



CARLISLE CRICKET CLUB INC.

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FINANCIAL MANAGEMENT POLICY

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PURPOSE

To ensure that the club's finances are handled responsibly and to enable the implementation of sound day to day financial management practices with clear parameters.

POLICY STATEMENTS

The Committee will ensure that:

- A suitably qualified person is recruited to the role of Treasurer.
- Adequate support by means of a financial sub-committee or advisory group is established if needed.
- A budget is available to purchase up to date financial software if needed.
- An approved budget for the year is determined and that expenditure is within budget.
- Sufficient income is available to meet the budget requirements.
- All funding agreements are adhered to and acquitted as required
- Monthly financial management reports are produced and presented to the next Committee Meeting
- All legal and taxation requirements are attended to and delivered on time
- An audit is completed if necessary in accordance with the Associations Incorporations Act
- Decisions regarding investment are resolved by the Committee

PROCEDURES

Carlisle Cricket Club will abide by the standard procedures listed below.

- Decide whether to use cash or accrual based accounting
- Two signatures are required on all cheques / for all accounts
- The Treasurer and more than one other Committee Member are authorised to operate the club bank accounts.
- A limit of **\$1500.00** may be authorised by the Treasurer without the approval of the committee
- Monthly Financial reports are prepared for Committee Meetings and distributed before the meeting.

- Any variances to the budget are explained to the Committee Members.
- A bank reconciliation will be undertaken at the end of each month to ensure receipts and payments balance with deposits and withdrawals.
- Appoint a suitably qualified auditor if required.
- After audit, develop a subsequent action plan to respond to the auditor's report.
- A petty cash system will be established to record petty cash transactions. Money will only be reimbursed on receipt.

Financial Management Guidance

Good financial management involves being able to review financial information, effectively manage funds, implement sound financial practises and understand your club's financial position and obligations.

Financial reporting

All organisations should produce a profit and loss account (sometimes called an income and expense account) showing the funds received and spent in a set period. Ideally organisations should produce a balance sheet, showing assets such as cash in the bank, and liabilities such as loans.

Keeping good data

Any report prepared is only as good as the data entered. For example a club has signed a contract with a tradesman to build a portable storage shed. Although no payment has been made, financial statements prepared **SHOULD** show the amount payable as a liability. If the amount payable is not included in the financial statements, the cash position looks considerably more favourable and the money could be spent, leaving the club with a shortfall.

Preparing and reviewing financial statements

Time constraints within smaller organisations, or perhaps the difficulty in finding experienced bookkeeping assistance, often results in minor errors in the financial statements. When preparing or reviewing financial statements, think about the following:

- Are there any expenses not yet paid but due soon that should be included in the financial statements? Amend the financial statements to include the amount owing.
- Has any unbanked cash on hand been included in the financial statements? Amend the financial statements to include the amount not banked.
- Are there items in the balance sheet of the financial statements that were there last year, are still there this year and you think the amounts are wrong? There may be some accounting processes that need to be performed, such as clearing last year's creditors, or depreciating assets. Go through each balance sheet item and make adjustments, or seek assistance from someone with relevant experience.

How often should reports be prepared?

Ideally, a club should produce monthly financial reports. If that's impractical, quarterly or biannually should be acceptable. External users such as banks, government and suppliers will generally only require financial statements to be provided annually. However, preparing reports less regularly means a club loses the benefits of up-to-date decision-making information. Infrequent reporting can also result in cash shortfalls, loss of source records and even fraud.

Asset management

Assets are items owned by an organisation. They can include cash at bank, merchandise, plant and equipment, and accounts receivable. As the Club President your role is to manage and monitor these assets.

Consider these tips to help administer your club's assets.

- Asset register - Do you have a register or list detailing your club's equipment including purchase date, purchase price and where it is stored?
- Lease records - If you lease equipment, do you maintain records of when the lease expires and what (if any) lump sum may be payable to acquire the equipment?
- Equipment replacement - Have you planned the cost impact of replacing ageing equipment?
- Equipment insurance - Do you have appropriate insurance for your equipment? This may not fit precisely within the role of finance director but as you maintain the asset register you will have the appropriate information to organise the insurance.
- Accounts receivable - Do you review accounts receivable to ensure that money owing is received in an appropriate timeframe?

Petty cash

All clubs will need to have cash on hand to pay for minor expenses. This is generally referred to as "Petty Cash". Best practice management of petty cash requires some form of record keeping or monitoring to ensure that money in and money out is accounted for.

Maintaining petty cash - the simplest way is to maintain a secure petty cash tin with a standard amount or “float”. The amount will vary depending on whether you need a lot of change on hand (for example if you run a canteen) or whether the cash expenses are infrequent and minor.

Petty cash should be reconciled regularly, and replenished if the amount in the tin is too low, or banked if the amount in the tin is too high. The general principle is that at most times you would like for the tin to hold roughly the float amount.

Records can be kept either via a book with columns ruled in it, or via the use of “petty cash slips” which are completed when money goes in or out of the tin. A book of petty cash slips can be purchased from most newsagents.

Tips for good petty cash practice

- When money is removed from petty cash a slip should be filled out detailing who took the money and why
- The receipt should be returned (along with any change) and stapled to the petty cash slip
- When money is added to the tin (say drink sales for the day) a slip should be filled out detailing the source of the money and the amount (eg. “\$21 drink sales”)
- On a regular basis the petty cash should be “reconciled” – ie. take the opening balance, add money in, deduct money out and check that the resulting balance is equal to the cash in the tin
- There will be times when there is little or no money in the tin. An amount equal to the required float should be withdrawn from the bank, a petty cash slip filled out, and added to the tin
- At other times there may be too much money in the tin. Take out the excess, fill out a petty cash slip and bank the excess
- When financial statements are prepared, a summary of the petty cash transactions needs to be prepared so the income and expenses can be incorporated into the financial statements.

Budgets

All clubs should have a budget. The budget is important for cash flow planning as well as for financial review. Given the seasonality of most sporting organisations, it is essential that some review is undertaken to ensure the club can pay its debts on time.

The budget can be as simple as a one page document with month columns across the top, and expected income and expenses filled in on the appropriate month. A sample budget template is available below. Also see [strategic business plan](#).

Cash flow forecast budget for the year ended 30 June

Months	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
INCOME												
Registration fees												
Event income												
Merchandising												
Sponsorship												
Interest received												
Grants												
Other income												
TOTAL INCOME												
EXPENSES												
Affiliation fees												
Hire Fee												
Accountancy and auditing fees												
Bad debts												
Bank charges												
Computer expenses												
General expenses												
Insurance												

Budget Preparation

Consider these points when preparing your budget:

- Is the timing of membership income correct?

- Despite membership fees being due in a certain month, it may take another few months for all the fees to be paid.
- When is sponsorship money (if any) received?
- Some sponsors will pay a set amount each month rather than in a lump sum.
- Is the dollar value estimated for expenses realistic?
- The results from prior years may provide a guide, however some expenses may increase each year.
- Are any expenses dependent on the number of members?
- If so, the budget should be adjusted for any differences once the number of members for the year is known.
- Your budget should include initial large expenses such as stocking a canteen with drinks.
- You should ensure that there is always a minimum balance in the bank for any emergencies that arise.

FINANCIAL GLOSSARY

- Accounting period – the period of time which an organisation adopts between the production of financial statements
- Accounting standards – set of principles or standards issued by the accounting professional bodies to assist the definition and treatment of financial reporting
- Balance sheet – record of a club’s assets, liabilities and members’ funds for the organisation as at a certain date:
 - Assets – liabilities = members’ equity
 - It is a snapshot or a statement of the organisation’s financial position as at that date
- Cash accounting – an accounting basis that brings items into the accounts when they are physically received or spent
- Cash flow statement – a statement required in an annual report. Gives a summary of:
 - Cash flows from operating activities
 - Cash flows from investment activities
 - Cash flows from financing activities
- Constitution – name given to the memorandum and rules of an organisation

- Current assets – an item which in the normal course of business is expected to be turned into cash within 12 months
- Current liabilities – items which some of the assets are committed to have ie. funding in advance bank overdrafts or money set aside for leave provisions
- Current ratio – ratio of current assets to current liabilities. It is a measure of liquidity for the next 12 months
- Depreciation – accounting process used to reduce the book value of an asset over its defined useful, or effective, life
- Fixed asset – costs that do not increase as the volume/activity of your business increases eg rent
- Insolvency – when an organisation cannot pay its debts as and when they fall due
- Liquidity – the ability of an asset to be easily converted into cash with minimum delay and little or no loss of capital
- Net profit – the profit remaining after expenses, interest and accounting treatments, such as depreciation, have been taken into account
- Non-current assets – items that are not expected to be converted into cash within 12 months
- Operating profit – the profit arising from the organisation's ordinary operations
- Profit and loss – financial statement which reflects the financial results (profit or loss) of the organisation over a certain period
- Ratios – calculations of performance figures which compare one item with another, such as debt/equity
- Variable costs – costs that increase as the volume/activity of your organisation increases eg fuel costs for a motor vehicle
- Working capital – funds available for the day to day operations of the business:
- Current assets – current liabilities = working capital
- Written down value – the amount left to depreciate on a fixed asset. Often this is also called the carrying value

This section focuses on good financial management and basic financial accountability required in community clubs. Responsible financial management and recording are important tasks. Club officers should keep members well informed of the results of its activities and account for

all monies handled by the club Committee and Treasurer. The Treasurer is responsible for the day-to-day management of the organisation's financial resources. In this role the Treasurer puts into place procedures necessary to collect and record details of all financial transactions of the club.

Financial transactions are documented and these records are kept by the Treasurer. The outputs of these procedures are regular financial reports, which are presented at the Committee meetings.

Records kept

- Member subscriptions - a database of all members which includes name, contact details, occupation etc.
- Cash receipts record - a summary list of the money received according to the receipt book. To keep an accurate record, receipts should be written for every amount of money received.
- Cash payments record - a summary of the cheque book and all cash payments made.
- Register of assets includes both current and fixed assets. Current assets include cash, materials, accounts receivable (ie – money that is owed to the club) and prepaid expenses. Fixed assets include land, buildings and furniture.
- Liabilities record indicates the total monies owed by a club and includes both current and non-current liabilities. Current liabilities include bank overdrafts, short-term loans and accounts payable while non-current liabilities include long-term loans.

1.1. Records prepared

- An annual budget shows a 12-month projection of income and expenses and is one of the first and most important tasks a club should undertake. Expected expenditures are compared with anticipated incomes. [Click Here](#) for a budgeting template.
- Receipts and payments summary simply shows the amount of cash received and paid as well as the cash remaining. This summary does not show the amount owed to the club or by the club.
- Income and expense summary records an itemised amount of income received and all expenses on a monthly and annual basis.

- A balance sheet aims to provide an overview of the wealth of the club by comparing its assets (what it owns) with its liabilities (what it owes). This will indicate the net worth of the group.
- Bank reconciliation is the process at the end of a month where you check that all receipts and payments agree with bank deposits and withdrawals.

1.2. Auditing

The term audited accounts means that the financial records of the organisation have been independently checked, by a person with recognised accounting qualifications, as being a true and correct record of the financial operations and position of the organisation at that time. The treasurer must be familiar with the rules / constitution of their organisation particularly if the club is incorporated. If the organisation is an incorporated association, it is usually a legal requirement to have the accounts audited prior to the Annual General Meeting (AGM). The auditor will need to be provided with: the book of accounts, consisting of the cashbooks written up and balanced for the year, and journals and ledgers if these records are maintained:

- bank statements for the whole year
- copies of deposit slips and cheque butts
- receipt books containing the duplicates of receipts issued as well as cancelled original receipts; the auditor also needs to sight books of unused receipts
- vouchers for payments made, which should be placed in numerical sequence of cheques drawn
- access to 'paid' cheques from the organisation's bankers – unless receipts have been obtained for all payments made
- a copy of the minutes book to enable the auditor to review approvals for major items of income and expenditure
- a copy of the last audited statements of accounts
- the financial statements for the year now being subjected to audit, together with all supporting working papers
- any other records or evidence the auditor may request

1.3. Annual Returns

If an organisation is incorporated it may be required to lodge a return (copy of the annual accounts) with the appropriate state authority, usually the state Corporate Affairs Office. The accounts are to be accompanied by a certificate stating that they have been approved by the members at the AGM on a particular date. Accounting for the GST

The GST (Goods & Services Tax) is a broad based tax of 10% applied to suppliers of most services consumed in Australia. Not-for-profit clubs with an annual turnover above \$100,000 must be registered for the GST. If an organisation is registered for the GST, they must obtain an Australian Business Number (ABN), which will simplify dealings with the Australian Tax Office (ATO). A club can apply for an ABN by contacting the ATO.

The GST is payable by clubs on most goods and services sold or supplied in the course of their business. These supplies are called taxable supplies. There are other types of supplies where the GST does not have to be included in the price. These are called input-taxed supplies and GST-free supplies.