



## **Financial Planning**

Financial planning involves the development of a plan that includes the allocation and management of finances, capital and investment in order to achieve the goals set out in the Clubs business plan. Financial plans provide clubs with an understanding of the ability to deliver activities within budgeting constraints, in addition to forecasting and planning for future requirements.

## **Annual Budgets**

Budgeting is a vital tool in effective club management. It is therefore essential that it has been drawn up to meet the clubs needs over the upcoming period, usually the next 12 months. A budget offers a better means of planning and provides greater control over its activities, therefore making the Club more transparent and accountable to its membership.

### **Drawing up a budget (See Resources)**

The following five points can be used as steps in the preparation of a budget:

1. Identify all possible sources of income and expenditure
2. Obtain estimates from all budgeted areas. Then make a careful guess as to the amounts likely to be spent and received. You may be able to use the previous year's figures to determine amounts
3. Adjustments for inflation and likely increased costs need to be made
4. For some items it will be possible to work out the amount that has to be paid or charged. This is necessary when there are large items of capital expenditure, e.g. replacing plumbing or purchasing a new piece of equipment such as a defibrillator
5. Once the income and expenditure have been estimated, draw up a draft. Income should prove slightly higher than expenditure

When a budget is being devised, it is important to make notes for the future. Predicted and actual expenditure might vary markedly in the first year, but fine-tuning over a number of years will bring the two much closer together. Notes help create a clearer idea of the thinking behind past budgets.

## **Audits**

The club's financial records will be audited each year. During an audit, a person independent of the club (such as an accountant) checks that the financial statements are a correct record of the financial position of the club at the time of the audit. A suitably qualified volunteer can audit the club's accounts, or it may be necessary to use a professional auditing service. This can be costly, so finding a volunteer who is willing to perform the audit is preferable.

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Auditing can be a lengthy process and it is a good idea to allow six to eight weeks for an audit to be completed. Your club's auditor will need:

- The club's cashbooks, written up and balanced for the year, and journals or ledgers that the club uses for records
- Bank statements for the whole year
- Copies of deposit slips and cheque butts
- Receipt books with duplicate and original copies, plus any unused receipt books
- Receipts or copies of cheques paid to your club
- Copies of minutes from your management meetings that show how financial decisions were made and agreed
- Copies of any previous audit statements
- All financial statements for the year being audited
- Any other relevant financial documents

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