

The budget is important for cash flow planning as well as for financial review. Given the seasonality of most motorcycling clubs, it is essential that some review is undertaken to ensure the Club can pay its debts on time.

Preparing a Budget

The following points can be used as steps in preparing a budget for your Clubs:

1. Identify all possible sources of income and expenditure. Obtain estimates from all budgeted areas and make adjustments for inflation and likely cost increases. You should also consider capital expenditure and examine areas where reductions in expenditure can be made, or identify means of raising additional funds. Sources of income and expenditure may come from the following areas:

Income	Expenditure
Membership fees	Facility hire/rental
Merchandise	Electricity
Subscriptions	Wages
Fundraising	Affiliation
Social Events	Insurance

2. After listing all possible items, define each item so that everyone understands what should be included and where money is to be correctly allocation. A definition list will also help identify any additional items needed.
3. Decide whether the Club requires a yearly or monthly budget. A yearly budget can be broken down into monthly if the Club needs to keep track of its budget each month. Remember that income and expenditure are greater in some months, therefore the estimated monthly figures may not just be the yearly figure divided by 12 months.
4. When developing budgets remember to make your targets realistic. Unachievable goals may discourage members and alienate people from being involved.
5. Your Club may have to look at its planned projects and see whether these projects can be completed within the budget. If predicted expenditure exceeds predicted income, ways to reduce expenditure or increase income must be developed.

Who should be Involved in Preparing the Budget?

Involved as many club members as the Committee of Management thinks reasonable, especially those directly involved in fundraising or spending club funds, should be invited to prepare and discuss the budget. The more people involved in the preparation the less likely that an important figure will be overlooked. The inclusion of all stakeholders in the development of the budget also helps create an atmosphere of shared ownership and responsibility. When preparing the budget analysis of the Clubs's accounts, it will provide the Treasurer with an overall perspective of cash flow and other monetary issues. In addition, the Clubs's strategic plan should be examined to identify any extra sources of income, together with the major areas of expenditure in the upcoming year.

Once a budget has been prepared it can be used to project cash flows. Money that is not required for several months can be placed into high interest, short-term investments. Having a budget in place will also lower auditing costs, as reliable financial records ease the work that the auditor must do. Naturally, the more exacting the budget is, the more efficient the Club's bookkeeping must be.

Monthly Report

The treasurer needs to prepare basic financial reports each month to be presented at each monthly meeting. By using a simple cashbook, the treasurer can reconcile the Club's accounts and draw up a list of creditors and debtors at the end of each month. This simple form of reporting contains the most basic information that the club management committee requires to assist it in making decisions.

Annual Financial Report

A statement of income and expenditure and a statement of assets and liabilities are the principal components of the annual financial report to be adopted by members at the Annual General Meeting (AGM).

These statements show the profitability and financial position, as well as the net worth, of the Association after the year's activities and should include comparisons to the previous year's figures to assist the members in determining any area of significant change between periods.

The report is based on the receipts and the payments, which have been summarised in the cashbooks. The annual reports should be issued to members with the notice of the AGM, so that members can read the information before the meeting and arrive with any questions.

If your Club is incorporated under state legislation, it is required to lodge a return (copy of the annual accounts) at the appropriate state authority, usually the Office of Fair Trading. These accounts are to be accompanied by a certificate stating that the members at the AGM have approved the accounts on a particular date. An officer of the Association must then sign this.

References

Department of Sport and Recreation New South Wales
NQ Quality Member Program