

Charity and Social Enterprises

Finance Workshop

2nd July 2025

Accountants 

PLUS

Charity and Social Enterprises Bookkeeping

Accountants 

PLUS



Who are we?

- Lanarkshire's largest accountancy firm based in Hamilton.
- Specialise in Charity and Not For Profit Organisations.
- Offer a wide range of services, including audit, independent examination, accounts preparation, bookkeeping support, systems advice, and tax advice.

Common Bookkeeping Issues



Keeping track of
balance remaining in
funds

Restricted Funds
Designated Funds
Unrestricted Funds



Customisability of Reports



Efficiency



Cost of Bookkeeping Systems



Sage



Supported Bookkeeping Systems

- Both cloud-based and desktop software is available
- It is important to have the system setup correctly to ensure transactions are recorded correctly, and the desired output is obtained.
- Other systems may be available; however, these are the most common.

Delete	Archive	Change Tax Rate	No accounts selected	
☐	Code ▲	Name	Type	Tax Rate
☐	200	Sales Income from any normal business activity	Revenue	20% (VAT on Income)
☐	260	Other Revenue Any other income that does not relate to normal business activity and is not recurring	Revenue	20% (VAT on Income)
☐	270	Interest Income Gross interest income	Revenue	No VAT

System Setup – Chart of Accounts

Each system will provide generic categories under which transactions will be grouped.

These should be reviewed and adjusted as required.

Delete	Archive	Change Tax Rate	No accounts selected	
☐	Code ▲	Name	Type	Tax Rate
☐	200	Grant Funding Income from any grant funders	Revenue	No VAT
☐	210	Donations Income given freely to further purposes of entity	Revenue	No VAT
☐	220	Shop Income Income from retail activities (net of VAT)	Revenue	20% (VAT on Income)
☐	260	Other Revenue Any other income that does not relate to other activities and is not recurring	Revenue	No VAT
☐	270	Interest Income Gross interest income	Revenue	No VAT

+ Add Tracking Category

Funds

Tracking category name

Funds



Rename

Category options

General



Rename

Local Gov Grant 1



Rename

National Lottery Grant 1



Rename

Office Refurb



Rename

Scot Gov Grant 1



Rename



Add another option

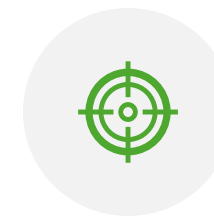
System Setup - Funds



THE BOOKKEEPING
SYSTEM USED SHOULD BE
ABLE TO KEEP TRACK OF
FUNDS.



THE NAME OF THE
FEATURE DIFFERS
BETWEEN SYSTEM.



TRACKING CATEGORIES,
DEPARTMENTS, CLASSES.

Bill Options ▼

Total

400.00

[Edit address](#)

TOTAL	400.00
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Recording of Transactions

Awaiting Payment

Print PDF

Bill Options ▾

From	Date	Due Date	Reference	Total
Telephone Provider Ltd No address Add address	2 Jul 2025	23 Jul 2025	INV-56789	250.00

Amounts are Tax Exclusive

Item Code	Description	Quantity	Unit Price	Account	Tax Rate	Funds	Amount GBP
	Monthly Telephone and Internet Services	1.00	250.00	Telephone & Internet	No VAT	General	250.00

Subtotal

250.00

Total VAT

No VAT

0.00

TOTAL

250.00

Reporting Customisability

Income and Expenditure

Demo Company (UK)

For the period 2 July 2025 to 2 July 2025

	General	Local Gov Grant 1	National Lottery Grant 1	Unassigned	Total
Income					
Donations	2,250	-	-	-	2,250
Grant Funding	-	5,000	10,000	-	15,000
Total Income	2,250	5,000	10,000	-	17,250
Expenditure					
Printing & Stationery	-	-	-	100	100
Project Delivery	-	50	50	-	100
Telephone & Internet	250	-	-	-	250
Venue Hire	-	150	150	-	300
Total Expenditure	250	200	200	100	750
Surplus/(Deficit)	2,000	4,800	9,800	(100)	16,500

Reporting Customisability

Account Transactions

 [Reorder columns](#)

Demo Company (UK)

For the period 2 July 2025 to 2 July 2025

Funds is National Lottery Grant 1.

Date	Description	Reference	Debit	Credit	Running Balance
200 - Grant Funding					
2 Jul 2025	National Lottery - Grant Funding	INV-0046	-	10,000.00	10,000.00
Total 200 - Grant Funding			-	10,000.00	10,000.00
470 - Venue Hire					
2 Jul 2025	Project Supplies Ltd - Room Hire on 30th June	INV-12345	150.00	-	150.00
Total 470 - Venue Hire			150.00	-	150.00
471 - Project Delivery					
2 Jul 2025	Project Supplies Ltd - Catering on 30th June	INV-12345	50.00	-	50.00
Total 471 - Project Delivery			50.00	-	50.00
Total			200.00	10,000.00	(9,800.00)



Efficiency

- The bookkeeping platforms are built to minimise the time taken to record the transactions.
- The apps on the left are examples of invoice processing automation apps.
- These can help automate the processing of purchase invoices.

Efficiency

Bank feeds can be a great timesaving

	Spent	Received			Spent	Received
21 Jun 2025 Ridgeway University INV-0035 More details		6,187.50	Options ▼	OK	Match Create Transfer Discuss Find & Match	
21 Jun 2025 Truxton Property Management Rent More details	1,181.25		Options ▼	OK	Match Create Transfer Discuss Find & Match	6,187.50
23 Jun 2025 Ridgeway Banking Corporation Fee More details	15.00		Options ▼	OK	Match Create Transfer Discuss Find & Match	

Match Create Transfer Discuss Find & Match

18 Jun 2025
Ridgeway University
Ref: INV-0035

21 Jun 2025
Payment: Truxton Property Management

Who Ridgeway Bank What 404 - Bank Fees ▼

Why Bank fee

Funds ▼ No VAT ▼ Add details



Q & A

Charity and Social Enterprises

Taxation

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Taxes which affect charities, directly or indirectly



GIFT AID



VAT



TRADING
PROFITS



TAX RETURNS

Gift Aid

Applies to donations received by the charity from an individual



The donor must make a Gift Aid Declaration to the charity to give permission to make the claim.

4 Year Time Limit for claims to HMRC

Gift Aid Small Donations Scheme (GASDS)

Business or Non-Business Activities



Tax rules are based on the types of transaction undertaken by the organisation.



The organisation's charitable objectives or motives behind the transaction are irrelevant for tax purposes.



A Two Stage Test is considered.



1 - Does the activity result in the supply of goods and services for consideration?



2 - Has the supply been made for the purpose of obtaining income from it?



Each activity undertaken is reviewed separately.

VAT Overview

- The VAT rules apply regardless of the organisation type and is determined by the transactions undertaken by the organisation.
- Business Activities – VAT may apply, and charity may need to be VAT registered.
- Non-Business Activities – VAT would not apply, and the transactions would be outside the scope of VAT.

20% Standard
Rate VAT

5% Reduced
Rate VAT

0% Zero
Rated VAT

Exempt from
VAT

Outside the
scope of VAT

Fundraising Activities

- VAT exemptions can apply to events which are clearly organised and promoted primarily to raise money for the benefit of the charity.
- Social events which incidentally make a surplus does not qualify – people attending the event must be aware of the primary fundraising purpose.
- Examples include:
 - Ball, dinner, performance, fete, sporting events, fireworks display.

Trading Profits

- Income which has been derived from charitable purposes will be exempt from corporation tax – this form claims the exemption from HMRC.
- Activities which support the charity's primary aims and objectives would be exempt from tax. An example would be a museum running a café for its visitors.
- The small trading limit can also apply.
- Subsidiary Trading Companies can help keep the trading activities separate from the charitable activities, and will still maintain the tax exemption.

Tax Returns

- HMRC may request a charity (incorporated or unincorporated) to complete a CT600 Corporation Tax Return, along with the CT600E Charity and Community Amateur Sports Club Supplementary Pages.
- It is mandatory if the charity receives any income which does not qualify for tax relief.
- If there is no tax payable, it is only required if HMRC request one to be submitted.
- Penalties could be charged if the return is submitted late, or if it is not completed when one should be.



Q & A

Thanks for listening

Engage Renfrewshire Training Evaluation





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