

Basic Record Keeping For Shire Finances

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This is intended as a guide to the type of records you, as Exchequer of your local group, should keep. I have tried to make things as simple as possible so that those with no bookkeeping or accountancy experience can understand what is required.

Why Keep Records

Keeping records is very important. As Exchequer you are responsible for the Shire's finances. This means that you are regularly handling other peoples money. Legally you have to be able to account for that money, and any one in the society can ask you to do so. By keeping proper records and producing the required reports you have proof that you are handling the money correctly.

Relying on chequebook stubs and deposit book stubs is not enough – you need to keep a proper ledger either by hand (in a cash book or ledger book for example), or using a spreadsheet programme such as Excel (by the far the easiest in my opinion!)

Basic Concepts

- **Accountability** - The Chancellor of the Exchequer is required to keep a ledger of all transactions involving the group's assets. The big difference between keeping your personal cheque book record and keeping an SCA ledger has to do with accountability. You are not accountable to anyone for what you put into your personal cheque book record. Your SCA ledger, however, must be a complete record of accountability for your group's SCA money. Anyone reviewing your ledger needs to be able to reconstruct who received what money when and for what purpose, and where SCA money came from. Accountability is necessary for two reasons. First, the ledger should contain all the information necessary to make a complete financial report. Second, if a discrepancy or disagreement arises a carefully kept ledger will help sort things out. ***Be sure to put enough information into the ledger entries, including the full reason for the transaction, who money was paid to or received from, the applicable income or expense category, and the event or activity involved.***
- **Ledger and Report Categories** - To understand what needs to go into the ledger let us start at the end. As a corporation the Society for Creative Anachronism, Inc. needs to file a tax return under US tax law. For groups with US bank accounts, the information on that return comes from the information that you provide on your group's end of year (Domesday) report. For accounts opened in Drachenwald, under local laws the information is NOT included on the SCA Inc tax return, and is reviewed by the Kingdom and Regional Exchequers only. This information falls into a set of income, expense, asset, and liability categories relevant to the SCA's status as a non-profit educational organization under US accounting laws. The categories we use are obviously not all the categories that exist for accounting and tax purposes in the US but they represent a convenient subset most appropriate to the SCA. These categories are listed on the first two pages of the [SCA Financial Report](#) form—the Comparative

Balance Sheet and the Income Statement. *All transactions in your ledger should be described in terms of the categories used on the SCA Financial Report.*

- ***The Financial Report*** - The financial report is a snapshot of the ledger transactions, summarized by category. When your ledger and report are complete, the transactions in the ledger will be reflected somewhere on the report and the items in the report will be reflected somewhere in the ledger. The secret to keeping a good ledger lies in understanding what it means to balance the financial report.
 - ***Assets and Liabilities*** - The Comparative Balance Sheet lists your SCA Assets (the value of all the money and stuff the group owns) and Liabilities (the value of stuff the group has that someone else has a claim to.) The Total Assets minus Total Liabilities is your group's Net Worth. This Net Worth will change over the reporting period as the group brings in money and spends it.
 - ***Income and Expenses*** - The Income Statement lists the income that your group took in and the expenses paid out. The Total Income minus Total Expenses is your group's Net Income.

The report balances when the change in Net Worth equals the Net Income. If it doesn't, there is a mistake. A small imbalance is as important as a large imbalance. A small imbalance often represents several errors that almost cancel. Actually a balanced report does not prove it is correct; mistakes can cancel out and items can be in the wrong categories.

The Ledger Itself

The ledger should provide a detailed record of all transactions, whether they are deposits, cheque payments or even cash payments (strongly not recommended). Things should be categorised as income or expenses, and details of exactly what they are for should be included. Put in enough detail that you will know what it is for in a years time when you sitting trying to puzzle out how to complete your Domesday report! Remember to enter transactions as they occur and not 2 months after you actually paid the money or wrote the cheque – by then you'll have forgotten what the transaction was. Keeping the ledger up to date only takes a few minutes each time there is a transaction, and really does save heartache later. Trying to sort out a ledger when you have neglected the records can take hours. A good ledger means that you should be able to complete your Quarterly reports in 15 minutes, and your Domesday report in an hour, so its well worth doing.

I have found the easiest way to keep a ledger is using Excel. A sample of this is given below:

Microsoft Excel - Mynydd Gwyn Account.xls

File Edit View Insert Format Tools Data Window Help

C29 = Blackwell Scout Assoc

	A	B	C	D	E	F	G	H	I
1	Cheque	Date	Payee	Category	Sub Cat	Debit	Credit	Balance	Notes
25		30-Sep-02	Registrations	Income	Event Registrations		£ 210.72	£ 1,106.87	Cash deposit for Late Summer Tourney
26		30-Sep-02	Registrations	Income	Event Registrations		£ 157.60	£ 1,264.47	Cheque deposit for Late Summer Tourney
27		30-Sep-02	Registrations	Income	Event Registrations		£ 321.40	£ 1,585.87	Cash deposit for Late Summer Tourney - not paid into bank, used to pay for feast
28		30-Sep-02	A. Cook	Expenses	Event Food	£ 321.40		£ 1,264.47	Feast & prizes
29		30-Sep-02	Blackwell Scout Assoc	Expenses	Event Site Fee	£ 721.10		£ 543.37	Paid to M Frost, as no cheque from MG account on day
30		30-Sep-02	Shire of Insula Draconis	Expenses	Event Misc	£ 75.00		£ 468.37	Refunded site deposit
31		20-Jan-03		Income	Donation		£ 10.00	£ 478.37	Donation to open new account
32		1-Mar-03	Interest	Income	Interest		£ 0.68	£ 479.05	Closing interest on Alliance & Leicester account
33		26-Apr-03	Registrations	Income	Event Registrations		£ 64.00	£ 543.05	Cheque deposits for At The Mark
34	1	30-Apr-03	Barbara Brown	Expenses	Event Site Fee	£ 40.00		£ 503.05	Site fee for At The Mark
35	2	9-May-03	SCA - Insulae Draconis	Expenses	Donation	£ 10.00		£ 493.05	Donation to open the Insulae Draconis bank account
36	3	9-May-03	A. Cook	Expenses	Event Food	£ 81.92		£ 411.13	At The Mark Feast
37		10-May-03	Registrations	Income	Event Registrations		£ 16.00	£ 427.13	Cheque deposits for At The Mark
38		10-May-03	Registrations	Income	Event Registrations		£ 125.95	£ 553.08	Cash Deposits for At The Mark
39		10-May-03	A. Nothercook	Expenses	Event Food	£ 12.00		£ 541.08	xxxx's Registration - expenses for food
40		10-May-03	A. Cook	Expenses	Event Food	£ 0.95		£ 540.13	Paid in cash on the day - for At The Mark
41	4	10-May-03	Pritchard Bowmen	Expenses	Event Equipment Hire	£110		£ 430.13	For equipment & training for At The Mark
42	5	10-May-03	CCBC	Expenses	Event Site Fee	£50		£ 380.13	Additional hall for indoor archery for At The Mark
43		8-Aug-03	Registrations	Income	Event Registrations		£ 32.00	£ 412.13	Cheque deposit for Collegium
44		6-Sep-03	Registrations	Income	Event Registrations		£ 80.00	£ 492.13	Cheque Deposits for Collegium
45		27-Sep-03	Registrations	Income	Event Registrations		£ 68.00	£ 560.13	Cheque Deposits for Collegium
46	6	27-Sep-03	Shurdington Social Centre	Expenses	Event Site Fee	£ 200.00		£ 360.13	Site fee for Collegium
47	7	5-Oct-03	A. Food	Expenses	Event Food	£ 62.99		£ 297.14	feast for Collegium
48	8	5-Oct-03	A. Cook	Expenses	Event Food	£ 36.57		£ 260.57	Lunch/Breakfast for Collegium
49	9	5-Oct-03	A. Nonattend	Expenses	Event Refund	£ -		£ 260.57	Not cashed - withdrawn at xxx's request
50		11-Oct-03	Registrations	Income	Event Registrations		£ 45.00	£ 305.57	Cheque deposit for Collegium - includes £5 donation
51		11-Oct-03	Registrations	Income	Event Registrations		£ 222.21	£ 527.78	Cash deposit for Collegium - £240 paid, - £17.79 for food to aaa & bbb
52	10	11-Oct-03	SCA - Insulae Draconis	Expenses	Donation	£ 20.00		£ 507.78	xxxx's refund donated to ID
53	11	23-Nov-03	A. N. Other	Expenses	Gifts	£ 16.75		£ 491.03	Gift for Viceroy
54		5-Mar-04	Viceroy II Registrations	Income	Event Registrations		£30	£ 521.03	Cheque Deposit - T & C's reg
55		20-Mar-04	Viceroy II Registrations	Income	Event Registrations		£90	£ 611.03	Cheque Deposit - aaa, bbb, ccc, ddd & eee registrations for Viceroy
56		20-Mar-04	Viceroy II Registrations	Income	Event Registrations		£15	£ 626.03	Cash deposit -aaaa registration for Viceroy
57		3-Apr-04	Viceroy II Registrations	Income	Event Registrations		£15	£ 641.03	Cheque Deposit - GGGG
58	12	3-Apr-04	Kevin Anderson	Expenses	Event Supplies	£65.59		£ 575.44	Eric materials
59		10-Apr-04	Viceroy II Registrations	Income	Event Registrations		£170	£ 745.44	Cheque Deposit - aaa, bbbb, cccc, dddd, & eeee

As you can see this spreadsheet allows you to record each item as either an income or an expense, along with exactly what it was for. The sub-category column is really designed to reflect the categories on the Domesday/Quarterly report and the comments column allows you record additional information for that you can determine exactly what the transaction was

Using Excel means that you don't have to do the maths – Excel does it for you! The “Balance” column can be set to automatically calculate the new balance (previous total – debits + credits)

The above is basically a bank account register, which only tracks the money actually in a bank account. It does not track how much someone owes you (Receivables), how much you owe (Payables), or how much cash you have in a box (Cash on Hand). Since we have to deal with these things in the SCA we also need a place in the ledger to keep account of *Receivables (money you are owed but have not yet received), Payables (things to be paid, but have not yet been paid), and Cash on Hand.*

If your group has assets in the form of *property, regalia, or inventory for sale* then you need to keep track of those as well.

I would suggest that if you have any of the above, you keep a separate ledger sheet within Excel to record these. You may not need to – for example if you only have cash in hand for a weekend for an event, and keep all the Shire money in the bank account at all other times, although technically this should be entered as cash in hand for the duration of the time it is

not in the bank account, this probably over-complicates the record keeping and can be ignored for short duration situations.

Depositing Money

Ideally, as soon as you receive cash or checks you should enter a transaction adding the amount to Cash on Hand, balanced by the appropriate Income Category. When you deposit the money, enter a transfer from Cash on Hand to the Bank Account. However we do want to keep things simple in the SCA (so we can have more time for medieval fun!) So what do you do? ***Always deposit all money as soon as possible, and within 15 days.*** If you deposit the money right away you can skip the formal Cash on Hand step. Of course there are even better reasons for depositing money ASAP—it avoids the chance of losing or mixing funds and allows you to catch a bounced cheque sooner. If a reporting date falls before you make the deposit you must report the undeposited amount as Cash on Hand whether it is held by you, an Autocrat, the Chronicler, or whomever. If you hang on to undeposited cash you can expect your procedures to be questioned.

Disbursing Funds

All money that you pay out, including all site deposits, advances, reimbursements, and transfers to other SCA groups, should be paid by cheque drawn on your group's SCA account and payable to the person or organization to whom the money is due. Do not hand out cash, if you can possibly avoid it, since this does not leave a paper trail. Payments going to an organization should be made payable to that organization, not to an intermediate individual. Advances are allowed as a convenience to Autocrats and cooks who have to make multiple purchases at local retailers. Otherwise SCA cheques should be used whenever possible. Expenditures must be reviewed and approved by your local finance committee and should be budgeted ahead of time. ***Do not let payables stay on the books. Expenses should be reimbursed and bills paid as soon as possible.***