



arbenigwyr y blynyddoedd cynnar
Welsh early years specialists

Little Purple Book:

Mudiad Meithrin's guide to
Cylchoedd Meithrin Financial matters.



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Introduction

The early years of a child's life are the most significant as far as his/her development is concerned, and a Cylch Meithrin offers every young child a number of valuable experiences. The successful development of these cychoedd depend largely upon the support of parents/ carers / guardians and the local community.

Parents/ carers/ guardians are responsible for establishing the Society in the first place and this Society will be responsible for establishing the Cylch Meithrin. The Society will be responsible for electing a Committee to be responsible for the day to day management and running of the Cylch Meithrin and acting as the employer including appointing, employing, supporting and managing staff.

The aim of this booklet is to highlight the main elements a management committee should consider when establishing the Cylch Meithrin's financial structures. This booklet offers guidance and management committees should also refer to the **Cylch Meithrin Management Guidance** for further information.



1. Financial Matters

An important aspect of running a Cylch Meithrin is to have sound financial management. As a charity, the Committee (the trustees) is responsible for ensuring that accurate accounts are kept. Every Cylch Meithrin must elect a Treasurer who will be responsible for the Cylch Meithrin's financial matters and will prepare financial reports for every Committee meeting, as well as:

- Presenting a summary of the financial situation to the Committee in every meeting
- Preparing accounts for the AGM and the Charity Commission
- Preparing an annual budget for the Committee to discuss
- Ensuring that the accounts have been audited by a qualified and independent person, in accordance with the requirements of the Charity Commission
- Informing the bank when the members of the committee/ Officers change
- Paying wages and other costs
- Contributing ideas for fundraising.

2. What is the treasurer's role and responsibilities?

The Treasurer will be responsible for:

- Opening a bank account in the Cylch Meithrin's name (the bank can ask to see a copy of the cylch's constitution)
- Ensuring that there are at least 2 signatures on every cheque
- Collecting the fees of the Cylch Meithrin, as arranged by the Committee and the Leader
- Paying all monies received, by cheque or by hand, into the bank account using the bank's paying-in book
- Keeping records of all the monies received or paid out in the name of the Cylch Meithrin, in the Account Book, (which is provided by Mudiad Meithrin) or on suitable financial software/excel spreadsheet
- Arranging that the Leader has petty cash to buy small items for the Cylch Meithrin. Fee monies should not be used as petty cash. Every item should be recorded in a Petty Cash Book; the total amount should be checked regularly against the record in the book



What is the treasurer's role and responsibilities? (continued)

- Administering staff wages (unless an independent company administer the wages on behalf of the Cylch Meithrin)
- Paying the Cylch Meithrin's costs by cheque from the cylch's cheque book or bank transaction (2 signatures are needed)
- Signing cheques on behalf of the Cylch Meithrin. The signature of one other officer should be on every cheque
- Applying for a refund of the amount paid for milk in the Cylch Meithrin (unless the cylch is part of a milk supply scheme e.g. Cool Milk).
- Keeping a record of costs incurred, e.g. postage and phone calls, made on behalf of the Cylch Meithrin and on Cylch Meithrin business only, and reimbursing them
- Presenting a short financial report, or producing a simple statement at every management committee meeting.
- Applying for grants for the Cylch Meithrin together with the other officers
- Preparing a formal report of the balance sheet for the Annual General Meeting, a form provided by Mudiad Meithrin as part of the Registration Form can be used. An independent person, who understands accounts, and has been approved by members of the Committee, will audit the accounts before the meeting
- Ensuring, with the other officers, that the cylch registers with Mudiad Meithrin, pays the insurance premium and presents a Balance Sheet to Mudiad Meithrin annually
- Preparing accounts for the Charity Commission (if relevant)
- Supporting the staff of the Cylch Meithrin in every possible way

At the end of the Treasurer's term of office, all relevant documents should be handed over to the new Treasurer.



3. Financial Management

Every Cylch Meithrin must have a bank account.

- Cylch Meithrin staff should not sign cheques
- Every bill should be paid by cheque or directly through the bank. **Two** persons (minimum) are required to sign every cheque and authorize bank transfers.
- **On no account should nameless cheques be signed nor empty cheques signed**
- Accurate accounts should be kept, using the Accounts Book provided by Mudiad Meithrin or on suitable financial software/excel spreadsheet.

When transferring the office of Treasurer the cylch must:

- Obtain a bank mandate to change signatories
- Change the address for receiving bank statements

Annual Budget

At the beginning of every financial year, the Treasurer should prepare a budget so that the Committee can discuss the Cylch Meithrin's financial situation for the forthcoming year, as well as any actions which need to be taken. The Committee should assess the number of children attending or are due to attend the Cylch Meithrin, the grants likely to be received, and from this, calculate whether it can fund staffing hours, while considering other costs, e.g. the building, banking costs, resources. If there is a projected over-spend, the Cylch Meithrin should consider whether it needs to plan fundraising activities or to reduce costs.

Keeping accounts

Every record of receipts and payments in the Account Book must show:

- The date the money was paid out or received
- Details of all payments and receipts
- The cheque or receipt numbers
- The total of the payments or receipts



4. Income

Cylchoedd Meithrin can benefit from several sources of income:

- Local Authority revenue such as Education / Foundation Phase funding for three-year-olds or Flying Start.
- Mudiad Meithrin's annual grant
- Funding sources, supplementary grants, fundraising schemes
- Session fees – payable by parents.

Local Authority Revenue

The Support Officer can help with the necessary arrangements and provide support and guidance with applying for funding or completing a tender.

Mudiad Meithrin's grant

Mudiad Meithrin award annual grants to the cylchoedd. Financial information, as well as an application form is sought as part of the application process.

Sustainability Grants

A number of Local Authorities offer sustainability grants to cylchoedd. The cylch should contact the Support Officer for further information.

Session Fees

Every parent/carer/guardian is expected to pay fees for every full session, with the exception of the hours funded by the Education Grant for 3 year olds or Flying Start. The Committee decides upon the fees per session. The Treasurer should ensure that the session fees received correspond to the number of children present on the register, and the fees should be banked weekly. If there is a scheme to subsidise fees for low income families in the county, families should be informed of it. Every parent/carer/guardian is required to pay promptly and weekly.

Parents should not be allowed to accumulate a debt. Guidance and advice on how to deal with debtors is available from the local Support Officer.



Milk Money

The Welfare Food Scheme enables children under five to receive, free of charge, 189ml (one third of a pint) of milk for each day they attend approved day care facilities for two hours or more. Babies aged under one may instead receive infant formula milk (dried baby milk) made up to 189ml (one third of a pint). Day care providers who have been approved to supply milk under the Scheme can be reimbursed for the cost of the milk they supply.

If the Cylch Meithrin provides milk for the children and it is open for at least two hours a day, then a refund for the cost of the milk can be claimed for up to two previous years. For further information contact the WFS (Welfare Food Scheme) on 08707 203063.

Other agencies also take responsibility for supplying free milk to Cylch Meithrin children. Mudiad Meithrin works in partnership with the Cool Milk company to facilitate this process for cylchoedd. For more information contact the local Development Officer.



5. The Charity Commission

(The Charities Act 1993)

The Charity Commission registers, advises and protects charities in the public interest.

If the Cylch Meithrin has an income of over £5,000 a year, by law the cylch must register with the Charity Commission.

Currently, Cylchoedd Meithrin must register with the commission on line. There is detailed information about registering on the commission's website <http://www.charitycommission.gov.uk>

Every charity must have a current constitution and an elected board of Trustees (Committee) when registering it will also be necessary to complete a declaration by the charity's trustees and complete a registration form. The forms are available on the Charity Commission's website 'Registering Your Charity' Page.

The Charities Act 1993 requires that registered charities produce an Annual Report and a financial review; but if the annual income or expenditure is under £25,000, the Cylch Meithrin will not be required to send them to the Commission, unless it receives a request for them.

When the registration has been completed, the Cylch Meithrin will be allocated a charity number. The 1993 Charities Act requires that registered charities with an income or expenditure of over £10,000 a year must declare their charity number on documents, such as fundraising literature, cheques, receipts, invoices and bills, and it is good practice to include the charity number on any other stationery.

E.g. Registered Charity Number / Elusen Gofrestredig Rhif

6. Fundraising and Grants



Mudiad Meithrin's Fundraising and Marketing Officer offers support to cylchoedd Meithrin by searching for sponsorship funds which could benefit them. "Regular updates on fundraising and new grants are provided via the Mudiad's Twitter and Facebook pages to inform cylchoedd about specific funds, noting its criteria and how and when to apply.

As well as national funding sources which award grants, some local organisations are prepared to sponsor charities in their community. There is a Council for Voluntary Services in every county which can give information on local funding schemes and advice on grant applications.

Application forms will have to be completed for some grants; for others a letter of application will be required. An application letter should not be over-long and its content is all important. The following information will be required:

- Charity number
- Aim and objectives of the Cylch Meithrin
- Numbers of children and families
- Project plan
 - a. how the money will be spent
 - b. a timetable, with target dates
 - c. what the benefits will be to the families/ children attending Cylch Meithrin
- Financial plan
 - a. clear and correct information
 - b. written estimates
 - c. all items of expenditure included
 - d. additional documents, e.g. annual report, the Cylch Meithrin's constitution.
- How the cylch will monitor and evaluate the project's achievement

Usually a list of the documents to be sent appears at the end of every application form.

There should be a record of how the final costs were calculated and a copy of the final application.



Fundraising and Grants (continued)

Funding sources should be targeted carefully, a small funder should not be asked for a large sum, nor a large funder for a small sum. Some funders denote a minimum or maximum grant. Some grants may require match funding, i.e. additional money from a different source. In some cases, match funding can include staff and volunteers' hours.

The cylch Meithrin will be required to prepare a report on how the grant was spent. Information on how the money has been spent in accordance with the grant conditions should be recorded. If the project does not progress as it should, the grant provider should be informed at once, in order to discuss whether it would be possible to vary the expenditure. Unless this is done, failure to achieve targets may result in part of the grant being reclaimed.

Some grant providers will ask for publicity. Under such conditions, ensure that the details of the fund provider's name and/or logo are correct, and are included on every relevant documentation and correspondence. If there is a special event to launch the project or a celebration at its completion, the grant provider/s should be invited.



Good Practice

- Ensure that at least two persons sign every cheque
- No 2 members of the same family should be bank signatories.
- Paying all monies received, by cheque or by hand, into the bank account regularly
- Keeping records of all the monies received or paid out in the name of the Cylch Meithrin, in the Account Book or on suitable financial software/excel spreadsheet
- Presenting a short financial report, or producing a simple statement at every management committee meeting.
- Preparing accounts for the Charity Commission.
- Cylch Meithrin staff should not sign cheques
- On no account should nameless cheques be signed nor empty cheques signed
- Ensure to obtain a bank mandate to change signatories and change the address for receiving bank statements when new officers are elected.
- Contact your Support Officer for advice and guidance.
- **On no account should nameless cheques be signed nor empty cheques signed**
- Ensure to obtain a bank mandate to change signatories and change the address for receiving bank statements when new officers are elected.
- Contact your Support Officer for advice and guidance.



Cyllid / Finance

Ffurflen Derbyn Arian Mân / *Petty Cash Acceptance Form*

Derbyn ar Ran Cylch/ Meithrinfa / <i>Receiving on behalf of Cylch/Nursery</i>	
Swm / <i>Sum</i>	£
Enw / <i>Name</i>	
Swydd / <i>Job</i>	
Llofnod / <i>Signature</i>	
Dyddiad / <i>Date</i>	

Ffurflen talu Cylch Ti a Fi _____ - £_____ y sesiwn

Payment form Cylch Ti a Fi _____ - £_____ *per session*

Ffurflen bancio ffioedd / Fees banking form

Dyddiad / Date / /	Enw Name	Talu £ Pay £
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
20		
	Cyfanswm dyddiol <i>Daily Total</i>	£
	Llai gwariant (rhaid cadw derbyneb) <i>Less spending (must keep a receipt)</i>	£
	Rhent/ <i>Rent</i>	£
	Cyfanswm i'w fancio / <i>Total for banking</i>	£

- <http://www.charitycommission.gov.uk>
- https://intranet.meithrin.co.uk/creo_files/upload/downloads/guideforemployeesininsolvency.pdf
- https://intranet.meithrin.co.uk/creo_files/upload/downloads/rheoli-trafferthion-ariannol-ac-ansolfedd-mewn-elusennau.pdf
- www.meithrin.cymru