Individuals need not be named, as long as the nature of their relationship to the branch is clear (e.g. "Chairman's son").

Please note that you do not need to disclose the reimbursement of actual expenses incurred (including mileage) in accordance with the Staff, Volunteers and Trustee Expenses policy (SOP 42).

Local legacies

Please give details of any local legacies received by the branch in the year. You do not need to include legacies paid via head office. Please state the name of the legator, the amount, and the terms of any restrictions imposed. Please remember that all legacies over £5,000 must be paid over to head office in line with Legion policy, where they will be held on behalf of the branch if appropriate.

Large or unusual transactions, or other significant information

Please use this box to provide further detail on any large or unusual transactions during the year, or any other significant information which you feel needs to be brought to the attention of the auditor/Independent Examiner, MSO, or Branch Accounts Team.

Examples may include:-

- Information about errors identified in previous years' returns.
- Explanations for large income or expenditure items, or significant movements in branch funds.
- Information about any charges on assets, mortgages or loans.
- Information about any branch funds which have been lost or written off, and the reasons for this.
- Information about any alleged, suspected or actual fraud identified, or any other known or suspected breach of legal requirements or Legion policy.
- Further information on any income or expenditure classed as 'other', where there is not enough space to fully explain within the other sections of the accounts.

County or District Treasurer Comments (Section 7)

Where the County or District Treasurer has asked to review the accounts, they may record any comments here for the attention of the MSO and Branch Accounts Team.

Where used, this box may be completed either before or after the audit/independent examination, depending upon the timing of the review.

5. Step 2 – Branch certificate

Following preparation of the accounts, the Branch Certificate at Section 1 should be read, completed and signed by two Branch Officers. One of these must be the Officer with responsibility for completing the accounts, usually the Treasurer. The second will usually be the Branch Chairman, although in exceptional cases where the Chairman is unavailable, the certificate may be signed by another Branch Officer in his or her absence.

This certificate confirms that the Branch Committee is aware that the Branch accounts are their responsibility and that the return is accurate and complete.

6. Step 3 – Audit or independent examination

All accounts require either an audit or independent examination.

An audit is required if at least one of the following three conditions is met:

- 1) Total branch funds excluding funds held in the BFI (i.e. line 10 minus line 5) exceeds £200,000; OR
- 2) Total income for the year (line 29) exceeds £250,000; OR
- 3) Total expenditure for the year (line 48) exceeds £250,000.

Where a full audit is required, it must be carried out in accordance with Auditing Standards issued by the Auditing Practices Board. The auditor will issue an Audit Report in the format prescribed by their professional standards, which should be attached to the accounts when submitted.

All other branches should arrange for their accounts to be independently examined. An independent examination should be carried out by either a qualified accountant, or by someone with a suitable background in finance. Please note that if your total income for the year (line 29) exceeds £30,000, the independent examination must be carried out by a CCAB qualified accountant.

An independent examination may not be carried out by any of the following:-

- 1) A person who is an Officer or Committee member of the Branch, or who has been at any point during the financial year (1 July 2018 to 30 June 2019);
- 2) A major donor to, or beneficiary of, the Branch; or
- 3) Any person who is connected to any of the individuals named at (1) and (2). Please see part 4.6 of this guide ('Related party transactions') for the definition of a 'connected person'.

We continue to promote the services of the (free) Legion trained Independent Examiners (IEs). A list of trained IEs in your area can be obtained from your MSO.

Please note that, under employment legislation, charities are not permitted to pay round sum allowances ('honoraria') to volunteers. Payments must not be made to volunteers other than to reimburse actual expenses incurred (upon the production of receipts). This includes Legion IEs, who may not charge a fee or receive an honorarium.

If you are using a firm of accountants, you must clearly specify whether you require them to carry out an audit or an independent examination in the letter of engagement.

Both auditors and IEs must complete Section 8 of the accounts, 'Report of the Independent Examiner'. Further guidance is available within the 'Guide for Auditors and Independent Examiners', and a copy of this must be provided by the branch when handing over the accounts for audit/independent examination (unless using a Legion trained IE).

Auditors and IEs are likely to want to retain a copy of the signed accounts, along with any relevant supporting documentation, and must be allowed to do so.

Due to the short timescales involved in producing and submitting accounts, and the large number of branches which require examination, it is strongly recommended that you arrange a time for your audit or independent examination well in advance. You should also agree in advance what supporting documentation the auditor/IE requires in order to complete their audit/examination. Branch Treasurers may benefit from familiarising themselves with the 'Guide for Auditors and Independent Examiners', as this sets out the minimum requirements which would be expected in respect of evidence to be provided.

7. Step 4 – Submission to MSO

Following completion of the audit or independent examination, the accounts should be submitted to the MSO no later than 30 September 2019.

Please remember that MSOs are likely to receive a high volume of accounts in a short space of time, particularly towards the end of September. Branches are therefore encouraged to submit accounts well in advance of the deadline where possible, in order to stagger the workload. If accounts are submitted early, there is more likelihood that if an error is identified and the accounts have to be returned, the branch will still be able to get them in by the 30 September deadline.

The submission requirements are as follows:-

- 1) A copy of the accounts with all relevant signatures at Section 1 (Branch Certificate) and Section 8 (Report of the Independent Examiner). If using the excel template, you may email excel file and a copy of just the signed pages to MSO.
- 2) For each bank account, a copy of the bank statement showing the balance as at 30 June 2019, and a reconciliation to the cash book balance shown at lines 1 to 4 of the accounts (if different). If you do not normally receive bank statements in a timely fashion, you may wish to go to your local bank branch and ask for a statement showing balance from 1 June to present, as long as it covers 30 June.
- 3) For each investment account, a copy of the investment report showing the market value as at 30 June 2019, and a reconciliation to the cash book balance shown at lines 6 to 8 of the accounts (if different).
- 4) An Authority to Disclose Information form (ATDI) in respect of every bank and investment institution used (e.g. Lloyds), which must be signed in accordance with the relevant mandate.
- 5) For branches who prepare for accruals accounts for local or audit purposes, a copy of these accounts.
- 6) For branches subject to full audit, a copy of the Audit Report (issued under Auditing Standards).

MSO Comments (Section 7)

The MSO should use the box marked 'For MSO Use Only' to record the date the accounts are received, the date they are uploaded to Sharepoint, and to confirm receipt of all required supporting documentation. The MSOs may carry out additional checks on the accounts at their discretion, and optionally record any comments for the attention of the Membership Department and Branch Accounts Team in the 'MSO Observations' space. This section will always be completed after the audit/independent examination has taken place.

The MSO will scan and upload all hard copy documents submitted, then hard copy documentation will be returned to the branch where it should be retained for audit purposes for a period of 6 years.

8. Step 5 – AGM adoption

Branch accounts should be submitted for adoption at the next branch AGM meeting. Please note that this should always occur after the accounts have been submitted as above. Accounts should be submitted to the MSO as soon as the audit or independent examination is complete to allow maximum time for the

Branch Accounts Team to process the high volume of accounts received. Please do not wait until after the branch AGM, even if this occurs before 30 September.

It is recommended that the Branch Secretary completes and signs the box at the bottom of Section 6 of the branch's copy of the accounts to evidence adoption at the Branch AGM. However, an alternative formal method of recording approval (e.g. through the minute book) is equally acceptable.

Appendix I – Branch Treasurer Checklist

Use of the checklist below is optional but strongly encouraged to ensure complete and accurate submissions. The checklist itself need not be submitted.

General	
	The accounts include all Legion funds held by or on behalf of the branch, and all income and expenditure into and out of these funds during the branch financial year (1 July 2018 to 30 June 2019), with the exception of Legacy Trust and BPT funds held at head office.
	The accounts do not include any assets, liabilities, income or expenditure relating to RBL Clubs, members' social funds, local trust properties or any other funds which do not form part of the Legion's charitable funds.
	The accounts have been prepared on a receipts and payments basis ('cash accounting') in accordance with part 3.2 of this guide.
	Positive numbers have been entered for all income and expenditure with the exception of refunds given or received, and investment losses (see part 3.4 of this guide).
	The branch name and county/district have been entered at Section 1 of the accounts, and the branch code entered at the top of each page.
	The accounts have been completed in a consistent currency throughout, which has been entered at the top of Section 1.
	All arithmetic has been checked and is correct.
Branch Certificate (Section 1)	
	The Branch Certificate has been signed by the Branch Officer responsible for the preparation of the accounts (usually the Treasurer), and the Chairman (or another Branch Officer if they are not available).
Statement of Branch Assets (Section 2)	
	The bank/building society name, sort code and account number has been completed for all bank and investment accounts at Section 2.
	The opening balances at Section 2 agree to the closing balances submitted within the prior year's accounts (for each account and in total).
	For each bank and investment account listed at Section 2, a statement showing the balance as at 30 June 2019 has been attached to the accounts. If the balance on the statement is different to the balance in the accounts (e.g. because a cheque has not yet cleared the bank), a reconciliation between the two balances has been attached.
	For each bank and investment institution listed at Section 2, an Authority to Disclose Information form has been attached to the accounts which has been signed in accordance with the relevant mandate.
	The total increase/decrease in branch funds at line 11 agrees to the net movement in branch cash at line 49 in Section 3.
Income and Expenditure (Sections 3 & 4)	
	For all figures in Section 3 which are further analysed at Section 4 (i.e. lines 28, 35, 36, 37, 46 and 47), a cross-check has been carried out to ensure the total figure is the same in each section.
	Legion membership fees paid to Novacraft (line 30) equals Legion membership fees collected (line 12), or else an explanation has been provided at Section 6.
	Net amount paid to Poppy Appeal from branch events (line 32) equals Poppy Appeal income (line 15) less Poppy Appeal expenditure (line 31), or else an explanation has been provided at Section 6.
	Festival of Remembrance payments to head office (line 34) equals Festival of Remembrance ticket income (line 17), or else an explanation has been provided at Section 6.

	All income from other parts of the Legion has been included within one of the income lines set out at part 3.3 of this guide (namely lines 14, 18, 20, 24 and 50 to 52).
	All payments to other parts of the Legion have been included within one of the expenditure lines set out at part 3.3 of this guide (namely lines 30, 32, 34 and 82 to 89)
Restricted Funds (Section 5)	
	Section 5 has been completed in respect of any restricted funds held by the branch, and any assets, income or expenditure included here have also been included in the relevant places in Sections 2, 3 and 4.
Audit/Independent Examination	
	The Report of the Independent Examiner (Section 8) has been completed in full and signed by the auditor or IE.
	For branches over the audit threshold (see part 6 of this guide), a full audit report is attached to the accounts.
	For branches who prepare full accruals accounts for local or audit purposes, a copy of these has been attached to the accounts.
Submission to MSO	
	All documents required for submission, as set out at part 7 of this guide, have been attached to the accounts prior to submission to the MSO. Where the Excel template has been used, a copy of this has been submitted electronically to the MSO which exactly matches the hard copy/scanned accounts provided.