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What is a budget?

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

The budget will show:

1. How much income your club expects to receive in the next year.
2. How much your club expects to spend in the next year.
3. The predicted surplus or deficit in the next year.

TOTAL INCOME — TOTAL EXPENDITURE = SURPLUS / DEFICIT

(If your club is VAT registered all the figures in the budget will be net of VAT. Otherwise, they will be gross of VAT. For more information on VAT - see the VAT & sports clubs module)

SPORTS CLUB – BUDGET - FINANCIAL YEAR 20X2

INCOME		£
Membership fees		50,000
Fundraising activities		35,000
Sporting events		20,000
Grants		10,500
Sponsorship		8,000
Bar		12,000
Merchandise		6,000
Total income		141,500
EXPENDITURE		
Staff wages		80,000
Rent & service charges		15,000
Utilities		4,000
Insurance		2,000
Repairs		2,500
Marketing		500
Travel		8,500
Sporting events		6,000
Bar & merchandise costs		12,000
Sinking fund		10,000
Total expenditure		140,500
Surplus/Deficit		1,000

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Benefits of a budget

Keeps finances under control

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

Avoids nasty surprises

If you set up a routine of regularly checking the club'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.

Helps to make financial decisions

Your club leaders can make decisions about future expenditure based on how your club is performing against the budget.

Aligns the club goals

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

Keep people motivated

A realistic, achievable budget can often motivate club leaders and members to meet (and sometimes even beat!) the budgeted figures to sustain the club's future survival and success.

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Who should be responsible for setting your club's budget?

Your treasurer should take the lead and will require input from: coaches, trainers, general manager, facilities manager, bar manager, and committee members.

Always remember:

1. If people are involved in the budget setting process they are more likely to accept it.
2. It is important to get approval of your club's annual budget from the committee/ leadership team.

ACCEPTANCE + APPROVAL = ACHIEVABLE BUDGET

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Get on track by setting your budget (continued):

- * Will there be any new sources of income this year?
- * List each type of expenditure your Club incurs, considering:
 - * What type of expenditure did your Club incur last year?
 - * Will there be money spent on anything different or new this year?

Set your draft budget by estimating the income and expenditure for each type of income/expenditure for this year using the following sources of information:

- * Club members: coaches, trainers, general manager, facilities manager, bar manager, committee members
- * Last year's actual income and expenditure
- * New information about the year ahead

Review and amend your draft budget figures:

- * With the help of relevant club members to obtain valuable information and gain their acceptance!

Submit your budget for this year for approval:

- * By reviewing in detail with your club's committee/ leadership team

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Get on track by setting your budget:

List each type of income your Club receives, considering:

- * What type of income did your Club receive last year?

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Stay on track by using your budget effectively:

- * Regularly review (monthly or quarterly) the actual club financial performance against budget. Compare Actual v Budget
- * Investigate any variances between actual v budget
- * Discuss the variances with the relevant Club members and get explanations
- * Take action where necessary to cut spending or review opportunities to generate more income

DISCLAIMER:

Information is for guidance only and does not constitute formal professional advice. As such, no reliance should be placed on the information contained in this toolkit. Where specific issues arise in your organisation advice should be sought from the relevant expert(s) as necessary.