Accounts in an envelope

Introduction

Exercising effective financial control is essential to the effective management of any project, but it does not have to be complicated. Here is a simple approach.

Keeping the records

Overleaf, there is a simple form that you can use to maintain your records. Ideally, the form should be printed on to an envelope but you could stick the form to the outside of an envelope or insert it in the envelope with the other documentation. You will need a new envelope and a new form for every month of the project.

Entering receipts

Each time you receive money, either as a cheque or cash or as a direct receipt into your bank account, enter the details, the date and the amount on the form. If there is any documentation, add a reference, say REC001, enter the reference on the form, and put the documentation in the envelope. Total the receipts at the end of the month and insert in box 1.

Entering payments

Ideally, you should only make payments by drawing a cheque; occasionally you may have to pay in cash, in which case you should draw the cash from the bank and treat it as a cheque for the purpose of record keeping. For every payment, enter the details, the amount and the date on the form. You will require documentation to substantiate every payment. This should be referenced, using the cheque number; record the number on the form. All the documentation should be put in the envelope. At the month end, total the payments and insert in box 3.

Summarising the financial position

At month end, it is now easy to calculate your financial position. The net income (or net expenditure) for the month is calculated by deducting the figure in box 3 from the figure in box 1. Insert in box 6. Add the figure in box 5 (which will be zero for the first month) to give the current position for the project and insert in box 7.

Bank reconciliation

When you receive the bank statement, you will need to check all the entries. If any of your receipts or payments have not cleared through the bank account, perhaps because they were late in the month, note the uncleared totals of receipts (box 2) and payments (box 4). The current position total (box 7) can then be adjusted to give the bank statement total (box 10). If this does not agree with the bank statement, you have an error which you will need to find and correct.

Accounts in a box

Start a new form for the new month, transfer the figure from box 7 on the completed form to box 5 on the new month. Put the envelope in a box and at the end of the project you will have comprehensive records together with all the documentation all in the same place.

Organisation:	
Month:	

RECEIPTS

Date	Details	Analysis	Ref	Amount	Cleared

	Amount	
Total receipts for month		Box 1
Total receipts not yet cleared (complete in pencil)		Box 2

PAYMENTS

Date	Details	Analysis	Ref	Amount	Cleared

	Amount	
Total payments for month		Box 3
Total payments not yet cleared (complete in pencil)		Box 4

Summary

	Amount	
Amount brought down (from previous month box 7)		Box 5
Monthly balance (box 1 – box 3)		Box 6
Amount carried forward (box 5 + box 6)		Box 7

Bank reconciliation

	Amount	
Less: uncleared receipts (from box 2)		Box 8
Plus: uncleared payments (from box 4)		Box 9
Bank statement balance (box 7 – box 8 + box 9)		Box 10