FINANCE

HOW TO MANAGE YOUR FINANCES

Organisations who are successful in the long term are built on sustainable finances. Managing finances are often a big challenge for organisations.

Managing Money

Do you have the right processes and practices in place to help you monitor your organisation's finances? Although managing the day-to-day finances of your organisation can seem a daunting or tedious task, it's a vital part of running a reputable and sustainable organisation.

Be organised

- Set up a routine, that works for you, to maintain control of your money month to month.
- Check your bank accounts at the end of every month to assess what you expect to have been paid in and out. If there are any differences, make sure you understand why.
- If you have stock (e.g. kit, refreshments or equipment), make sure you keep detailed stock records and do regular stock takes.

Keep personal finance separate

- Keep any personal finances separate from organisation funds. Don't mix up your money or money from the committee with the organisation's money, at best this is confusing, at worst this could lead to fraud.
- Keep receipts for all expenses and make sure these are in line with your organisation's policy on expenses.

Set up a bank account

- Most banks will allow you to do this by either going into a branch, over the phone or online.
- Using a formal bank account, rather than an individual's personal account, promotes independence and a separation between the organisation and individual.
- If possible (although it may not be with online banking) set-up your account so that you require at least two signatories when making payments, as this reduces the risk of mistakes being made or the chances of fraudulent activity taking place.

Annual accounts

- At the end of your organisation's financial year, you should prepare your annual accounts; this is typically done by the treasurer.
- Preparing your accounts is particularly important if your organisation is set up as a limited company, charity or CASC, as they have legal requirements.
- To check your annual account requirements as a limited company, visit Companies House.
- To check your annual account requirements as a charity, visit the gov.uk website
- Once you have prepared the accounts, you should ask someone independent (i.e. not the person who prepared them) to review the accounts; the person reviewing should have suitable financial knowledge and experience to do this properly.
- If your organisation is membership based, you should publish your annual accounts (or a summary) for your members to access - you could share this using your website, newsletter, by e-mail or another method that works for you and your organisation.
- Try to keep your reports simple so others can understand them.
- Transparency is a great way to promote trust within your organisation and sharing your financial position is key to this, particularly if your members pay fees and would like to see where their money is going!

BUDGETING

What is a budget?

A budget helps your organisation to plan for a healthy financial future. It is usually set for one year in advance but can be for shorter or longer periods of time.

The budget will show:

- How much income your organisation expects to receive in the next year.
- How much your organisation expects to spend in the next year.
- The predicted surplus or deficit in the next year.

In simple terms, your budget is:

TOTAL INCOME – TOTAL EXPENDITURE = SURPLUS or DEFICIT

Short term budget

Look at your income and costs for the next year. This will keep you focused on your everyday finances. You may find it useful to break this down into a quarterly or monthly budget to help you keep track throughout the year.

Long term budget

Look at your income and costs over a longer period, say the next 3 – 5 years. This will help you plan for the future and in particular, any one-off projects you want to undertake (e.g. funding for facilities or equipment).

Developing a budget for your sports organisation doesn't have to be daunting. The areas below will keep you on track.

BENEFITS OF A BUDGET

Keeps finances under control - By setting a budget, you should be able to identify potential financial difficulties before they happen, e.g. if the budget shows that the organisation is going to need to spend more than it receives in, then plans can be made to raise more income/reduce costs.

Avoid unpleasant surprises - If you set up a routine of regularly checking the organisation's actual financial performance against budget, you can immediately identify any problems and make plans to address additional costs incurred or lower income receipts than budgeted.

Help make better financial decisions - Your organisation leaders can make decisions about future expenditure based on how your organisation is performing against the budget.

Aligns the organisation's goals - The budget will be set in line with your organisation's strategic objectives and will require input from lots of people in your organisation - involving everyone helps to ensure you are working towards the same financial and strategic goals!

Motivation – A realistic budget can often motivate organisations and members to achieve their goals.

WHO SHOULD BE RESPONSIBLE FOR SETTING THE ORGANISATION'S BUDGET?

Your treasurer should take responsibility for this. They will require input from everyone - coaches, trainers, team manager, volunteers, committee members, etc., before finalising the plan. It is important to get the approval of the organisation's annual budget from the committee.

How to set a budget?

- List all possible areas of income your organisation receives.
- List all possible areas of expenditure.
- Set your draft budget by estimating the income and expenditure for each type of income/expenditure for this year.
- Any new financial information about the year ahead.
- Review and amend the draft budget following input from other members.
- Submit your budget for approval.

In Summary

- Set a realistic budget with expected income and estimated outgoings.
- Regularly review, monthly or quarterly, the financial performance against budget. Compare actual v budget
- Investigate any variations
- Discuss variations with the relevant member and get explanations
- Take action to cut spending or review opportunities to generate more income.

RESOURCE LIBRARY

Download an example budget sheet from the resource library of the British Wheelchair Basketball website.