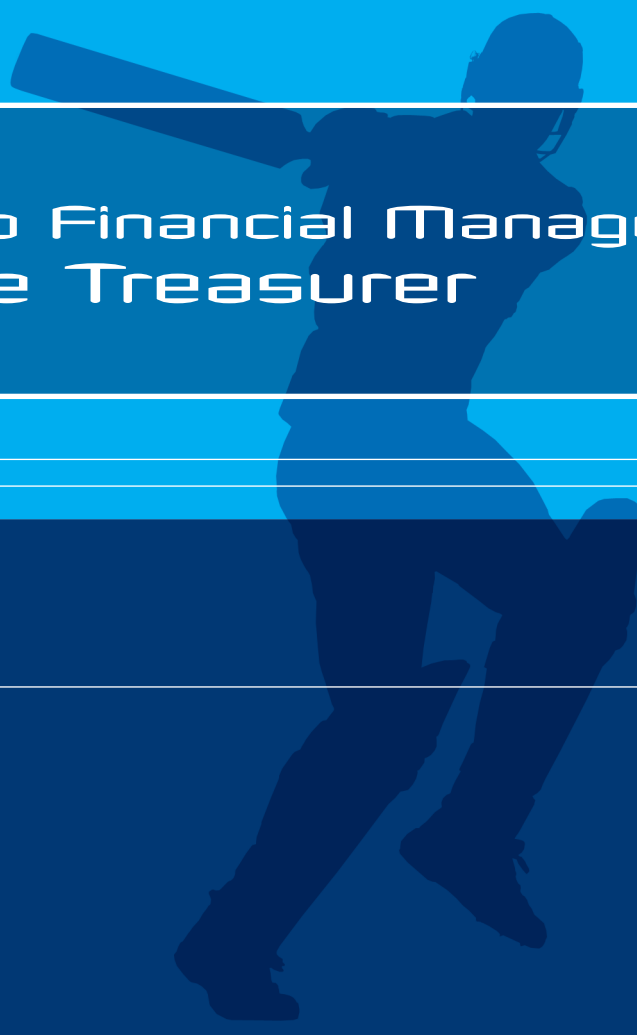




# Club Financial Management: The Treasurer



## **ACKNOWLEDGEMENTS**

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# Club Financial Management: The Treasurer

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## INTRODUCTION

Cricket clubs achieve the goals outlined in their strategic plans and deliver programmes and services to their members through the efficient and effective use of human [volunteers and employees], physical [facilities and equipment] and financial [funds] resources. Responsible management of financial resources is perhaps the most important aspect of ensuring the success of a cricket club.

Each cricket club should appoint a Treasurer who is responsible for carrying out various roles in regards to the finances of the club and report to the management committee. Selecting the right person to fill this position is crucial.

This 'Club Assist' resource focuses on accounting for and managing financial resources. Its main objectives are to:

- 1. Clarify the position and role of the Treasurer within a cricket club**
- 2. Outline the skills and attributes, and equipment needed to help the Treasurer to be successful in their role**
- 3. Provide an overview of the routine procedures of the Treasurer as the manager of the financial resources in a cricket club**

# The Position of Treasurer

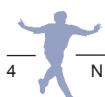
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The constitution of most cricket clubs usually requires the appointment of a Treasurer and for that person to be part of the club's management committee.

It is important the Treasurer does not act in isolation. While the Treasurer has overall responsibility for the finances of the cricket club, it is important that all the management committee members should have an input into financial management of the club. A cricket club must have a regular financial reporting system in place which ensures both support for the Treasurer and an understanding by all members of the management committee of the financial position of the club at any time. At the very least the management committee should be involved in the developing and approving budgets, keeping up to date with the financial position of the cricket club, and asking questions about the club's finances.

A Treasurer with financial experience is ideal, but not essential. If someone with such skills is not available then a person who is well organised, has integrity and an ability to work within set systems would be appropriate.

Essentially the Treasurer will act in accordance with the instructions of the management committee. The volume and nature of the work of the Treasurer depends on the size of the cricket club, the programmes, services and activities it is involved in, and whether the club owns facilities and/or employs staff.



## The Role of the Management Committee

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In regards to the financial management of a cricket club the management committee should:

- Appoint the Treasurer. Ideally this person should attend all the meetings of the management committee
- Approve the annual budget
- Agree to systems for the receipting and banking of revenue
- Agree to systems for the approval and payment of accounts. This should include a policy on the payment of accounts in cash rather than by cheque
- Agree on systems for the approval and payment of claims for reimbursement of expenses
- Appoint signatories for the cricket club's bank account. There should be a minimum of 2 signatures required on all cheques, and it is normal to have 3-4 signatories with any two required to sign. Do not allow only one signatory at any time and ensure that cheques are not pre-signed
- Agree to a policy on investments and capital expenditure
- Approve applications to funding authorities
- Approve the level of subscriptions for the year
- Approve a price list for the sale of items from the cricket club eg. food, refreshments, clothing
- Approve the appointment of bar management
- Understand the responsibilities of the cricket club with respect to IRD matters
- Agree with the Treasurer on the reports required for each management committee meeting. As a minimum this should be the current bank balance of the cricket club including any investments; accounts to be paid; accounts owing to the club and any overdue debtors; any major variation to the budgeted result for the financial year

[NB: The level of financial reporting required at each meeting will depend on the size of the cricket club]

- Approve the final audited accounts for the financial year

The cricket club's constitution normally sets out the financial year for the club. It is suggested that the financial year end at least two months prior to the Annual General Meeting [AGM]. This gives the Treasurer sufficient time to prepare the financial accounts and have them audited prior to the annual meeting.

## The Role of the Treasurer

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The person who takes on the position of Treasurer will need to know what duties they are required to perform. Just as positions such as President, Secretary and Coaching Coordinator have job descriptions so should the position of Treasurer.

The role of the Treasurer is broad. It includes day-to-day clerical tasks, the preparation of budgets, regular reports to the management committee and annual financial statements, and the making of recommendations to the management committee on the most effective use of the cricket club's funds.

The key duties of the Treasurer are often spelt out in the cricket club's constitution. These include:

- Receipting and banking of all revenues in the cricket club's bank account on a regular basis
- Prompt payment of accounts as approved by the management committee
- Filing of all financial records
- Collection and recording of subscriptions
- Working in close consultation with bar staff
- Payment of wages when required after deduction of tax [if applicable]
- Preparation and submitting of IRD returns as required eg. PAYE, GST, FBT
- Management of the cricket club's cash flow, including regular bank reconciliations
- Responsibility for the cricket club's petty cash system if one operates



- Preparation and presentation of regular financial reports to the management committee
- Preparation of an annual budget in association with the management committee for the forthcoming year showing potential sources of income and expected areas of expenditure
- Preparation of the annual accounts for audit
- Preparation of the final audited accounts for inclusion in the annual report for presentation at the cricket club's Annual General Meeting
- If the cricket club is incorporated, ensure a copy of the audited accounts is forwarded annually to the Registrar of Incorporated Societies.

Do not be alarmed if your Treasurer does not have the skills required to do all of the above. Preparing the annual accounts, for example, may require accounting assistance from outside the cricket club.

## Skills Required of a Treasurer

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A key benefit of being a Treasurer is the opportunity to develop accounting, financial and organisational skills, which can be used in personal and working life. Treasurers who are better at their jobs tend to have the following skills and attributes:

- **Honesty and integrity**
- **Enthusiasm for the task**
- **Good organisational skills**
- **A good eye for detail**
- **Able to make decisions**
- **An ability to work in a logical and orderly manner**
- **An ability to allocate regular time to maintain the cricket club's records**
- **An ability to keep good records**
- **An awareness of procedures for handling cash, cheques and other financial transactions**
- **An understanding of how bank accounts operate**
- **A willingness to learn new skills, if necessary.**

## Accounting Stationery

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The Treasurer will need the following accounting stationery to carry out their role:

- **Cheque books**
- **Bank deposit books**
- **Cash book**
- **Payment authorisation vouchers [not essential]**
- **Receipt book - numbered and in duplicate**
- **Account forms for member's subscriptions [can be produced on a computer]**
- **Petty cash book and petty cash vouchers [if required]**
- **A file for accounts payable and invoices with receipts attached [if required]**
- **A file to store bank statements**

## Bank Accounts

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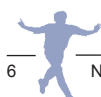
All cricket clubs will have a cheque account. This may be with any bank, although if your governing body or the cricket club itself has a sponsorship arrangement with a bank it is good practice to support that sponsor.

Cheques provide a secure method of payment and avoid the Treasurer having to carry cash to make payments.

Regular bank statements [at least monthly] should be received for the cheque account, and these should be reconciled at least monthly with the cricket club's cashbook.

When making payments by cheque it is most important the cheque butts are correctly filled in showing the date, the supplier/individual paid [the payee] and details of the expense. The cheque number should also be written on the creditors invoice or statement along with the date paid.

Cheques should be signed by at least two of the designated cheque signatories and should not be signed before all details on the cheque have been completed – do not allow the signing of blank cheques. At the time of signing the appropriate statement or invoice should be sighted and the amount confirmed with the details provided. Cheques should be crossed 'not transferable'.



Best practice is to pay all invoices and accounts from the chequebook as all expenditure will then be recorded through the bank account, providing an audit trail. It is also best practice to bank all money received promptly which reduces the risk of cash and cheques being misplaced.

Before banking money ensure the receipts written add to the amount of the banking, and note on the duplicate copy of the receipt book, at the appropriate place, the amount banked and the date banked.

If you have surplus cash in the cheque account then consideration should be given to transferring the surplus to an investment account or term deposit to derive interest.

## Cash Book

The cash book [or 'cash receipts and payments journal'] is used to record all the cricket club's receipts and payments. Receipts and cheque book butts [or payment vouchers] will provide details about the individual transactions. Keep the payments details and receipt details in different areas of the cash book, don't run them together.

The cash book records the date, the cheque/receipt number, the details of the transaction, and the amount. The amount is then also shown in the column for the appropriate category of expense [payments] or income [receipts]. For example:

### CASHBOOK EXAMPLE EXPENSE

DATE	DETAILS	CHEQUE NUMBER	AMOUNT	TELEPHONE	EQUIPMENT	RENT
01/03/02	TelstraClear	567	75-00	75-00		
15/03/02	AB Sports	568	125-00		125-00	
21/03/02	City Council	569	250-00			250-00

### INCOME

DATE	DETAILS	RECEIPT NUMBER	AMOUNT	SUBS	INTEREST	DONATIONS
10/03/02	T Duncan	123	150-00	150-00		
15/03/02	National	124	20-00		20-00	
20/03/02	CD Business	125	60-00			60-00
			230-00			



In this case the amount of the banking was \$230, and it is this figure which will relate to the bank statement.

At the end of each month:

- The figures recorded in the cash book should be checked against the bank statement and a check made that all entries shown on the bank statement are shown in the cashbook. Note that bank charges such as interest or bank fees will have been debited to your account without going through the cheque book or receipt book.
- All columns in the cash book should be added. The totals of the columns showing the category of expenses must add to the total column. Likewise for receipts.
- Reconcile the cash book to the bank account. Firstly check off your cheques in the cash book against the debits on your bank statement. Any cheques not on the bank statement are 'cheques not presented'.
- Likewise check the receipts against the credits showing on your bank statement. Any banking not showing on your bank statement are 'lodgements not credited'.

In a small cricket club the cash book is normally a manual system in a ruled multicolumn ledger. However it is a relatively simple process to set up a cash book using a spreadsheet, or for larger cricket clubs there are existing computer accounting systems around which will do all of the above.

### **To Reconcile**

**Opening Balance**

**Add** Lodgements

**Less** Payments

**Add** Cheques not presented

**Less** Lodgements not credited

**= Balance as per Bank Statement**

## Petty Cash

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A petty cash system is a convenient way to reduce the paperwork and eliminate the necessity to draw a cheque for small petty payments. However, it is not essential. It should only be operated by one individual, normally the Treasurer or the Secretary/Executive Officer.

A cheque is drawn for petty cash [eg. \$50]. Small payments [eg. up to \$10] are made from this petty cash fund and recorded. Where possible receipts must be obtained for petty cash items. On a regular basis [and probably no less than monthly] the payments are added up and when added to the cash balance on hand should agree with the original amount of the cheque.

When the cash on hand runs low a cheque is drawn to bring the balance up to the original amount, and the same procedure continues.

Remember, if you are GST registered it is possible to claim back the GST on these petty cash items.

## Payroll

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If the cricket club pays wages, such as for coaching, advice on the correct procedure for deducting and accounting for PAYE should be sought, either from an accountant or the Inland Revenue Department.

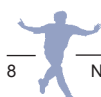
## GST

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The goods and services tax [GST] is a broad based tax of 12½% applied to the supply of most goods and services in New Zealand. If the cricket club is liable to be registered, or seeks voluntary GST registration, correct advice should be sought from the Inland Revenue Department.

If you are unsure about your obligations here, particularly whether you need to be registered or not, seek advice.

The ramifications of not meeting any of your taxation obligations can be financially damaging to the cricket club.



## Financial Planning

The Treasurer has a key role in the area of financial planning.

A budget should be prepared prior to the commencement of the new financial year to ensure all proposed expenditure is covered adequately by income. It is a good idea to prepare this budget in the same format as the financial accounts. All known sources of income should be itemised [eg. bar profit, interest, sponsorship]. Then all known areas of expenditure should be listed [eg. affiliation fees, equipment, administration expenses, trophies and prize giving, clubroom expenses]. This

helps ensure all sources of income and expenditure are included.

The budget should be submitted to the management committee for approval preferably before the commencement of the new financial year.

As part of the budget process subscriptions [if applicable] are set for the year. This may reflect the shortfall between income and expenditure [if any].

It is a good idea to budget for a surplus, rather than breakeven, as this gives the cricket club a contingency on shortfalls in actual revenue, or increased expenditure.

### Example

<b>OPERATING BUDGET FOR THE YEAR _____</b>		
	<b>BUDGET ITEMS</b>	<b>\$</b>
<b>EXPENSES</b>		
	Affiliation fees	6000
	Gear replacement	8000
	Administration expenses	1000
	Trophies and prizegiving	500
	Clubroom expenses	2000
	Sundry expenses	1950
		<b>19450</b>
<b>INCOME</b>		
	Interest	400
	Donations	300
	Bar profits	1200
	Sponsorship	4600
		<b>6500</b>
	Shortfall	12950
	Add 10% contingency	1295
	Total required from subscriptions	<b>14250</b>
	Total Members	95
	Subscription cost per member for the year	<b>150</b>



In summary the major steps in preparing a budget are as follows:

- The management committee should agree on the parameters for the budget. These should be derived from the club's strategic plan. Ideally the budget should show at least a small surplus.
- All possible sources of income and areas of expenditure should be identified and listed. The previous years financial accounts are very useful as a guide. Conservatively all expenditure should be slightly over estimated and income slightly under estimated.
- Allowances should be made for possible inflation in expenses during the year.
- The management committee should approve the budget.

Note, it may take more than one meeting to get a budget approved. It is good practice for the Treasurer to refer to the budget when providing monthly financial reports.

## Financial Reporting

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As well as the day-to-day financial operations and coordinating the budgeting process, the Treasurer is responsible for financial reporting. This role is to regularly report the financial situation of the cricket club to the management committee as well as comparing actual income and expenditure with budgeted income and expenditure.

Where the actual income and expenditure varies unexpectedly with the budget this should be brought immediately to the notice of the management committee and, if necessary, immediate remedial action taken.

Remember no management committee wants any surprises!

### A. REGULAR FINANCIAL REPORTS

A regular financial report should be prepared for management committee meetings showing income and expenditure over the previous month, a bank

reconciliation summary and a comparison of the actual year to date figures with the budgeted figures.

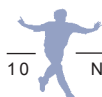
### B. END OF YEAR FINANCIAL REPORTS

At the end of the financial year a statement of financial performance [income and expenditure] for the year, and a statement of financial position [balance sheet] should be prepared for the Annual General Meeting of the cricket club and a copy of this report should be available for all members. If the constitution requires the accounts to be audited [and this is recommended for all cricket clubs] then the audited accounts should be provided to members at the annual meeting.

- **INCOME and EXPENDITURE ACCOUNT**

This shows the summary of income and expenditure for the year. The difference between income and expenditure represents either a surplus [positive] or a deficit [negative] of income over expenditure for the year.

Comparative figures from the previous year should be shown.



## Example

<b>STATEMENT OF INCOME AND EXPENDITURE FOR YEAR ENDING _____</b>		
LAST YEAR \$		THIS YEAR \$
	<b>INCOME</b>	
2,000.00	Association grant	2,500.00
5,000.00	Development funding	5,000.00
17,000.00	Subscriptions	21,500.00
515.40	Bank interest	786.32
12,237.71	Bar takings	13,874.24
550.00	Donations	425.00
	Fundraising	1,465.96
2,500.00	Sponsorship	3,000.00
1,000.00	Hire of clubrooms	700.00
1,590.50	Sale of clothing	1,987.00
<b>42,393.61</b>	<b>TOTAL</b>	<b>51,238.52</b>
	<b>EXPENDITURE</b>	
9,500.00	Development officer	9,500.00
3,125.85	Coaching coordinator	4,987.96
555.43	Telephone and fax	587.65
211.26	Stationery and postage	197.70
300.10	Photocopier	326.75
475.75	Insurance	490.02
684.42	Electricity	728.42
12,897.09	Equipment	15,569.53
865.87	Trophies	823.81
615.98	Repairs and maintenance	1,945.15
780.00	Clubrooms rental	780.00
1,875.00	Association affiliation and ground fees	1,965.00
436.68	Sundry	321.89
<b>32,323.43</b>	<b>TOTAL</b>	<b>38,223.88</b>
<b>10,070.18</b>	<b>SURPLUS [DEFICIT]</b>	<b>13,014.64</b>



- **BALANCE SHEET**

The balance sheet shows the assets that the cricket club owns and the liabilities the club owes. The difference is the accumulated funds [equity] of the cricket club. It is a summary of the financial worth of the cricket club.

Comparative figures from the previous year should be shown.

### Example

<b>BALANCE SHEET [Statement of Assets and Liabilities] for the year ending _____</b>		
LAST YEAR \$		THIS YEAR \$
<b>28,623.07</b>	<b>NET ASSETS</b>	<b>33,547.58</b>
	represented by	
	<b>ASSETS</b>	
100.00	Petty cash float	100.00
3,694.31	Cash at bank	1,689.35
15,000.00	Deposits – National Bank	21,580.25
6,876.93	Furniture and equipment	6,156.97
3,250.50	Clothing	4,675.25
<b>28,921.74</b>	<b>TOTAL ASSETS</b>	<b>34,201.82</b>
	<b>Less LIABILITIES</b>	
298.67	Creditors	654.24
298.67	<b>TOTAL LIABILITIES</b>	654.24
<b>28,623.07</b>	<b>Equals NET ASSETS [ACCUMULATED FUNDS]</b>	<b>33,547.58</b>

- **FILING ANNUAL REPORTS**

If a cricket club is incorporated, a copy of the annual accounts [with the audit report] should be sent to the Registrar of Incorporated Societies together with a certificate confirming members at the AGM have approved the Annual Financial Accounts on a particular date. The accounts should be signed in accordance with the constitution of the cricket club, this should be the cricket club Chairman/President and the Treasurer.

accounts on a voluntary basis. The auditor should not be a member of the cricket club, and definitely must not be a member of the management committee.

The auditor should be appointed at the commencement of the financial year, and as well as completing the audit at end of the year, they can be consulted for any advice required during the year. This can help ensure the records that are being prepared are correct.

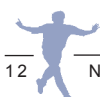
At the end of the financial year the auditor will require the following information to audit the financial accounts.

- The completed cash book and the bank reconciliation statement
- All bank statements for the year
- Copies of deposit slips and cheque butts
- Receipts books
- Vouchers [eg. invoices] for payments made and these should be filed in cheque order
- The minute book of the management committee

## Auditing

An audit provides comfort for the Treasurer and other members of the management committee. It provides an independent opinion of whether the accounts show a true and fair view of the cricket club. An audit should not be seen as a threat in any way.

It is often possible to obtain the assistance of an accountant who is prepared to audit the annual financial



to review approvals for major items of income and expenditure

- A copy of the previous year's audited financial accounts
- A copy of the current year's financial accounts
- Any other records that may be necessary to support the figures shown in the financial accounts

## Summary

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The Treasurer has a key role to play in the cricket club's success, particularly in the area of financial management. However, it is the management committee that has the ultimate responsibility for ensuring the proper utilisation of the cricket club's finances.

At all times both the Treasurer and the management committee should not be backward in seeking advice from the auditor or from an accountant if they are uncertain in regard to any aspect of their role or the financial management of the cricket club.

This Club Assist resource has endeavoured to clarify the position and role of the Treasurer, to outline the skills and attributes that may help the Treasurer be successful in their role, and to detail the responsibilities of the Treasurer as the manager of a cricket club's financial resources.



