

The Pony Club

GUIDELINES FOR BRANCH TREASURERS

(Revised January 2011. Changes since the last edition dated January 2009 are shown in bold type.)

These notes have been written to give guidance to Treasurers (and also to District Commissioners) on the financial administration of their Branch. They are intended to be practical, and to take into account the realities of the ways in which Branches work. However, whilst the very nature of The Pony Club makes it impractical to operate the level of financial controls that would exist in even quite small commercial enterprises, it is important that the issue of financial stewardship is taken very seriously. Unfortunately, there have been cases of fraud and theft at Branches in recent years.

The enormous amount of hard work performed by volunteers, particularly Branch Treasurers, in complying with the financial requirements imposed upon The Pony Club by charity legislation is recognised and greatly appreciated.

The Rules

The Rules of The Pony Club contain a number of references to financial matters, with which Treasurers and DC's need to be familiar. These are detailed below, with the Rule shown in italics, followed by an explanatory note.

Rule 3.XXVIII. "Any member of the Board, the Equestrian Council or of Equestrian Council Committees, or a District Commissioner who becomes bankrupt or makes a composition with his creditors, shall be disqualified from office. and their appointment shall be terminated immediately This Rule shall also apply to any Officer or member of a Branch Committee who has any responsibility for the financial affairs of the Branch."

Hopefully, this Rule will be used very rarely, but it is a legal requirement that a bankrupt should not have access to Branch funds.

*Rule 8.IV, under the duties and responsibilities of DC's "(to ensure that) simple financial accounts for the Branch are kept and arrangements made for the inspection of them if required by the Trustees. A financial statement should be produced at each meeting of the Branch Committee. Accounts should be audited yearly by an appropriate person, or reviewed by a member of the Branch Committee. **The auditor or reviewer must not be related in any way to the Treasurer or reside at the same address as the Treasurer.**"*

The agenda for every Committee meeting should contain a financial report by the Treasurer, and the Treasurer should bring the account books and the latest bank statement(s) to the meeting, so that Committee members may inspect them if they wish. This is an elementary financial control. Every effort should be made to have the accounts audited, but it is recognised that Branches may have difficulty in finding someone prepared to take on this task. If this is the case, a member of the Branch Committee (who could be the District Commissioner) should review the annual accounts with the Treasurer. The review must include agreeing the reconciliation of the bank statement(s) to the ledger balance. The reviewer should then submit a verbal or written report to the next Committee meeting, and this must be minuted.

It is essential that the accounts should either be audited or reviewed as prescribed above. It is the duty of the District Commissioner to ensure that this is done. **It is self-evident that the control is weakened if the auditor or reviewer is related to the Treasurer.**

Only simple accounts need to be kept. As a minimum, they should be sufficient to show the details of income and expenditure in any breakdown that the Branch Committee may require. A cash book should be kept – indeed, many Branches will choose to keep two cash books, one for receipts and the other for payments. The Cathedral and Guildhall range of cash books are ideal, and can be obtained from retailers such as W.H. Smith or Staples. (A tip – save yourself a lot of time in the future by choosing a different colour for the receipts book to that of the payments book).

The use of double-entry bookkeeping is recommended. It really is much simpler than it sounds, and it greatly facilitates the preparation of the year-end accounts. One column will be required for each bank account kept by the Branch, and the remaining columns are used to analyse the receipts and payments in and out of these bank accounts. Cash books are available in a range of sizes, and Branches can choose which one provides the number of analysis columns that they require.

On the receipts side, items such as subscriptions, postage contributions, sale of goods, rally fees, camp fees, show receipts, other competition receipts, outings, Gift Aid, donations, and interest will probably apply to most Branches, but others will want more detailed analysis. Similarly, common expenditure headings will include rallies, camp, postage, stationery and printing, purchase of goods for resale, capitation fees, equipment purchases, equipment repairs, bank charges and interest, show costs, costs of other competitions, and outings. Both books will need a “Miscellaneous” column for items that do not fit into common headings, and a “Narrative” column for a brief explanation of the receipt/payment.

For payments, the first 3 columns should record the date, the payee, and the cheque number. Receipts are slightly different, as one lodgment at the bank may contain income from several different headings. Therefore, the first 4 columns are required. The first column should be headed “Date of Lodgment”. In the second column, headed “Source of Income” enter the name of the type of income, and put the amount into the fourth column, headed “Credits”. For most items, it will be sufficient to aggregate together all deposits under a common heading, such as “Rally Fees” or “Outings”. However, any receipts connected with Gift Aid must be recorded individually (see Charitable Status and Gift Aid below), and Branches may also wish to itemise some other receipts, such as camp fees. Total up all the credits, and put this total into the column for the appropriate bank account. In the third column, put the bank paying-in slip number, if any. (The reason for this selection of columns is that most cash books have narrow first and third columns, but a wide second column to allow details of the payee/source of income to be entered).

Income and expenditure should be recorded gross, and not netted off against each other. Suppose that you are given £1000 as the proceeds from the Annual Show, and told that this is after catering expenses of £50 have been paid in cash (although cash payments should be avoided whenever possible – see Rule 7.II below). In the receipts cash book, you should show the payment into the bank account of £1000, but in the analysis columns enter “Show Proceeds” as £1050, and put £50 in brackets (which indicates a minus) in the “Miscellaneous” column. In the “Narrative” column, write “Catering expenses – contra payments”. Then, in the payments cash book, again enter £50 in brackets in the “Miscellaneous” column, with the narrative “Catering expenses – contra receipts”. This entry is then balanced by entering £50 into the “Show Expenses” column.

Rule 8.IV, under the duties and responsibilities of DC's, also states that the District Commissioner must ensure that “A register is kept of all of the fixed assets (land, buildings, vehicles, caravans, trailers, jumps, trophies and other equipment) belonging to the Branch, whether or not the Branch capitalises fixed assets in its accounts. Items costing or valued (whichever is the greater) less than £100 need not be entered on the register. Property comprising a set should be priced as a set, not as individual items. This register must be physically checked at least once every year.”

This represents best practice. It is also the case, particularly in Branches with a large geographical area, that equipment may be stored in a number of sites, which can result in it being lost or forgotten. Many Branches have a large amount of money invested in their equipment, and there is a duty of care under charity law to ensure that it is properly controlled. The Treasurer is probably the best-suited official to supervise this exercise, particularly if the Branch capitalises fixed assets. The result of the physical check should be reported to the next Branch Committee meeting, and be minuted.

Rule 8.V para 2 “The Committee will choose the following Officers of the Branch: - Secretary, Treasurer, Health and Safety Officer, and Child Protection Officer. It is also recommended that a Chief Instructor be appointed. A person, including the District Commissioner, may hold more than one appointment, except that the Treasurer may not be the District Commissioner, nor may he be anybody residing at the same address as the District Commissioner. Additionally, the Committee may opt to appoint an Assistant District Commissioner.”

It is mandatory that every Branch must have a Treasurer. As a basic financial control, it is essential that the offices of District Commissioner and Treasurer are not combined. Because The Pony Club is a registered charity, there is a legal requirement that proper books of account must be kept to record the financial affairs of the Branch, and a person must be designated to carry out this responsibility. Supporting documentation, such as invoices, bank statements, and cheque book & paying-in slip counterfoils, must be kept safely by the Treasurer for at least 6 years. This is another legal requirement that could be invoked by, amongst others, the Inland Revenue.

Rule 8.V para 6. “The Treasurer must present an Income and Expenditure Account and a Balance Sheet for the previous Pony Club year, for approval by the Committee. This should be done no later than the first Branch Committee meeting after the end of February.”

This is a minimum requirement, and the accounts should be presented in sufficient detail to enable the Committee to understand the financial results of the major activities of the year, such as the profit or loss made by the annual Camp.

As regards the Profit & Loss Account, most Branches will opt to prepare an Income & Expenditure Account, which adjusts the accounting records so as to report only those items that refer to the current year. For example, it will exclude renewal subscriptions for next year that are received before the end of the current year, even though these subscriptions have been banked, and will also exclude deposits on venues for events that are to be held for next year. These items would appear in the balance sheet as “Advance Income” under Current Liabilities, and “Prepayments” under Current Assets, respectively. (Tip – have 2 columns headed “Prior Year” and “Next Year” in the cash books to record these items. Total up the “Next Year” column at the end of Year 1, and enter this amount, in brackets, in the “Prior Year” column at the start of Year 2. The amount should then be analysed, out of brackets, to the relevant columns, such as “Subscription Income”). Other changes to the Income & Expenditure Account may result from Balance Sheet entries such as debtors, creditors, stock and fixed assets.

For some smaller Branches, a Receipts & Payments Account may suffice. This is exactly what it says, and calculates the Profit & Loss purely as the difference between income received and payments made during the year.

In all cases, accounts should be prepared as at December 31st.

Rule 8.V para 7 “The accounting records of the Branch (including, but not limited to, ledgers, bank statements, invoices, cheque books and counterfoils, paying in books and counterfoils, pass books and computerised records) are the property of the Branch. Should the accounts be kept on a computer, then the rights to use any proprietary software (including serial numbers and activation

codes) must be owned by the Branch. Accounting records kept in a computer must be securely backed up at regular intervals, at least monthly. If the computer system is password protected, the password must be known by another member of the Branch Committee as well as the Treasurer.”

The purpose of this Rule is to clarify that the accounting records are the property of the Branch, and not of any individual who may have custody of them. For the same reason, it is important that the Branch owns the right to the software if the accounts are kept on a computer. However, as a transitional arrangement where the Treasurer is currently using his own software, this may continue until the next time that the software is changed. It is important that the password is shared, in case misfortune should befall the Treasurer.

*Rule 8.V paras 8 & 9 “Regulation of charities has become increasingly strict, particularly in regard to the management of finances. A pamphlet “Guidelines for Branch Treasurers” is issued to all Branch Treasurers and District Commissioners, (and is also available on the web site), and this gives advice on the duties and responsibilities of Treasurers. Should it appear that a Treasurer or any other person carrying out the functions of a Treasurer **or any other person performing financial functions for the Branch (such as cheque signing or handling cash)**, is not providing the required level of financial stewardship, the Management Committee may suspend them from office, and order that all of the Branch’s financial records and documents should be surrendered to a named person. In the period between Management Committee meetings, the Treasurer of The Pony Club may initiate the suspension.*

The Management Committee shall order an investigation into the complaint against the suspended person. Depending on the outcome of this investigation, he may either be reinstated or removed from office. In the latter case, he shall have the right to appeal to the Audit Committee, the decision of which shall be final.”

This gives The Pony Club the authority to suspend a Treasurer **or any other person performing financial functions** in the event that they are failing to carry out their required stewardship, and to recover the accounting records. It is a safeguard to ensure that The Pony Club does not fail to meet its legal responsibilities.

Rule 8.V. last para 8 “The funds of any sub-Branches, parents’ associations, or any other support groups and their use are under the control of the District Commissioner and the Branch Committee, and they may instruct that all or part of these funds should be transferred to the Branch account.”

The effect of this Rule is to emphasise that all funds of the Branch, wherever they are held, are under the control of the DC and the Branch Committee. This includes the proceeds of any fund raising activities done in the name of The Pony Club or of the Branch, for example, by an ad-hoc group of parents. If fund raising is done for a specific purpose, but more money is received than is required for that purpose, then the Branch Committee should decide how to use the surplus funds. In doing so, they should give due weight to the intentions of the donors of such funds.

*Rule 8.VI “Each Branch must hold a Parents’ Meeting annually, **open to parents and Members**. As a minimum, the Meeting must include a report from the District Commissioner on the activities of the past year, the presentation of a simple financial statement by the Treasurer, and questions and opinions from the floor.”*

From the financial viewpoint, this Rule is designed to ensure that parents and Members are made aware of the state of the Branch’s finances. The “simple financial statement” should, at the very least, include an Income & Expenditure Account (or a Receipts and Payments Account) for the prior year, and a Balance Sheet as at the preceding December 31st.

Rule 8.VII "To comply with charity law, all Branches are required to submit an Annual Financial Return to The Pony Club Office by 28th February following the end of The Pony Club Year. Failure to do this may result in fines being levied on The Pony Club, which will be re-charged to the Branches concerned. The funds of all sub-Branches, parents' associations, and other sub-groups must be reported, either separately, or consolidated with the Branch.

Capitation Returns must be sent to The Pony Club Office twice yearly, together with the appropriate capitation fee. The First Return is due by February 28th, and should include all renewals and new Members up to and including January 31st. In exceptional circumstances, which would generally be of hardship, the Treasurer of The Pony Club may grant a Branch permission to dispense with the First Return, and to report all Membership information with the Second Return. In such a case, the capitation fees will not become due until the Second Return. The Second Return, which includes all subsequent renewals and new Members up to and including August 31st, forms part of the Annual Report (see below).

The Annual Report, which includes the Second Capitation Return, together with statistical information about the Branch and details of Branch Officers, must be sent to The Pony Club Office, to arrive by September 30th."

This lengthy Rule itemises the reporting requirements from Branches to Stoneleigh. Whilst the involvement of the Treasurer will vary from Branch to Branch, he or she will definitely be responsible for the Annual Financial Return. He or she will probably have at least some input into the other Returns. In particular, the Treasurer is required to certify the Capitation Returns to confirm that a satisfactory audit trail exists for all Gift Aid donations (see "Charitable Status and Gift Aid" below). It is extremely important that the deadlines should be met, and it should be noted that penalties will be imposed upon Branches that are substantially in arrears.

Rule 11.II "Instructors (and others, such as Camp helpers) may be paid a fee, on production of an invoice. It is strongly recommended that fees should be negotiated in advance, and that they should not be paid in cash.. Those paid may be members of Branch Committees, but cannot be the District Commissioner."

It is important to obtain an invoice from people who are paid a fee for their services. It is very strongly recommended that all such payments are made by cheque, and not in cash. The Inland Revenue have been known to demand access to the accounts of a Branch if they suspect that people such as instructors are failing to declare their full income for Income Tax and National Insurance (NI) purposes.

The question often arises whether people such as instructors are employees of The Pony Club, in which case Branches would be obliged to deduct basic rate Income Tax from the fees that they charge. Some Branches have insisted that instructors should provide "certificates of self-employment" in which the instructor undertakes to account to the Inland Revenue for any tax or National Insurance contributions that may be due. We have received the following advice on this matter from the Tax Partner of our accountants, Baker Tilly: -

"I note that some Branches are sending out certificates of self-employment to the instructors. Whilst I appreciate the reasons for this, whether an individual is self employed or employed is based on the relationship between that individual and the contractor. The certificate of self-employment signed by the individual does not alter the facts and in our experience the Inland Revenue have always ignored these in considering whether an individual is self-employed.

Primarily the reason for the Inland Revenue's stance is that it is up to the contractor/employer to ascertain the employment status of the individual. If it is considered that an employment does exist then it is wholly the responsibility of the employer to account for PAYE.

My understanding of the situation is that a list of instructors is available at each branch, and that branch will then call upon an instructor to carry out the duties required. It is up to the instructor as to whether he accepts that particular duty, and if he declines another instructor will be chosen. I further understand that he carries out his duties with no supervision from any employee of the Pony Club. On the basis that that instructor then invoices for the appropriate fee, and meets any incidental expenses personally, then it is my opinion that the instructor will be classed as self employed. In arriving at that opinion I am assuming that no contract is in place between the Pony Club Branch and the instructor, and no other criteria which would point towards employment.”

The interpretation of this is that instructors should be regarded as self-employed, and can be paid gross without deduction of tax. The reference to supervision specifically does not include the presence at a rally of the District Commissioner or another member of the Branch committee. When negotiating fees with instructors and other paid helpers, they should understand that they are responsible for their own travelling expenses, that they will be expected to provide an invoice, and that they will not be paid in cash.

This restriction on not paying travelling expenses does not apply to Examiners and members of the Visiting Instructors Panel (see Rule 7.III below), who, by their very nature, are expected to travel considerable distances, and are, therefore, entitled to be reimbursed for their travelling expenses.

Rule 11.III Travelling and out of pocket expenses of Trustees, Equestrian Council members, members of Equestrian Council Committees, Examiners, and Visiting Instructors going to Branches, will be refunded by The Pony Club Office.

Branches may also reimburse such expenses incurred by District Commissioners, Branch Officers, Committee members, and others acting on behalf of the Branch. Branches may, if they wish, pay a flat sum, or a rate per capita, to their District Commissioner, but they should be aware that the Inland Revenue may require the District Commissioner to justify the amount paid. Travelling expenses will be paid at either the Standard Class train fare, or at the currently approved mileage rate if travelling by car. This rate should be used as the normal allowance for all Pony Club meetings and events. However, when using qualified officials (i.e. British Dressage judges or BSJA judges) their official rate should be paid. Branches using a member of the Visiting Instructors' Panel (as listed in the Year Book) to instruct at camp pay their expenses, except for one return journey, which will be paid by The Pony Club Office.”

Branches may reimburse their District Commissioner for expenses either on an “as incurred” basis, or by means of a lump sum. However, the latter method does incur some risk of an Inland Revenue review.

The current approved Pony Club rate for private car use is 40p per mile.

Rule 17. “Branches shall be largely autonomous in their control of Branch funds. However, it should be understood that, under charity law, the funds of The Pony Club, whether they are held by the Branches or by The Pony Club office, are all regarded as being part of The Charity. This means that, if any part of The Pony Club cannot pay its debts, its creditors can seek payment from elsewhere in The Charity.

For this reason, no Branch may enter into a financial commitment that risks a loss that is larger than 50% of its free reserves at the time of commitment, or £2500, whichever is the greater, without the approval of the Management Committee. Free reserves are the assets of the Branch (excluding fixed assets) less its liabilities, and also less any amounts that have been set aside for a specific purpose.”

This Rule should be self-explanatory. However, it is important to understand what the Rule does not

say. It is not saying that Branches must not organise any event that is going to cost more than £2500 (or higher if its reserves permit), but that it must not risk losing this amount. In most cases, if an event were to be cancelled, Branches would not be liable to pay all the expenditure that they anticipated. For example, a One Day Event might involve paying the landowner a fee for every horse, but this would not be incurred if the event were to be rained off. Whilst this Rule might appear restrictive at first sight, it is suggested that it is merely reflecting the aversion that most Branches would already have to putting a very substantial portion of their funds at risk.

Rule 17 “Any purchase of freehold land (irrespective of value), and any capital expenditure in excess of £20,000, requires the prior approval of the Board of Trustees. This also applies to commitments in excess of £20,000, such as a 5 year lease at a rental of £5,000 per annum.”

As for the previous Rule, the purpose here is to ensure that no Branch overstretchers itself financially.

Rule 17 “Duplicate paper bank statements must be obtained at not greater than monthly intervals, with one copy being sent to the Treasurer, and the other copy to the District Commissioner. If the Branch has a building society account, the Treasurer must bring the pass book to every committee meeting, and make it available for inspection. No person should be allowed single access to Branch funds, save as shown below: -

- I. Cheques***
Single signatures may be allowed on cheques up to £200. Payments above this amount must bear dual signatures.
- II. Telephone Banking***
Disbursements may not be made by telephone banking.
- III. On-line Banking***
On-line banking is permitted, provided that the Bank has a feature that requires two separate people to authorise the transaction.
- iv. Credit Cards***
Credit cards are not allowed.
- v. Debit Cards***
Debit cards may be used, but the Treasurer may not be the holder of a Debit Card. The person who is the holder must give the transaction dockets to the Treasurer at not greater than monthly intervals, together with an explanation of the reason for each purchase.”

Every theft or fraud at a charity has to be reported to the Charity Commission, together with a plan of how to minimize the chances of a similar fraud in the future. Following the discovery of a significant fraud at a Branch early in 2010, it was agreed with the Charity Commission that the banking controls listed above should become mandatory for all Branches.

All Branches should have a bank account, and most will have both a current account and a deposit account. Branches are entirely autonomous in their choice of bank, but many Branches have chosen to use CAF Bank. The CAF in the name stands for Charities Aid Foundation, and it is a bank account open only to registered charities. To all intents and purposes it is free of bank charges, and pays a competitive rate of interest on current account. One shortcoming is that it is not possible to withdraw cash for floats, etc., but Branches have overcome this by retaining their High Street bank account with just a small sum in it. CAF Bank is generally only available in England and Wales, because it is normally operated through HSBC. However, it does also offer an internet banking service, **which fully complies with the new Rule above**. An information pack is available from Stoneleigh.

The number of people authorised to issue single signature cheques should be kept to the absolute minimum. Monthly, all such people should provide the Treasurer with details of all cheques that they have written, together with the supporting documents - invoices, receipts etc.

Please note that, whilst The Pony Club has fidelity insurance against fraud, insurers will not pay out in the case of single signatory cheques. Neither will they if blank cheques have been signed by a dual signatory. The signing of blank cheques must not be permitted.

All cheques received must be paid into the bank account promptly. Apart from this being sound financial practice, it is also unfair on the drawer (particularly some of the older Members who have their own bank accounts) if a cheque is presented several months after it was drawn. It could well cause embarrassment.

Charitable Status and Gift Aid

The Pony Club is a Registered Charity, No. 1050146. Headquarters can act on behalf of Branches to recover tax on donations made under Gift Aid. Further details are available upon request. Annual subscriptions can also qualify as Gift Aid donations, and are an invaluable source of revenue to The Pony Club. Every effort should be made to have the payers of subscriptions sign a Gift Aid Declaration, which appears at the foot of all Membership forms.

Gift Aid Declarations must be fully completed. If some information is missing, you may “repair” such fields as the donor’s name and address, the date of payment, and the Member’s name yourself, but if the Declaration is unsigned you cannot include it until you get the donor’s signature. We have been advised by HMRC that they will no longer accept Declarations that do not show the donor’s forename (initials will not suffice), nor those that do not include the post code. Please ensure that all your Declarations comply with these requirements. If the amount has been left blank, please enter the full subscription that has been paid. If the donor has included payments for items such as joining fees, postage, ties or badges, these must be excluded from the amount shown on the Declaration.

HMRC requires that a clear audit trail must exist, so that they can trace all individual payments that are claimed under Gift Aid into the Branch’s bank account. Therefore, the following procedure is mandatory for all Branches that wish to benefit from Gift Aid.

All such payments must be recorded individually in the cash book. For example, if 5 subscriptions of £50 each have been received, together with a family subscription of £125, it is not sufficient to enter “Subscriptions £375” in the cash book. There should be 6 separate entries, recording by name the 5 individuals and the one family subscription. Branches generally will wish to show the name of the Members rather than those of the person who has paid the subscription, but the Inland Revenue is more interested in the latter. Consequently, if the surname of the person making the payment is different from that of the child, you should enter the adult’s surname in brackets after the Member’s name in the cash book. The same applies if a cheque drawn on a sole trader’s or a partnership’s business account is used – enter the name on the cheque into the cash book in brackets. Please note that a payment made by a limited company cannot be claimed under Gift Aid. If a subscription is paid by cash, you should ensure that this is clearly noted in the cash book.

The bank paying-in book should list on the counterfoil all the surnames of the drawers of the cheques, or the business name in the case of a sole trader or partnership. If there are too many to record on the counterfoil, a dated supporting list should be prepared, and a copy of this retained with the Treasurer’s records. In this way, it should be possible to prove to HMRC that all payments claimed under Gift Aid have been properly recorded, and can be traced onto the bank statements.

If a Branch holds an event such as a sponsored ride, then Gift Aid can be claimed on the donations, provided that three conditions are met: -

- A Gift Aid Declaration must be completed bearing the standard Pony Club wording.
- The entry fee paid to take part in the event cannot be claimed under Gift Aid. There are certain **charities**, such as RY Britannia and the Eden Project, which have been awarded “Heritage” status, and are allowed to claim entry fees, but The Pony Club does not fall into this category.
- There must be a clear audit trail from the payment into the bank account. Inevitably, with sponsored events, many of the payments will be in cash. HMRC will want to be able to see that if Mary Jones donated £10 in cash on September 12th, this formed part of the deposit into the bank on September 18th. One way to do this would be to issue each collector of sponsorship with a sheet bearing 4 columns – the donor’s name, the date of payment, and the amount paid listed in either the cash or the cheques column. When this is handed to the Treasurer, he should check that the amounts paid correspond to the Gift Aid Declarations, and then assign a sequential number to each sheet. The paying-in slip counterfoil should then record that the cash reconciles to Sheets 12 through 16, etc. The sheets should be retained with the accounting records.

Because of the charitable status, all Branches are entitled to receive bank and building society interest without deduction of tax. A form can be completed at the bank or building society to give effect to this. If a Branch has suffered deduction of tax, this can be reclaimed by Headquarters on behalf of the Branch for up to **4** past tax years.

Fixed Assets

Branches may choose whether to write-off equipment in the year in which it is purchased, or to treat it as fixed assets, and depreciate it over a period of years. Land and buildings must be recorded as fixed assets. Branches can set their own depreciation lives, but, as guidance, the following is suggested: -

- Land – No depreciation
- Buildings – 50 years
- Jumping equipment – 5 years
- Vehicles, caravans, trailers – 4 years
- Computer equipment – 3 years

Stock

Branches preparing Income and Expenditure Accounts should make adjustments for the value of stock that they hold at the end of the year. These may be stocks of items held for resale, such as ties, badges and books, or for use in forthcoming events, such as rosettes.

Value Added Tax

For VAT purposes, all Branches are part of The Pony Club Charity. This being so, no Branches should be separately VAT registered.

There is sometimes a misconception that charities are exempted from paying VAT. Unfortunately, apart from a few specific items, this is incorrect. The extract below is taken from HM Revenue & Customs’ web site.

"Q1. Are charities automatically exempted from VAT?

A1. No. There is no blanket exemption for charities from the VAT system.

Q2. Does this mean that charities will be charged VAT on everything they buy?

A2. No, not everything. Certain supplies made to charities are specifically relieved from VAT. These supplies include;

- some advertising services,
- certain sound recording equipment supplied to charities caring for the blind,
- certain sea rescue equipment,
- goods donated to charities for sale or export,
- certain construction services,
- certain supplies of donated medical and scientific goods."

Income Tax and Corporation Tax

Again, it is unlikely that any Branch will incur any liability to tax. If Branches receive any communication from the tax authorities they should contact Stoneleigh for advice.