

Response (2) to “Tim Allen’s Further Questions about the 2014 Treasurers Report”

(My response in red – Glenn Jones, CNCC Treasurer)

You will remember I passed into the minutes some questions which had been asked by a chartered accountant about the treasurers report published at the AGM. He began his offering by stating that there were "fundamental issues" with the report. I don't know this guy but I have reliable information that he is a professional.

I have since shown the treasurers report and questions to an accountant, also a caver, who I have known for many years. He agreed that there were 'issues' with the report and made the following points;

1. This is neither Profit and Loss nor Income and Expenditure it is simply unorthodox and confusing. For an association I would recommend a profit and loss plus balance sheet as it shows what they have earned / spent plus demonstrates and ties in their reserves. For future they should elect a treasurer, get an independent accountant to check and endorse the accounts and present the accounts for endorsement at the AGM. This is a further question about the *presentation style* of the financial report, not the content. As mentioned in my response to previous anonymous questions, the CNCC is not a body corporate, either as a company limited by shares, guarantee or a charity, so we (CNCC) can prepare the accounts as we like. I prepare a report for the AGM based on the income and expenditure of the CNCCs current account and as long as CNCC (and more importantly) the volunteer club that verifies the accounts, are happy with that presentation, then this should not be an issue. To further check this statement, I have shown the 2014 AGM Treasurers Report to a further anonymous accountant who confirmed that the *presentation style* was acceptable. Should the CNCC recommend a change to the current *presentation style* (which incidentally was the style expected and insisted on by the auditors of the company I used to work for) , then I will be happy to accept that decision
2. For an association it is bad practice to move funds through an account set up in one's own name. Even though this only shows an end of year balance of one pound it is not clear whether this has been used for other transactions. The circumstances about the creation of that account (a mistake by the bank) have been previously explained. The bank statement has been verified (by Craven Pothole Club Ltd) as only ever having a balance of one pound and it has never been used for other transactions – and I find the veiled suggestion of financial impropriety personally insulting. The account has now been closed.

3. The tax question is a serious issue. Potentially the CNCC could be building up a tax liability which could cause problems in future years. It depends if there is a special tax status but normally profits from publications are liable for tax. (The ex-secretary stated at the AGM, in answer to the tax question, that he and the treasurer had determined that there was no tax payable at all) The highlighted statement is factually incorrect (and confusing, unless the anonymous accountant was at the AGM), however following the prolonged recent dialogue with HMRC and an accountant (as described in my previous response), CNCC are now subject to Corporation Tax on income from publications.
4. There is also the question of payments to volunteers. Could any of these be considered wages because unless it is clearly reimbursing out of pocket expenses then it is likely the CNCC should have declared it. No. The supporting paperwork for these payments make it quite clear that the payments are for out of pocket expenses and materials only. The supporting paperwork has been verified by Craven Pothole Club Ltd.
5. Perhaps any additional points raised here could also be addressed by the treasurer. I am not suggesting for one minute that there is any wrong doing here. I am suggesting that there is some naivety in financial accounting and that self certification is not the way forward. The highlighted statement is uncalled for and insulting. The following cannot be stressed highly enough, CNCC agreed to go to self- certification on the advice of an accountant.
6. The CNCC accounts need to be overseen by an outside accountant who can give professional advice and offer a certainty that the council's finances are in good order. The CNCC should be able to engage this service locally for around £200 or less per annum. As per my previous response, CNCC are now subject to Corporation Tax which will be calculated by an “outside” accountant.

Unless explicitly instructed by the CNCC committee, I do not intend to respond to any further queries from anonymous and uncredited sources.

Glenn Jones

CNCC Treasurer