



Landcare Notes

Keeping financial records

Reliable financial records are an essential tool in keeping tabs on your finances, while providing a useful history that will help you plan for the future and meet your legal obligations.

This Landcare Note outlines the range of financial records you need to keep and offers information on ways to do it.

What is a financial recording system?

Financial records show all transactions of money into, through and out of a group. They need to cover the income received, the banking of that money and what you have spent it on.

To keep track of the money, you need to set up a system that is organised, clear and logical – with diligent record keeping (see Landcare Notes: 4.1 Financial Management; 7.1 Keeping Records).

The books of account, also known as journals or ledgers, are used to keep the financial records, including receipt and income records, banking records and expenditure records.

You will also need to reconcile the books and for that you will need to keep the cashbook, invoices, receipts and bank account statements. This is the paper trail that allows you to reconcile group finances, evaluate cash flows, determine solvency and produce financial reports.

Accounting is the whole process of recording, reconciling and reporting while bookkeeping means just the income and expenditure recording.

How to do it?

Your group's treasurer is responsible for a wide range of financial records, including showing

how much was received, how much was spent, what it was for and who authorised it.

You should get some professional advice to develop a way of keeping records which is best suited to your needs and the needs of your donors.

Cash accounting is the simplest form of bookkeeping and as a small organisation, you may find it preferable to do cash accounting. Accrual accounting is preferable for growing or larger organisations as it gives a better representation of financial status.

Cash accounting, at its simplest, uses a receipt book and bank deposit paperwork to track income and a chequebook to track expenditure.

You could also look into doing much of your group's banking via the internet which will give you accurate records – see Landcare Note 4.3: Banking.

Primary records

Primary records need to be in books – not on loose sheets of paper. A computer-based system can be valuable in keeping and presenting records but auditors tend not to see it as a proper substitute for paper records. A hard copy of all financial transactions is still the best way of maintaining a clear audit trail.

You will need a receipt book to record all the money the group receives and these books are easily found at newsagents and stationery stores. For every transaction you need to fill in the receipt number, date, amount, who was paying you the money and what it was for. The original page goes to that person while the duplicate stays in the receipt book and is your group's record of the transaction.

Your bank deposit book records all money going into the group's bank account and must also contain the date, amount and details of each transaction. Your cheque book stubs



Landcare Notes

must contain similar amounts of detail when you are paying for something.

Supplementary records

You should keep a cash book to record the money coming in and going out. Again, these are available from newsagents and stationery stores.

The cash book has a receipt side and an expenditure side. Use the receipt side to enter details from the receipt book and subdivide the amount into appropriate subject columns. The expenditure side is entered from the expenditure records and again the amount subdivided into appropriate subject columns.

Financial statements should be used by your treasurer to report to the committee. If your treasurer is doing a monthly statement for the group, it should contain the cash book balances at the start and end of the month, the income and payments lists for the month, bank balance at end of the month and details of any uncashed cheques. Most importantly, it must balance.

Another important book to keep is an assets register. A difference is made between current assets, i.e. those in everyday use or with a life span less than 12 months, and fixed assets such as those that give benefit for more than 12 months. That list includes things such as plant and equipment, vehicles, buildings and goodwill, etc.

Back-up records

You should consider creating a back-up set of electronic books (on CD) for your financial

records so there's no risk of losing this vital information through fire or theft.

Keep these records somewhere away from where you keep the primary records and make sure the back-up copy is updated regularly, generally every three months, so they mirror your current primary financial records.

Key tools

To do a good job you will need to buy receipt books and cash books from a newsagent or stationery store while your bank will provide deposit books and cheque books as part of servicing your account.

Help sheets on financial recording are available from the *Our Community* website (see below).

Further references

Victorian Landcare Gateway:
www.landcarevic.org.au

Landcare coordinators in your region – contact your Catchment Management Authority

Our Community (2007) – Keeping the Books: Help Sheet 2; Record Keeping For Treasurers: Help Sheet 3:

http://www.ourcommunity.com.au/financial/financial_article.jsp?articleId=2205

Related Landcare Notes

This Landcare Note is one of a series. These notes provide an excellent guide for the ongoing operation of your group.

Landcare Note 4.1: Financial Management

Landcare Note 4.3: Banking

Landcare Note 7.1: Keeping Records



Victorian
Landcare
Program

Landcare Notes

Landcare Note 4.2

Acknowledgements

Compiled by the Port Phillip and Westernport
Catchment Management Authority's Landcare
Support Team

© The State of Victoria Department of Environment, Land, Water and
Planning 2016



This work is licensed under a [Creative Commons Attribution 4.0
International licence](http://creativecommons.org/licenses/by/4.0/). You are free to re-use the work under that licence,
on the condition that you credit the State of Victoria as author. The
licence does not apply to any images, photographs or branding,
including the Victorian Coat of Arms, the Victorian Government logo
and the Department of Environment, Land, Water and Planning
(DELWP) logo. To view a copy of this licence, visit
<http://creativecommons.org/licenses/by/4.0/>

ISBN 978-1-76047-259-7 (pdf/online)

Accessibility

If you would like to receive this publication in an alternative format,
please telephone DELWP Customer Service Centre 136 186, email
landcare@delwp.vic.gov.au via the National Relay Service on 133 677
www.relayservice.com.au

This document is also available on the internet at
www.landcarevic.org.au

Disclaimer

This publication may be of assistance to you but the State of Victoria and
its employees do not guarantee that the publication is without flaw of
any kind or is wholly appropriate for your particular purposes and
therefore disclaims all liability for any error, loss or other consequence
which may arise from you relying on any information in this publication.