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Queen Camel Community Land Trust Ltd.
(QCCLT)

FINANCIAL POLICIES

Previous update adopted by the Board
on behalf of QCCLT on 19th July 2021

**Complete revision reviewed and endorsed by the Board
on 19th March 2026**

This document sits under the Rules and alongside the Standing Orders
that also set out the relating Definitions & Acronyms

Contents

1. The Purpose and Aims of this Financial Policy

1.1 The purpose is to ensure long-term sustainability, legal compliance, and transparent stewardship of community assets, while prioritizing social impact over financial return. Key objectives include ensuring robust financial controls, protecting public funds and maintaining solvency.

1.2 The aims are to ensure QCCLT:

- remains a viable organization that delivers long-term community benefits;
- meets statutory obligations specifically the requirements of the Co-operative and Community Benefit Societies Act 2014, the Financial Conduct Authority (FCA)'s reporting and HMRC regulations;
- safeguards community assets through robust controls, internal auditing, and prudent management of all finances including reserves, ensuring the assets are used exclusively for the benefit of the community;
- provides a "true and fair view" of financial standing to members through accurate annual returns and accounts;
- manages capital and interest rates to prioritize community benefit over investor financial return; and
- maintains reliable financial systems for managing income, expenditure, and potential borrowing**.**

1.3 QCCLT's Board of directors retains collective legal responsibility for financial management, internal controls, risk management and the prevention of fraud. Delegated financial tasks may be assigned to named officers, however such delegation does not diminish the Board's collective fiduciary responsibility.

1.4 All financial decisions must follow the Rules and FCA compliance.

1.5 QCCLT has a statutory Asset Lock to ensure that assets, including profits, are used for community benefit only and not distributed to members. Assets may only be transferred to other asset-locked bodies (charities, CBS or CIC).

1.6 These Financial Policies may only be amended by QCCLT Board resolution and should be reviewed on an annual basis.

2. Accounting and Reporting

The financial year for QCCLT is 1st April to 31st March every year.

2.1 ***Year-End Accounts:*** with effect from financial year 2024/25, QCCLT engaged Chalmers & Co, Accountants to be its independent examiner and to prepare its final accounts for submission to the Financial Conduct Authority (FCA). The accounts will be prepared in accordance with the FCA's regulations. Chalmers will also submit the annual return to HMRC in respect of corporation tax.

2.2 The Board will review the appointment of its Accountants at least every 3 years.

2.3 ***Intermediate Accounting Reports:*** From time to time, the Board may ask for an intermediate, e.g. half-year, report from Chalmers. This would attract an additional cost.

2.4 ***Accounting:*** from April 2026, a SAGE accounting system will be used in conjunction with Chalmers & Co. This system must meet legal requirements including the reporting requirements of the FCA. The system will be administered by QCCLT's Administrator with support from the Trust Secretary. The system will include:

- the Operating Budget – see Clause 5
  an Income & Expenditure account that records all transactions (the Cash Book), separately identifying operating and development expenditure (the latter normally members' share investment and most grant funds).
- bank reconciliations – see Clause 4
- budget variance reporting - see Clause 5
- the payroll and pension scheme – see Clause 11
- grant and restricted fund tracking
- financial reporting for Board meetings

The procedure for this accounting system, which must be backed up regularly by the Administrator, is here **(link).** It requires that the same person should not input transactions, approve payments and reconcile the accounts.

2.5 **FCA Reporting**

2.5.1 The Trust Secretary will check for changes in the threshold for audit requirements (given in the Annual Return form). If QCCLT's financial transactions are below the permitted threshold, members may vote at the AGM not to have a full audit (as stated in the IPS 1965 Act) but to have an independent examination of the accounts.

2.5.2 All financial transactions must have a recorded audit trail.

2.5.3 The Trust Secretary shall ensure that the Annual Return and accounts are submitted to the FCA within the required statutory timeframe.

2.6 ***Financial records (including bank statements, invoices, accounts):*** shall be kept for a minimum of six years from the end of the financial year to which they relate, unless otherwise required by the FCA, HMRC, a grant funder or by another legal requirement,

2.7 Transactions spanning multiple years**,** e.g. a contract or asset purchase, that relate to more than one accounting period or an asset lasting over six years, must be kept for six years from the date of the last transaction or depreciation date.

2.8 The records may be in printed form or digital, provided they are accurate and accessible.

3. Assets

QCCLT has a statutory Asset Lock to ensure that assets, including profits, are used for community benefit only and not distributed to members. Assets may only be transferred to other asset-locked bodies (charities, CBS or CIC) as set out in QCCLT's Rules.

3.1 The Trust Secretary will ensure that an Asset Register is maintained for assets that have a purchase value of £100 or more. This register will be kept updated by the Administrator.

3.2 Title deeds and associated legal documents, where they exist in respect of QCCLT property, shall be held securely at the premises of QCCLT's solicitors, Battens Solicitors Ltd. Copies of such title deeds and originals of other legal documentation in respect of assets shall be held in QCCLT's record system.

3.3 No asset shall be sold, leased or otherwise disposed of if held under the asset lock. Such disposal is covered in the Rules. No other assets recorded on the Asset Register that have been purchased by QCCLT shall be sold, leased or otherwise disposed of without Board resolution.

3.4 Depreciation schedules shall be kept where relevant and updated by the Administrator.

4. Banking

4.1 QCCLT will bank with the Trustees Savings Bank Plc and the current and deposit accounts will be held in the name of Queen Camel Community Land Trust Limited. QCCLT will not change its bank or use any other bank or financial institution or use overdraft or loan facilities without a Board resolution.

4.2 The Administrator is responsible for monitoring the cash flow and for maintaining a balance in the current account that is sufficient to cover forthcoming expenditure.

4.3 The bank mandate (a list of the people who can make bank payments on behalf of QCCLT) will be formally approved by the Board, as will all changes to it. It must contain at least one other director in addition to the Trust Secretary and shall be reviewed annually.

4.4 For internet bank payments, a two-stage authorization process (one to approve and, one to pay) is mandatory. No individual shall set up and approve a bank payment without procedural authority.

4.5 The Administrator shall reconcile the bank account with the cash book at least monthly and shall also submit a monthly 'Cash Page' statement to the Board, which will identify bank balances, restricted funds and creditors.

Restricted funds are monies received for a specific project or purpose and must not be used for any other purpose without the written permission of the funder.

4.6 The banking procedure can be viewed here **(link).** This will include the procedure for ad-hoc checks stated in Section 7.

5. Budgets

5.1 Before the start of each financial year, the Board will approve an operating (revenue) budget covering income and expenditure for the following financial year. Budgeted expenditure must not exceed budgeted income and where possible there should be a budgeted surplus for transfer to a restricted fund. The operating budget should be linked to the Business Plan and the reserves policy.

5.2 Board Leads shall use the budget for managing their portfolios.

5.2.1 If an item is specified in the approved budget, it does not require further approval but the spend must be agreed with the Administrator in respect of cash flow.

5.2.2 If an item is not specified in the approved budget or if the portfolio spend is in excess of what is budgeted, it will require the following authorisation.

Amount	**Authorisation Required**
Up to £100	One Board member (not portfolio lead)
£100 to £1,000	Two Board members
Over £1,000	Full Board

Authorisations must be in writing and may be given electronically.

5.3 A spend against budget statement shall be reviewed at each scheduled Board Meeting and at other times if required.

5.4 The budget procedure can be viewed here **(link)**

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6. Fund Raising & Grant Applications

6.1 QCCLT relies on income from grants, donations and members shares to secure its funding for developments and improvements. QCCLT is committed to high standards of integrity, transparency, and accountability in all fundraising efforts, ensuring compliance with legal, statutory, and regulatory requirements.

We will not accept grant or donations from sources deemed incompatible with our charitable Aims and Vision. Shares may only be accepted from people who give written support to our Aims and Vision. This policy, therefore, ensures that:

- Funds are raised legally, ethically, and in accordance with our values.
- Grants are applied for and managed responsibly.
- Donors and grant-funders will have confidence in our processes

6.2 Fundraising and grant applications must only be done in the name of QCCLT and with written Board approval. Proposals and applications must align with QCCLT's Aims and Vision. A process of due diligence will be carried out **(link).**

6.3 Grant applications shall be reviewed by other Board members as follows:

- Grant applications up to £1,000 by one other Board member.
- Grant applications between from £1,000 upwards by two other Board members.
- Where applicable, the Board Lead should be involved.

6.4 Grant funding and restricted donations must be used strictly for the purpose for which they were awarded. They must be ring-fenced in the accounting system. Any significant change to the project or budget must be approved by the funder in writing prior to implementation.

6.5 Grants, restricted donations and shares will be tracked separately in the accounting system to ensure they are not used for unintended purposes.

6.6 A register each of (a) all awarded grants, including reporting requirements, outcomes and any special terms and conditions; and (b) shareholders, shall be maintained by the Administrator. This will be monitored by the Trust Secretary.

6.7 All grant and share documentation will be held in QCCLT's record system.

7. Income and Expenditure

7.1 Income

7.1.1 The Administrator shall record all monies received (cash, cheques, bank transfers) promptly in the SAGE system and will maintain files of documentation to back up all income.

7.1.2 If cheques or cash are received these shall be forwarded to the Administrator with all supporting documentation, for banking, on a weekly basis.

7.1.3 The Administrator, in conjunction with the Trust Secretary, shall ensure that all grant, rental and any other income is claimed as it becomes due or available, and that the Board is aware of relevant grant and rental conditions and exactly how grants are to be expended.

7.2 Expenditure

7.2.1 All capital expenditure shall have written Board approval. Revenue expenditure shall be in accordance with the Operating (Revenue) Budget and any spend additional to this Budget shall have written Board authorisation in accordance with Clause 5.2.2.

7.2.2 In an emergency a director may incur expenditure for an emergency situation on condition that they obtain the consent of another Board member and a written record is made within a week.

7.2.3 The Administrator shall record all payments promptly in the SAGE system.

7.2.4 Payments shall normally be made by on-line bank transfer unless a bank standing order or direct debit is specifically authorised in writing by the Board and shall be made in accordance with the terms of the authorised invoice and relating order or agreement. Cheques shall no longer be used.

7.2.5 Any payment mechanism must not be signed or authorised by the person to whom it is payable.

7.2.6 Where there is an Order, invoices and claim forms shall be checked against the Order by the Administrator or the Trust Secretary (or in their absence by another director) for accuracy in terms of figures and conformity with the Order placed and that the items/services have been delivered.

7.2.7 Expense claims:

7.2.7.1 shall be limited in value to a maximum of £100 for a single item. Expenditure over £100 for a single item and all payments for labour must be covered by an Order unless exceptionally approved in writing.

7.2.7.2 may be reimbursed against a completed claim form provided the expense is within the budget or there is prior Board written approval and provided: expenditure is evidenced by original receipts.

7.2.7.3 for car mileage is at 45 pence per mile.

7.2.7.4 shall be made within the month following the expenditure and reimbursement shall be made via BACS and not with cash.

7.2.8 In respect of the SAGE system and on-line payments another bank signatory shall carry-out random ad-hoc on-line reviews of QCCLT's bank accounts and report their findings, which shall be recorded, at a Board Meeting.

7.2.9 Procedures covering Income & Expenditure are here **(link)**

8. Insurance

8.1 The Board shall review its insurance cover at least annually and periodically if assets grow significantly, and shall ensure that it is maintaining adequate cover for risks such as employer liability, public liability, buildings and contents and directors' indemnity.

8.2 Insurance policies and renewal documentation shall be retained in the central record system for a period of seven years after the expiry date of the policy.

9. Loans, Investments and Borrowings

9.1 The Board may negotiate borrowings, loans and investments following a formal Board recorded resolution which must include the period of time, the purpose, rationale and terms and conditions of the proposed borrowing, loan or investment. There must be written evidence of due diligence and risk assessment.

9.2 All borrowing must be affordable and supported by cash flow projection and any such borrowings, loans or investments must be in the name and under the control of QCCLT. Any certificates and other documents will be retained either in printed form or electronically in the central record system.

10. Orders, Contracts and Agreements

10.1 All orders for goods or services must be made for the benefit of the community, in accordance with the Purpose & Aims set out in Clause 1 above.

10.2 Procurement must be competitive, seeking good value and terms and conditions and, where possible, supporting local suppliers but always prioritising suppliers with good environmental and social credentials that align with QCCLT's community-based purpose.

10.3 No member or director shall derive personal financial gain from any order placed and all Board members shall declare if they have a conflict of interest. If there is a conflict of interest, the Board member shall not participate in the decision or sign the Order and this shall be recorded in writing.

10.4 With the exception of utilities and 'off the shelf' proprietary goods (<u>marketed</u> under and protected by a registered trade name), all purchases must be covered by a written numbered Order on QCCLT headed paper and shall be supported by a quotation and detailed specifications where applicable.

10.5 Orders for values in excess of £2,000 shall, where possible, be subject to a minimum of two written quotations. This will exclude repeat orders with preferred suppliers that have already been subject to a due diligence check Orders in excess of £5,000 shall always be subject to three written quotations unless there is a Board recorded resolution that changes this policy requirement.

10.6 Excluded from 10.5 above are utilities and proprietary goods with no available alternatives.

10.7 Orders for propriety goods, utilities and insurance must be placed with the supplier offering the best value in terms of price and quality.

10.8 Quotations must include validity wherever relevant, delivery timescale and all other associated terms and conditions. The price will be considered fixed unless specifically stated otherwise.

10.9 The terms and conditions for all Orders in excess of £5,000 shall be reviewed by delegated members of the Board. Where there are new and significant legal implications this review will be done in conjunction with QCCLT's legal advisers (Battens) and the ensuing Order (Agreement/Contract) shall be signed by two authorised Board members one of whom should be the Trust Secretary.

10.10 Segregation of Duties: the person who authorizes the order cannot be the same person who approves the invoice for payment, ensuring internal checks.

10.11 Utility contracts shall be reviewed at least every 3 years.

11. Payroll and Pension Scheme

11.1 The HR Lead shall be responsible for the payroll and NEST pension scheme and will sign off a monthly report, which will be held in the central record system. The preparation of the payroll and pension may be delegated to the Administrator or to another member of the Board.

11.2 Payments to a staff member must be in accordance with their Contract of Employment.

11.3 The HR Lead shall be responsible for ensuring that all payments of the payroll, PAYE, NIC and pension are made timeously and that all year-end reports are made on time to HMRC. The copy records shall be securely stored in the central record system.

11.4 Payroll procedures are set out here **(link)**

12. Reserves Fund

QCCLT recognises the need for a reserves policy to protect against unforeseen income drops.

12.1 The Board aims to maintain reserves equivalent to 3-6 months of operating costs, with a minimum level of 3-months.

12.2 The Board will set aside any surplus in the annual Income & Expenditure account for asset replacements and community projects.

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13. Share Capital Management:

13.1 The detailed control and management of Shares including withdrawals, notice periods and death of a shareholder are set out in the Rules governing QCCLT. Shares are to raise capital for projects; they are not for speculative investment or to cover operating costs.

13.2 If interest is ever paid on shares, it must be treated as a pre-profit expense and not a profit distribution.

13.3 The administrative procedure for handling shares is here **(link)**

14. Taxes

14.1 *VAT:* The Trust Secretary will be responsible for checking that the VAT status of QCCLT is appropriate and will seek advice in respect of exemption or partial exemption and if VAT registration appears to be advantageous or a legal requirement, and will report on these matters to the Board.

14.2 *Capital Gains Tax*: The Trust Secretary will be responsible for advising the Board on the CGT implications of the disposal of any QCCLT assets but it should be noted that CGT is not normally applicable due to QCCLT's asset lock.

14.3 *Corporation Tax:* The Trust Secretary and Administrator will liaise with Chalmers & Co. to ensure that finances are managed in such a way as to minimise CT liabilities and will report these matters to the Board.

14.4 External Tax advice will be sought as needed.

15 Fraud and Financial Irregularity

Any suspected fraud, financial irregularity or misuse of funds must be reported immediately to the Chairman and Trust Secretary and investigate by the Board.

16 Conflicts of Interest

Conflicts must be declared in accordance with QCCLT's Conflicts of Interest Policy.

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