

REACHOUT! Expenses Policy

July 2010

1. Overview and objectives

This document provides guidelines and establishes procedures for employees incurring travel, entertainment and related expenses while on ReachOut! company business.

ReachOut! will reimburse all approved and reasonable expenditure incurred in undertaking company duties. The guidelines enable controlled reimbursement to take place and indicate the evidence and the authorisation required. Amendments to the policy, procedures and expense levels should only be made with reference to the senior management team.

The objectives of ReachOut! are to:

- 1 provide regular reimbursements to employees
- 2 control costs
- 3 prevent fraud
- 4 ensure that ReachOut! complies with its tax and legal obligations

The principle area of law relates to Income Tax. Under the general tax law, expense payments rank as taxable remuneration. A taxpayer may claim a deduction for expenses incurred **wholly, exclusively and necessarily** in the performance of duties of the employment. These rules are designed to satisfy Inland Revenue requirements.

It is the responsibility of the Trustees, delegated to senior management to ensure that costs are controlled and that expenses cannot be deemed to be extravagant. To set firm limits for every eventuality will always be difficult and will never suit every occasion or circumstance for expense reimbursement.

Expense Claims properly filled in and approved will be settled by ReachOut! within two weeks of processing. If they require urgent settlement, the employee should request this from the Administration Officer (currently Monique Willis) who will endeavour to comply with the request.

2. Supporting evidence

An expense claim must be supported by original receipts, invoices or similar. Items purchased by Credit card should be accompanied by an itemised receipt giving full details of VAT numbers and amounts.

Individual locations (Manchester and London) will bear the cost of all reimbursable expenses incurred by their own employees.

3. Overnight accommodation

Where possible, it will be expected that employees use hotels where a group or corporate rate has been negotiated. If this is not possible, then a common sense attitude to expense will be expected when making bookings.

Evening meals should be chosen from the fixed price (table d'hôte) menu or equivalent when available.

ReachOut! does not wish to dictate a set limit on evening meals, but claims must be reasonable and managers will not authorise any claims deemed to be extravagant.

4. Overnight incidental expenses

When staying away from home overnight on business, it is recognised that employees will be likely to incur some expenses over and above the basic costs of bed and meals.

ReachOut! will reimburse costs for drinks, newspapers and/or telephone calls, supported by receipt up to the current Revenue limits, which are:

1. UK £5.00 per night
2. Overseas £10.00 per night

Costs for videos and any other entertainment are considered taxable and therefore ReachOut! will not reimburse such expenses.

Employees are normally expected to pay Hotel bills themselves and then make a claim for reimbursement.

5. Breakfast/Lunch/Meal allowance

When a member of staff is away from the office on Company business but not staying away from home, and meets the following criteria, he can claim the reasonable excess over what he would normally spend.

- 1 The claim must be backed up by a receipt.
- 2 The employee must be absent from the office for more than half the working day.
- 3 The meal and the business location must be more than 5 miles from home and the office.
- 4 For claims for breakfast, the journey must have commenced prior to 7.00am.
- 5 Where an employee is on Company business but not staying away from home, the cost of an evening meal may be claimed against receipts if the following Inland Revenue limits are met:
 - A There must be more than 5 miles from office to home.
 - B The meal must be eaten after 7.30 p.m.
 - C The employee must have been working away from home for more than 10 hours.
 - D These are the reasonable limits set by ReachOut! for expense claims:
 - (i) Breakfast £6.00 with receipt
 - (ii) Lunch £10.00 with receipt
 - (iii) Evening meal working late away from the office £10.00 with receipt
 - (iv) Evening meal at hotel Fixed price menu with receipt

6. Business and staff entertainment

Every claim for entertaining (Staff and Business) must show the business purpose, where the event took place, plus the name and status of every person entertained. Receipts must be provided.

Where two or more ReachOut! employees are engaged in entertaining which is chargeable to ReachOut!, then the most senior person present should settle the bill.

ReachOut! will reimburse all reasonable claims for the Business Entertainment of customers/suppliers not employed or associated with ReachOut!

In most cases, the entire cost of an entertainment expense should be charged to the category 'Business Entertainment', including the costs of the staff member's meal. However, if the number of staff attending the meal exceed the number of clients, then the costs of the 'excess' staff members should be charged to 'Staff Entertainment'. For example, at a meal

for four guests and five company employees, eight meals count as Business Entertainment and one as Staff Entertainment.

Entertaining of staff, with the exception of the Christmas party, is a taxable benefit.

Any lunches provided in-house for members of staff are classified as staff entertaining and are taxable. Names of attendees should be recorded.

Business entertainment includes gifts and hospitality of any type.

When customers/suppliers stay at hotels as guests of ReachOut! their accommodation and meals will be paid for by ReachOut!

7. Domestic air and rail travel

Second Class should be used for all journeys.

All bookings for air flights should be booked online with so-called 'low cost' airlines, whenever possible. A minimum of three working days notice of airline ticket requirements is desirable.

8. Overseas air and rail travel

For travel UK, each trip must be authorised by the appropriate line manager and the most cost effective means of travel should be taken.

Three working days' notice of airline ticket requirements is desirable.

Employees should make bookings themselves and then claim reimbursement. Employees should be ready to demonstrate cost effectiveness.

Economy class should be used for all flights.

Sea travel will not normally be used where there is an alternative service by air. The use of short sea routes may be justified if due to disruption of air services or for any similar reason.

9. Foreign currency

If foreign currency is required it is often more convenient for staff to obtain this from a currency exchange or ATM abroad. ReachOut! will reimburse all costs associated with this conversion on receipt of appropriate receipts or credit card statements.

One foreign currency advance must be approved and paid before an application is made for another cash or foreign currency advance.

10. Other travel-related costs

Staff will be expected to use public transport or private taxi cars to and from the airport.

Claims may be made for reimbursement of the cost (s) of applying for a visa for staff who are required to travel overseas on ReachOut! business.

Note that the expenses process should not be used to pay an individual for work done, such as casual work. All such payments must be made via the payroll system and are liable for Income Tax and NI considerations.

11. Private Car mileage reimbursement policy

ReachOut! will reimburse Private Car mileage at the rate of 25p per mile. Employees are free to refuse to use their private car on ReachOut! business and it shall not be a condition of employment that employees are required to drive either their own car or a ReachOut! vehicle.)See the ReachOut! driver policy.

ReachOut! will not pay any fines in connection with Road Traffic Act offences nor will ReachOut! reimburse car wash or valet costs. It is the responsibility of the driver to ensure the car in his care is maintained to a reasonable level of cleanliness.

Applicable insurance for that vehicle is the responsibility of the employee to arrange.

12. Training courses

Accommodation and transport in conjunction with training courses is subject to the same rules as for other business-related travel.

13. Membership of Professional Bodies

ReachOut! will pay subscriptions to approved professional bodies on behalf of employees where an employee is requested to take up membership by ReachOut! in the interests of ReachOut!

In some cases, subscriptions paid may be taxable and the employee should be aware that they may bear the additional cost.

14. Telephone-related costs

When a private telephone is used for ReachOut! business calls, employees may claim the cost of business calls plus VAT quarterly, on submission of an itemised telephone bill.

Where significant business is conducted from a private address a separate business line must be installed and the bill addressed directly to ReachOut! who will in these circumstances pay the rental and all calls plus VAT.

15. Purchases of equipment

Subject to Line Manager's approval, various pieces of equipment, including IT equipment, may be purchased for employees' use at work or home. All such purchases should be made through ReachOut! Administration Officer (currently Monique Willis) using a Capital Expenditure form and Purchase Order and not through an Expense claim form.

When an employee leaves or changes job, equipment must be returned to the Administration Officer for redeployment.

16. Cash advances

Where cash advances are required, an employee must gain authorisation from his or her line Manager. Advances should be used for ReachOut! business only and only one advance will be permitted at a time. Advances must be settled within a calendar month using the standard expenses process.

A cash advance must be cleared before an application is made for another cash or foreign currency advance. ReachOut! reserves the right to recover any outstanding advances from any monies due to the recipient in the event of leaving.

17. Credit card fees

The annual fee for a personal credit card to be used on Company business is not refundable by ReachOut!

18. Volunteer Expenses

Volunteers should be reimbursed for the incurred cost of travelling to and from their home to the place of mentoring, provided this represents an additional cost to them (i.e. if they have a travel card which they use for all their travelling, they cannot claim the cost of travelling on ReachOut! business).

When these costs are less than £50 they can be claimed via petty cash. Receipts must be presented.

For costs over £50 volunteers should fill in an Expense Claim like other employees and process the payment through the BACCS system.