



ACCOUNTS - AUDIT

Ray Burniston details what clubs need to do to prepare their books for audits.

Preparation of Club Accounts for final audit

More and more secretaries are carrying out this task as in many clubs the role of Honorary Treasurer has ceased or has been reduced to keeping a watching brief. Even if you have sufficient staff in the office to carry out the day-to-day accounting, it is good practice to spend some time analysing the year-end accounts and looking at weak areas. In these days of computers, finalising the accounts to trial balance and producing the income and expenditure account along with the balance sheet is relatively quick and accurate. However, it still pays to spend some time carefully looking through the whole system.

Apart from being able to give concise and accurate answers to any questions the club auditors may ask, it also gives you an insight into the club and the opportunity to look into any weaknesses in the systems before they become a greater problem. Although in theory if you are producing monthly management accounts for perusal by your committee then these problem areas should have been recognised and remedial action taken already. It is another check to the system and part of the good management.

It is known for weaknesses in the system to get hidden incidentally in the accounts because budgets have been reached and on the face of it everything in the garden is lovely. This is particularly important in areas such as the bar and catering where increases in turnover and net profit may hide the fact that profit margins are being steadily eroded.

It is important to make sure that accurate stocktaking figures are available otherwise these will lead to serious problems the following year if they are grossly inaccurate. Even if you employ a professional stock taker there is nothing wrong in doing your own spot check on any major stock items. If your auditors are doing their job correctly then they should be carrying out some spot checks on selected items.

All cash balances and bank accounts should be checked and authenticated. The auditors should get their own independent information from the bank on all accounts and securities held by the bank.

You should have an up-to-date Asset Register and this should include all capital items bought during the year less any disposals. It is a good idea to do a thorough audit of Assets every so often and especially if you have recently started at the club. Not only does this give you an

insight into the state of machinery and equipment but also check any surplus land or property to put you completely in the picture.

You need to check outstanding accounts in which money is owed to the club especially if it is over a long period. In most cases any debtors who are outstanding at the year-end will have paid up by the time the auditors arrive. By the same token you need to study carefully all accounts owed by the club at the year-end. Most of these will be the usual monthly creditors but again any that have not been paid for various reasons may well need an explanation in the accounts.

With your VAT you will need to calculate the final figure for the year if your year is the same as the financial one but if not the amount owed by you or by Customs Excise at the year-end. If you are subject to partial exemption then you will need to calculate the amount of unrecoverable tax to go in the accounts.

If you are subject to Corporation Tax on investment income and visitors fees then the amount owing needs to be entered in the accounts. In most cases your auditors will perform this task and will agree the amount with the Inland Revenue.

Whatever system you have at your club it is advisable for you to scrutinise everything and obtain any explanations from your staff before the auditors move in. If you have problem areas then investigate them thoroughly and take remedial action as required.

Checklist for preparation for final accounts

1. Give yourself plenty of time to carry out the necessary tasks so draw up a timetable well in advance. Most computerised accounting systems have a year-end programme but before commencing make sure you have back-up copies.
2. Agree dates with stocktakers for the end of year stocktake and stock in hand.
3. Set out a programme for checking all cash balances held and have them independently checked by another person as well.
4. Bring the asset register up-to-date making sure all Capital Expenditure for the year is accounted for. Work out depreciation charges for the year and enter them into the accounts. Any items sold must be accounted for in the balance sheet.
5. Carefully check all debtors and creditors especially any long term ones, and ensure that all are accounted for. If you are uncertain of any final amounts then estimate the amount and inform the auditors of this fact.
6. Obtain final bank balances and statements from the bank.
7. If you have members' loans/debentures, then you must reconcile the balances against any repayments or additional ones in the year.
8. Calculate both VAT and any Corporation Tax for the year.
9. If you have annual subscriptions paid in advance then you must work out the final figure to go into the accounts.
10. Reconcile subscriptions with the final figure to go on the balance sheet.

11. Check all accounting books for bar and catering receipts, green fees, gaming machines, competitions and other sources of income.
12. Ensure that you have the following information at hand for the auditors: current membership list, list of resignations, copies of minutes of General/Management/Directors meetings, copies of VAT & Tax returns made during the year, list of members' loans/debentures or shares, documents on any contracts entered in during the year ie Sky TV, bank or other loans, leasing agreements etc.
13. If you employ a person in the office who does all the accounts then it is sensible to do your own internal audit and carry out necessary checks on various items.
14. Reconcile the Petty Cash and see that the records and documents are all in order.
15. Reconcile the salaries and wage schedules and make sure any casual staff are properly accounted for.
16. Remember you must keep all papers dealing with the annual accounts for several years and the best way to do this is to use box files and label everything in each box along with the date it can be destroyed.
17. You should also keep a disk from the computer for each year before you finalise at the year-end.

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