

This could cause us problems!

LOCAL AUTHORITY REVENUES

PAYMENTS—APPROPRIATION

Where several accounts are payable to the local authority by one debtor, the debtor may, when making a payment which is insufficient to discharge all the debts, appropriate the money paid to a particular debt or debts and if the payment is accepted as so appropriated it must be applied in the manner directed by the debtor.

It may be, as frequently happens, that payments are received without any indication of appropriations by the debtor and in these cases the creditor may apply the payments as he best thinks fit (*Peter v Anderson* (1814) 5 TAUNT 596). The allocation will eventually have to be communicated to the debtor but this is frequently done at the time of payment in the form of the receipt.

The debtor has first choice but his right to appropriate must take the form of a communication of his intention. This communication may be express or implied but should be clear enough for the creditor to know that his own right of appropriation cannot arise (*Stepney Corporation v Ososky* (1937) 3 All ER 289). It follows that it is not essential for there to be a specific expression by the debtor as to which account is to be credited. The intention may be gathered from other circumstances or implied by the debtor's conduct. The amount paid may so obviously relate to a specific liability that it would be an unwarranted assumption to allocate it elsewhere (*R v Miskin Lower Justices* (1953) 1 QB 533).

Once an election is made by the creditor and communicated to the debtor, it is irrevocable (*Albermarle Supply Co Ltd v Hind and Co* (1928) KB 307).

CASH RECEIPTING SYSTEMS

BASIC PROVISIONS

A modern cash receipting system should provide facilities for recording, and receipting where necessary, all payments whether received by the finance department or by other departments: It should provide control over payments received and the subsequent banking of such income. It must enable payments to be posted to individual debtor accounts (eg housing rent, rates and sundry income), and for non-debtor income to be recorded against appropriate accountancy codes.

The system must provide an audit trail and security procedures must be incorporated to prevent unauthorised actions. Facilities may be included to allow the cashier to record cheque encashments or other disbursements if these are permitted.