



BRETHREN IN CHRIST CHURCH

EDUCATIONAL INSTITUTIONS ACCOUNTING MANUAL AND PROCEDURES

6/1/2012

1.0. INTRODUCTION.

1.1. OBJECTIVES

The manual seeks in general to:

- a. Establish proper accounting policies and procedures
- b. Improve reporting and accountability for the use of funds
- c. Establish proper budgetary control
- d. Ensure Financial Statements are free from material misrepresentation.
- e. Ensure Financial Statements are prepared in accordance with Generally Accepted Accounting Procedures (GAAP) and conform to International Financial Reporting Standards (IFRS)
- f. Ensure Financial Statements are produced on time

1.2. Periodic review

The manual should be reviewed on a periodic basis on cognizance of changing circumstances. Also, amendments may be made if seen fit by the people implementing the system. This however has to be discussed with the finance treasurer who shall make the intended change known to the other related institutions. If the change is desirable to all, the treasurer shall document it and communicate it to all concerned, including the internal auditor for record purposes. The Finance Board shall be consulted in the process.

1.3. Statement of Responsibilities

It is the responsibility of the Brethren In Christ Church management to ensure the system is implemented and complied with. Also every effort should be made to come up with a strong system, it should be borne in mind that there are always inherent limitations which make the system not to be foolproof.

2.0. ACCOUNTING SYSTEM OVERVIEW

A sound accounting and internal control system will be able to generate accurate information and ensuring that the institutions' assets are safeguarded.

2.1. Accounting Policies

BICC institutions will adopt an accrual basis of accounting as follows:

a. Income

Recurrent grant, school fees, interest and other miscellaneous income shall be recorded when transaction giving rise to them have occurred. Cash donations shall be recognized when received.

b. Expenditure

Expenditure should be recorded when goods or services are received even when they have not been paid for.

c. Assets received as donations

All monetary values shall be written off in respect of assets donated to the institutions. This means the value of that particular asset should be determined before the asset is included in the asset register.

d. Fixed Assets

Purchases and replacements of fixed assets shall be expensed in the year of purchase at the value of the cost and any attendant expenses.

2.2. The Institution's Books of Accounts

The Institution shall be expected to maintain as a minimum the following books:

- a. Receipt Analysis Journal (RAJ)
- b. Payments Analysis Journal (PAJ)
- c. Petty Cash Book
- d. Fixed Asset Register
- e. Security document register
- f. Mail register
- g. Telephone register
- h. Nominal ledger (to include cashbook account)
- i. Debtors and creditors ledger cards
- j. Student fees book

The above accounting documents shall be computerized.

2.3. Financial and Administrative Functions of Personnel

In addition to his other key result areas, the Head shall be responsible for ensuring that the finances of the institution are properly managed. This will entail ensuring that:

- a. The accounting and internal controls are implemented and adhered to
- b. Financial reports are produced timeously,
- c. The funds are spent according to the approved budget or any restrictions attached to donor funds.

2.4. Internal Control Principles

In order that the information produced by the accounting system is complete, valid, accurate and timely the following should be in place:

- a. Segregation of duties: This will ensure that incompatible functions are not executed by one person.
- b. Authorization: This will ensure that the information being captured is valid and accurate. Transactions should be authorized by personnel with appropriate authority.
- c. Recording: The transactions should be captured accurately and timely.
- d. Independent Checks: The system should allow for independent check so as to identify any errors and /or irregularities.
- e. Audit Trail: Transactions should be initiated, captured, and reported in a way that provides proper reference as to source document identification, date and nature of the transaction.

3.0. FINANCIAL PROCEDURES.

3.1. REVENUE CYCLE

3.1.1. Student Admissions and Raising School Fees

- a. Each and every student on admission shall be given an identification number to be used for the period the student is at school.
- b. A class list shall then be entered into a Student Fees Book
- c. The fees payable by each student shall be extracted into an End of Term pass by the Bursar.
- d. A Bank deposit slip shall be prepared in triplicate quoting the student number, name, form, the school bank account and the term which is being paid for.
- e. The Fees due from the student shall be entered in the student fees book by the Bookkeeper.
- f. The bank deposit slip (still intact) and the End of Term Pass shall be given to the student when proceeding on holiday to enable the direct banking of school fees.
- g. All class lists shall be costed by multiplying the number of students in each class with the fees expected from each student by the Accounts clerk. This information will be used for posting to the books of Accounts.

3.1.2. POSTING TO THE BOOKS OF ACCOUNTS

- a. The Fees shall be posted to the student fees book by the Bookkeeper.
- b. The total for the term for the fees extracted from the total of all the costed class lists shall be posted to the fees debtors control account in the nominal ledger split according to the nature of the fees either school fees or levy.
- c. The fees shall be posted in total to the fees account in the nominal ledger by the Accounts Clerk.

3.1.3. INDEPENDENT CHECKS

The following random independent checks shall be done by the Head on a monthly basis:

- a. That for the selected students, the fees were raised and posted to the fees book correctly.
- b. The total expected fees from the current class lists were posted to the fees debtors control account and the fees account in the nominal ledger

3.1.4. RECEIPTING AND BANKING

a. Identification of sources of cash

- i. Cash points should be established from where cash will be received.
- ii. Each point shall have its serially numbered receipt book.
- iii. The cash points should be kept to a maximum of three.

b. Receiving of Cash

- i. A serially numbered cash receipt from the official BICC receipt book shall be issued for all cash received either directly or indirectly through the bank. This helps to establish accountability at the earliest possible time.

c. School Fees

- i. When schools open, the student shall present a copy of the bank stamped deposit slip to the Bookkeeper.
- ii. The Bookkeeper shall analyse the bank deposit slip details paying particular attention to the account number used, deposit slip date, the number and name of the student.
- iii. The Bookkeeper shall then issue a receipt in duplicate. One copy shall be given to the student while the other remains as the fast copy.
- iv. The receipt number shall be endorsed on the respective bank deposit slips.
- v. The receipt details shall then be posted to the Student Fees Book.
- vi. The deposit slips shall be filled in the Accounts Clerk's office according to student and shall be retained until the student completes his education at the school.

d. Other receipts

- i. One copy of the receipt, produced in duplicate shall be issued to the third party.
- ii. The cash collected from the points shall be handed over to the Accounts Clerk for consolidation.
- iii. The Accounts Clerk shall physically count the cash and compare it to the expected cash from the relevant receipt sequence.
- iv. The master receipt shall then be issued, quoting the receipt sequence from where cash was received.
- v. The master receipt shall be attached on the left side of the book directly opposite the last receipt sequence.
- vi. All receipts from or on behalf of other debtors shall be posted to the debtors' ledger cards.

e. Cash Handling and Custody

- i. The cash received shall be deposited in a safe
- ii. The keys for the safe shall be kept overnight by the Bursar. The cashier shall lock the cash box and keep the keys. The cash box will then be locked into the safe to which the Bursar has keys. The safe should stay in the Head's

office or the strong room. The Head shall keep the keys to the Head's Office or strong room.

- iii. Spare keys to the safe should be deposited into the bank. The current panel of signatories shall have access to the keys.
- iv. Cash on hand should be kept at minimum levels to reduce the risks of physical loss. Also, cash in excess of actual needs means a loss of potential earnings through the lesser utilization of that cash, therefore where possible excess funds should be invested.
- v. Because cash on hand is subject to the risks of physical loss, business prudence requires that the risks should be covered by insurance at adequate levels.

f. Banking

- i. All monies received shall be banked on the next working day or at appropriate intervals taking into account the cash levels and the cost associated with banking.
- ii. The Bank deposit slips shall be completed by the Accounts Clerk for all the monies received.
- iii. The master receipt sequence whose cash is being banked shall be indicated on the deposit slips.
- iv. The date on which the cash is banked shall be indicated on the last receipt in the sequence.

3.1.5. Posting to Books of Accounts

- a. The receipts shall be posted to the RAJ by the Accounts clerk at the end of the week.
- b. The posted receipts shall be analysed according to their source and shall be posted according to the receipt sequence used for banking purposes.
- c. The totals of RAJ columns shall then be posted according to the receipts in the nominal ledger at the end of the month by the Accounts Clerk.
- d. The Headings in the RAJ shall be used as the row headings in the cashbook.
- e. The receipts relating to student debtors shall be posted to the respective Student Fees Book.
- f. The total for the month for all receipts relating to fees shall be posted to the debtors control account in the nominal ledger.

3.1.6. Independent Checks

The following independent checks shall be performed by the Head:

- a. Randomly bank deposits for intact and timeous banking
- b. Verification of posting to the RAJ
- c. Complete verification of posting of RAJ to the Cash book
- d. The Bookkeeper shall randomly check that the receipts were posted to the individual student debtors and that the receipts posted to the student debtors are valid. This is a two way check.

3.1.7. Maintenance of Student Debtors

- a. At the end of each month, student debtor's age analysis shall be extracted from Register by the Accounts Clerk by nature of outstanding amount. This listing shall be reconciled to the debtors control account by the Bursar.

- b. The age analysis shall be examined by the Head with a view to determine the collection pattern.
- c. Debtors should be followed up by reminders. The use of force to collect debtors e.g. Lawyers/debt collectors etc should be used with care taking into account the guidelines of the Ministry of Education and Church values. All means used should be in consultation with EAC and Finance Board.
- d. Correspondence with debtors shall be filled for record purposes.
- e. Decision to write off debtors should be arrived at after concurrence with Finance Board.
- f. The above decision shall be communicated to the Accounts Clerk in writing and shall be filled in the debtor correspondence file.

3.1.8. TELEPHONE CHARGES

- a. There shall only be one external telephone line for general purposes at the institution. Where more than one line is in use, all lines shall be controlled from one central point, preferable at the reception.
- b. These external lines shall be operated by the receptionist.
- c. A telephone book shall be maintained by the receptionist where each call made will be recorded and charged if it is private.
- d. The following shall be written in the telephone book:
 - i. Name of person making the call.
 - ii. Whether the call is business or private.
 - iii. The number called and physical destination.
 - iv. The time spent on the call.
 - v. Signature of the caller.

3.1.9. Independent Checks

- a. On receipt of the statement from Telone, the Accounts Clerk shall perform the following independent checks:
 - i. That all calls appearing on the statement were recorded in the telephone book.
 - ii. That for private calls the amount charged is not less than that on the statement or too excessive
 - iii. The Accounts Clerk should also randomly check that for the private calls, a receipt was issued.
 - iv. The Bursar should analyse the business calls from the statement to ensure that these are kept at reasonable levels. Unreasonable amounts should be justified by the caller.

3.1.10. Rent and water charges

- a. Water, electricity and house rentals shall be determined by the Finance Board as per BICC Finance policy. This shall be communicated to the Institution through a circular
- b. This is the procedure in case occupants are asked to pay:
 - i. Individual ledger cards for those occupying institution houses shall be maintained by the Accounts Clerk.
 - ii. At the end of the month, individual invoices shall be raised for each household incorporating rent and rates charges by the Bookkeeper.

- iii. The invoices shall be posted to the Debtors' ledger cards by the Accounts Clerk.
- iv. The amounts paid shall be receipted and the receipt number indicated on the invoice.
- v. The total invoices for rent shall be posted to rental income.

3.1.11. Independent Checks

- a. The Bursar shall randomly check that:
 - i. An invoice was raised for each household
 - ii. The invoice amount is according to the circular
 - iii. The invoice amount was receipted
 - iv. That the invoice and the receipt were posted to the ledger card.

3.2. EXPENDITURE CYCLE

3.2.1. GENERAL

a. Policy (for recurrent items)

- i. The institution shall arrange to the extent possible for credit facilities with suppliers.
- ii. The suppliers shall be vetted according to best possible terms offered by the Head, Bursar and the Bookkeeper in liaison with the Financial Administration Committee.
- iii. The database of potential suppliers shall then be compiled and maintained by the Accounts Clerk a copy of which shall be given to the Headmaster.
- iv. The database shall be reviewed periodically to ensure that the supplier's terms are still competitive.

b. Ordering

- i. Predetermined stocking levels for individual products should be set.
- ii. The levels will then generate order requirements for the individual items as the stock level reaches the minimum point.
- iii. A requisition for the product shall then be completed by the head of department on a formal purchase requisition form.

c. Purchase requisition form.

- i. One purchase requisition book shall be used at a time and to make it accessible to everyone it shall be kept by the Accounts Clerk.
- ii. The Bursar, the Head and Bookkeeper shall then discuss the requisitions placed with a view to ascertaining what products to give priority given the available projected cash resources and credit limits.
- iii. Any unapproved requisition due to unavailable funds exhausted credit limits should be given priority when funds or buying power becomes available.
- iv. Approved requisitions should be signed as evidence of approval by the Bursar/Headmaster.
- v. A purchase order shall then be prepared by the Accounts Clerk from a serially numbered Order book in duplicate from an approved creditors listing.
- vi. The purchase order shall then be taken to the Head for authorization.
- vii. One order shall be taken to the supplier while the other one together with the accompanying requisition, shall be taken to the Bursar.

d. Guides to setting Pre-determined Stock Levels

- i. Pre-determined stock levels should be set after considering among other things, the following aspects:
 - (a) How strategic the product is to the smooth operation of the institution
 - (b) The availability of the product in the market.
 - (c) Frequency of price changes.
 - (d) Storage at the premises

e. Delivery and Receiving of goods

- I. The goods delivered or collected shall be received by the Bookkeeper
- II. The Bursar shall compare the physical goods received
- III. Where possible the quality of the goods must also be checked
- IV. The invoice or any other accompanying document shall be signed by the Bursar for acknowledgement of receipt of goods.
- V. All the purchases shall be recorded in a purchases book split between cash and credit by the Bursar.
- VI. The invoice, the purchase order and the requisition shall be attached together by the Bursar and taken to the Accounts Clerk.
- VII. The Accounts Clerk shall post all the purchases to the respective ledger accounts from the purchases book. All credit purchases shall be posted individually to the creditor's ledger cards and in total to the creditor's control account.

f. Stock Control

- I. The individual goods shall be entered into stock control cards by the Bursar quoting the supplier invoice number, date of receipt and quantity.
- II. The stock control cards shall be updated for any issues by the Bursar and the person to whom the goods are issued shall sign the card on the space provided.
- III. The Bursar shall supervise routine stock takes as another control mechanism.
- IV. Stocks should be used on a First In First Out basis.
- V. Stocks shall be valued on the basis of a last invoice price at the end of the term or year for purposes of the Balance Sheet (Statement Of Financial Position).

3.2.2. Disbursements

a. Credit Payments

- I. On receiving the invoice, purchase order and requisition from the Bursar, the Bookkeeper shall check for arithmetic accuracy of the invoice, the Bursar signature and that the documents actually match.
- II. When payment is due, which shall be done at most twice a month, the Accounts Clerk shall prepare a Cheque Requisition Voucher.
- III. The Accounts Clerk shall pass the voucher by signing in the space provided.
- IV. The payment voucher shall be attached with the invoice, the purchase order and the requisition.
- V. The Accounts Clerk shall then prepare the cheque, writing the cheque number as the voucher number on the payment voucher.
- VI. The invoice details shall also be written on the cheque stab.
- VII. All the documents shall be taken by the Bursar to the Head for the signature who shall compare the cheque amount to the voucher and the invoice

amount, that the invoice has not yet been paid and the arithmetic accuracy of the invoice.

- VIII. The documents shall be written 'paid' by the Bursar on acknowledgement of receipt by the supplier.
- IX. The cheque and the documents shall be returned to the Bookkeeper for filling and for dispatch.
- X. If the cheque is being posted, it must be entered into a Mail register book.
- XI. If the cheque is being collected, the person shall sign on the voucher.
- XII. The other documents shall be filled chronologically according to voucher number by the Accounts clerk.

b. Cash On Delivery

- I. These shall be limited to exceptional cases for items that cannot be or are not possible to be obtained under the credit facility.
- II. Quotations for the goods from the approved requisition shall be obtained from prospective suppliers by phone by the Accounts Clerk.
- III. The Cheque shall then be written in favor of the selected supplier for the amount quoted.
- IV. The cheque or cheques shall be written in full and signed by both signatories while at the institution.
- V. Writing of open cheques is not allowed as this presents a potential situation for fraud.
- VI. Where an open cheque is made, the supporting documentation and goods must be verified by a senior authority who would not have signed the cheque.

3.2.3. Posting to Books of Accounts

- a. The payments shall be posted to the PAJ using the payment voucher information by the Accounts Clerk at the end of each week and shall be written "posted".
- b. The posted payments shall be analysed according to the nature or type and shall be posted according to the cheque sequence.
- c. The totals for the PAJ columns shall then be posted to the cashbook payments in the nominal ledger at the end of each month by the Accounts Clerk.
- d. The column headings in the PAJ shall be used as row headings in the cashbook.
- e. All payments relating to credit purchases shall be posted individually to the creditor's ledger cards and in total to the creditors ledger control account at the end of the month by Accounts Clerk.

3.2.4. Petty Cash

- a. The petty cash shall be maintained by an Accounts Clerk independent of the accounting records.
- b. Petty Cash shall be requisitioned through a Petty cash voucher approved by Head to be signed also by the recipient.
- c. If there is supporting documentation, this must be attached to the voucher.
- d. The petty cash box shall be locked and stored in a secure place when not in use and physical access should be restricted to the custodian only.
- e. A petty cash book shall be reconciled by the Accounts Clerk at random every week. The reconciliation must be documented on a petty cash reconciliation form and signed by the custodian and the Accounts Clerk.

- f. Reimbursement of petty cash shall be done at least once per month and as needed
- g. At no time are petty cash payments allowed above \$1000..

PETTY CASH EQUATION

CASH ON HAND + UNPROCESSED VOUCHERS = PRE-ESTABLISHED LEVELS OF PETTY CASH

3.3. FIXED ASSETS

3.3.1. ACQUISITION AND DISPOSALS OF ASSETS

- a. All disposals and acquisition of assets shall follow the disposal policy as spelt out in the BICC Finance policy.
- b. Capital expenditure proposals or budgets shall be prepared annually by the Finance and Administrative Committee.
- c. The proposals will be ranked according to the most important ones and the rankings shall be reviewed annually to ensure that they are still appropriate in changing circumstances for those proposals not carried through.
- d. If funds become available from whatever source, three quotations shall be sought by the Finance and Administrative Committee.
- e. If payment is done by the institution, payment procedures shall then follow those under credit payments.

3.3.2. Control

- a. The institution's assets shall be meticulously supervised to ensure efficient utilization and to help prevent damage and theft.
- b. All purchases of non- expendable property having a useful life of more than one year and an Acquisition value of \$1000 or more per unit should be recorded in a fixed asset register maintained by the Bursar as an addition to the departmental inventory listings.
- c. The Asset register should contain asset depreciation, asset identification number, date of Acquisition, physical location of the asset, supplier and cost of the asset.
- d. The Accounts Clerk shall do a physical verification on a basis that they shall deem appropriate.

3.3.3. Vehicles

- a. Log sheets on the use of vehicles shall be maintained and monitored regularly by the Bursar.
- b. All vehicles must receive regular maintenance. See Motor Vehicle Policy for detail.

4.0. SALARIES

- 4.0.1. Employees shall be recruited, remunerated and dismissed in accordance with BICC regulations and relevant NEC.
- 4.0.2. When an employee has been engaged, he shall be entered into a Wage Book showing his number, title, department, the grade and the starting salary on authority by the Head.
- 4.0.3. Any salary adjustments should be supported by a formal and authorised document.
- 4.0.4. When the pay date is about ten days due, the Bookkeeper shall obtain the wages book and against each employee make the necessary deductions for the month. Salaries are payable every 25th of the month.

- 4.0.5. The Bookkeeper shall extend the wages books to get the net pay and prepare the pay slips.
- 4.0.6. The wages book shall be taken to Bursar for checking the following:
 - a. That the gross amount is as was written by him or as subsequently adjusted
 - b. That the deductions are proper and valid
 - c. The wages book is accurately extended for each employee. If everything is in order, the Bursar shall then sign the Wages book for approval after which pay slips can be distributed.
- 4.0.7. The Bookkeeper shall obtain the Wages book and prepare cheques for individual employees.
- 4.0.8. The cheques and the wages book shall be taken to the Bursar for checking and signing.
- 4.0.9. The Bursar shall compare the cheques amounts to the net pay in the wages book.
- 4.0.10. The Head shall then sign the cheques as the first signatory
- 4.0.11. The cheques and wages book should be taken to second signatory.
- 4.0.12. The cheques and the wages book shall be returned to the Bookkeeper
- 4.0.13. When employees collect their cheques they shall sign against their name in the wage book. The Bookkeeper will then prepare an earnings record for the pay period indicating the total gross salary, total deductions and total net pay.

4.1. Human Resources Management Policy (refer to the BICC Human Resource Policy for more detail)

4.1.1. The Policy Objectives are to ensure that;

- a. Recruitment Procedures are followed.
- b. Workers are trained and developed to the demands of their work.
- c. Disciplinary actions are taken where necessary.
- d. Performing workers are rewarded accordingly.
- e. Health & Safety requirements are adhered to.
- f. Good public relations are pursued.

4.1.2. HRM Procedures

- a. Vacant posts shall be advertised in all BICC institutions.
- b. Interviews shall be conducted and best interviewees who meet minimum requirements shall be employed.
- c. Performance appraisals shall be conducted; employees falling below standards shall be counseled, and be expected to perform to expectations. Perpetual underperformers shall be disciplined accordingly.
- d. Workers shall be properly inducted to the organization's systems; proper training shall be conducted where necessary.
- e. All employees shall sign the BICC code of conduct.

4.2. POSTING TO BOOKS OF ACCOUNTS

- 4.2.1. The Accounts Clerk shall post the total of the gross salary from the earnings records to the payroll account in the nominal ledger at the end of the month.
- 4.2.2. The pay cheques shall be posted to the PAJ per each employee.
- 4.2.3. The total of the PAJ shall be posted to the cashbook payments in the nominal ledger.

4.3. Independent Checks

- 4.3.1. The Head shall make the following independent checks.
 - a. That the earnings records total ties up to the wages book
 - b. That the total amount posted to the payroll account ties up to the earnings records total.
 - c. That the PAJ total for salaries was posted to the cashbook.

5.0. OTHER CONTROL TECHNIQUES

5.1. Bank and Creditor reconciliation

- 5.1.1. The Accounts Clerk shall prepare monthly reconciliations immediately upon receipt of relevant statements.
- 5.1.2. Any unexplained differences between the statements and the related cash book account for bank and creditors ledger cards for creditors should be promptly investigated.
- 5.1.3. All cheques not cashed after 3 months from date of issue must be investigated while those exceeding 6 months must be reversed as stale cheques for bank reconciliations.
- 5.1.4. The reconciliations must be thoroughly reviewed by the Headmaster.

5.2. Security Documents Control

- 5.2.1. The Accounts Clerk shall maintain a security documents register to account for the following:
 - a. Unused cheque book
 - b. Unused order book
 - c. Unused receipt book
 - d. Any other statutory documents
- 5.2.2. The register shall be completed as follows:
 - a. Security item description
 - b. Date, serial number and quantity in stock
 - c. Serial number range
 - d. Name and signature of recipient.
 - e. The books shall be issued according to their sequence.
 - f. Any book used but for any reason not finished, shall have its unused leafs cancelled by the Accounts Clerk.
 - g. When the Head is doing independent checks on the records, he shall also check the Sequence of documents.
 - h. The Head shall also supervise the stock take of the stationery referred to above.

5.3. BUDGETORY CONTROL.

- 5.3.1. Budgets shall be used as a means of controlling and measuring activities of the institution.
- 5.3.2. The Budget shall therefore be prepared in advance of the period to which it relates.

6.0. CLOSING PROCEDURES.

At the end of each month, the Bursar shall ensure that the following tasks are carried out.

6.0.0. Cash and Bank.

- a. Close and balance the cash book.
- b. Reconcile the Cash book and bank statements.

6.0.1. Petty Cash.

- a. Close and balance the Petty Cash Book.
- b. Count the Petty Cash and reconcile with petty cash book balance

6.0.2. Payroll

- a. Prepare monthly employee earnings for individual employee and pay period.
 - b. Prepare employee payment slips
- 6.0.3. **Fixed Assets**
- a. Update the Fixed Asset register.
 - b. All assets shall be subject to depreciation, charged as follows:
 - i. Buildings (1.5%)
 - ii. Motor vehicles (20%). See Appendix for the motor vehicle policy.
 - iii. Furniture (10%)
 - iv. Office Equipment (computers, printers, etc) (25%)

6.0.4. **Budgets.**

- a. Budgets shall be prepared on or before the 15th of each month when schools close.
- b. Analyse variances between budget and actual and take corrective action.

6.0.5. **Filing**

- a. Ensure that all supporting documents are filed as recommended.

6.1. REPORTS TO THE FINANCIAL ADMINISTRATOR.

6.1.1. The Bursar shall produce the following monthly, termly and yearly reports:

- a. Receipts and Payment (Cash Flow Statement)
- b. Income and Expenditure (Income Statement)
- c. Balance Sheet (Statement of Financial Position)
- d. Notes to the Financial Statements.
- e. See Appendix for formats.

6.2. Procedures on Preparation of Financial Statements

- 6.2.1. Financial Statements shall be produced on an accrual basis.
- 6.2.2. The frequency of Financial Statements preparation shall be monthly, on or before the 15th of the following month.
- 6.2.3. The term financial statement shall be produced on or before the 15th of each month when schools close, the term is made up of 4 months e.g. Jan-April.
- 6.2.4. The Annual Financial Statements shall be produced on or before 45 days after the year end. The schools year end is December but that of the church is April. So the school shall consolidate term 2, 3 and term 1 of the following year e.g. term 2 20X1 plus term 3 20X1 and term 1 20X2.

Appendix: Formats

Matrix of Signatures

Requisition Form	Order Form	Payment Voucher	Bank Cash Requisition
<ul style="list-style-type: none">• HOD• Buyer (claimant)• Accounts Clerk	<ul style="list-style-type: none">• HOD• Buyer (claimant)• Accounts Clerk• Bookkeeper• Bursar• Deputy Head• Head	<ul style="list-style-type: none">• Bursar• Deputy Head• Head master	<ul style="list-style-type: none">• Head• Treasurer• Bishop• Any Bank Authorized Signatory

Statement Of Receipt & Payment Account

Balance brought forward 5,000.00

Receipts			Notes		
1,001	School Fees		1		35,000.00
1,002	Tuck-shop		2		5,000.00
1,003	Bakery		3		2,000.00
1,004	Grants		4		3,000.00
1,005	Donations		5		3,500.00
1,006	Other receipts		6		4,500.00
Total Receipts					58,000.00
Payments					
2,001	Boarding Food		7		5,000.00
2,002	Salaries & Benefits		8		12,000.00
2,003	Administration Expenses		9		6,500.00
2,004	Power & Energy		10		3,500.00
2,005	Water & Sanitation		11		1,200.00
2,006	Academic Expenses		12		2,100.00
2,007	Vehicle Expenses		13		2,200.00
2,008	Repairs & Maintenance		14		4,500.00
2,009	Sports & Entertainment		15		3,100.00
2,010	Property Insurance & Protection		16		2,500.00
2,011	Travel		17		2,200.00
2,012	Capital Expenditure		18		200.00
Total Payments					45,000.00
Closing Balance					13,000.00

Represented by:

Cash on Hand	4,000.00
Cash at Bank	9,000.00
	13,000.00

The codes on the left of headline items represent accounts as they should appear in Pastel

Receipts

1 School Fees

These are receipts of any form of fees received.

2&3

Tuck-shop & Bakery

As per other Church Income generating projects, the Tuck-shop should declare dividends
At least every term at 50% of net profit.

4&5

Grants & Donations

Receipts for the particular reporting period

6 Other receipts

Any other receipts that do not constitute a major source of income.

Payments

7 Boarding Food

Meat

Mealy-meal

Any line of expense that the school may wish to separately analyse

8 Salaries & Benefits

Ancillary staff
salaries

Teaching staff

Responsibility
allowances

Education
allowance

Pension

Medical Aid

9 Administration Expenses

Church Levy

NASH

BSPZ

Farm levy

Bank charges

Education office

Audit fees

Treasurer's office

Telephone & Cell

Adverts

Courier & Postage

Stationery

Computer

expense

10 Power & Energy

Zesa

Generator fuel

Maintenance of
generator

11 Water & Sanitation

Pump repairs

Chemicals

E.M.A

- safety clothing
- Sewage treatment
- 12 Academic Expenses**
 - Textbooks
 - Chalks
 - Dusters
 - Learning equipment
 - Science laboratory
 - Library
 - Home economic
 - Metal work
 - Agriculture
 - Computer laboratory
- 14 Repairs & Maintenance**
 - Hostels
 - Classrooms
 - Dining halls
 - Staff houses
- 15 Sports & Entertainment**
 - Sports trips
 - Videos
 - Fun games
- 16 Property Insurance & Protection**
 - Insurance
 - Fire extinguishers
- 17 Travel**
 - Bus fares
 - T&S
 - Out of station allowances
- 18 Capital expenditure**
 - Vehicles
 - Furniture
 - Computers

Statement Of Income & Expenditure Account

Income		Notes	
	School Fees	1	45,850.00
	Tuck-shop	2	5,000.00
	Bakery	3	2,000.00
	Grants	4	3,000.00
	Donations	5	3,500.00
	Other Income	6	4,500.00
Total Income			63,850.00
Expenditure		7	
	Boarding Food		5,000.00
	Salaries & Benefits		12,000.00
	Administration Expenses		6,500.00
	Power & Energy		3,500.00
	Water & Sanitation		1,200.00
	Academic Expenses		2,100.00
	Vehicle Expenses		2,200.00
	Repairs & Maintenance		4,500.00
	Sports & Entertainment		3,100.00
	Property Insurance & Protection		2,500.00
	Depreciation		12,500.00
	Travel		200.00
	Capital Expenditure		8,000.00
Total Expenditure			63,300.00
Surplus/(Deficit)			550.00

1 School fees

Only fees charged per term per child should be entered for the reporting period.

2&3

Tuck-shop & Bakery

As per other Church Income generating projects, the Tuck-shop should declare dividends At least every term at 50% of net profit.

5&4

Grants & Donations

Grants should be used specifically for earmarked projects as designed by the source, Usually government. They should appear in the balance sheet as liabilities until fully Exhausted.

6 Other Income

This line represents income items that are real income but not major to the school.

School Garden	1,500.00
Fund Raising	500.00
Registration Fees	2,000.00
Interest	500.00
	<u>4,500.00</u>

7 Refer to your receipts and payment for detail

Statement Of Financial Position

Notes

Tangible Assets			
	Buildings	1	50,000.00
	Furniture & Equipment	2	25,000.00
	Vehicles	3	<u>35,000.00</u>
			110,000.00
Current Assets			
	Debtors	4	60,000.00
	Prepayments		2,500.00
	Stock		6,000.00
	Cash in Hand & Bank		<u>13,000.00</u>
			81,500.00
Total Assets			191,500.00
Financed by			
Current liabilities			
	Creditors	5	12,000.00
	Grants		2,500.00
	Accruals		<u>11,000.00</u>
			25,500.00
Accumulated Fund			
	Brought forward		165,450.00
	Surplus/(Deficit)		<u>550.00</u>
			166,000.00
Total liabilities & Accumulated fund			191,500.00

		Cost	Dep	Carrying Amount
1.0	Buildings	51,250.00	1,250.00	50,000.00
	Furniture & Equipment	27,500.00	2,500.00	25,000.00
	Vehicles	43,750.00	8,750.00	35,000.00
		<u>122,500.00</u>	<u>12,500.00</u>	<u>110,000.00</u>