

Journey of a Group: Managing Your Group's Money

Overview

Managing your group's money well is crucial because it ensures financial stability, helps avoid overspending, and allows for effective planning. Good money management also builds trust with funders, donors, and members, and is essential for securing future funding. This factsheet highlights the importance of, and offers tips for, accurate financial record-keeping for groups and organisations.

Accounts and Bookkeeping

It really is important for organisations to keep accurate records of their finances. There are several good reasons for this:

1. You need to know how much money is coming in and going out. Writing it down as you go along is the best way to do this. This means you can make sure you aren't spending too much or have confidence that you can spend money on something.
2. These records will allow you to plan accurately for future years. You can use this to inform budgeting for grant applications and to know how much fundraising and grant applying you may need to do.
3. If you receive grants, funders will want to know how this has been spent and keeping accounts will make it easier to monitor. If your grants are through local or national government schemes, then this money is likely to have come through taxes and is therefore public

money. You have a duty to record how you are spending this. Furthermore, if people are giving you donations, it is in trust that the money will be spent well, and you will have records of how it is spent.

4. When you apply for grants, many funders will ask to see a copy of your latest account statement.

The simplest way to record money coming in and going out is through a “cashbook” system. This can be done on paper or on a computer spreadsheet.

See our accounting workbook that you can use to do this. The workbook has tabs at the bottom left of the screen to move between income, expenditure and accounts. There is also a tab for instructions which explains all about how to use it.

Top tips for treasurers

1. Bank and keep a record of all the money your group receives (income). From a large grant, to the sum of 50p subs paid by members, it should all be paid into the bank and recorded in a “cashbook” to give a true picture of the money you have.
2. Keep receipts for all your spending and also any documents that show that money has been given to you.
3. You should give each entry in your cashbook a record number and put the same number on the receipt. This means when things have been filed away, you will be able to find them when you need them. You may find it useful to have the cheque number on the receipt too.
4. Have a “petty cash” system. Keep a small amount of loose cash to pay for bits and pieces that it isn't really worth using a cheque for,

such as biscuits for meetings or paying volunteers' expenses. £50 at once is usually enough and you should keep this in a locked box or safe. As you should bank all of your income, the petty cash will come out of your bank account as a cheque.

5. Keep receipts for petty cash in the same way that you would for other expenditure. When you are paying expenses to people, remember to get the person receiving them to fill out a receipt or claim form.
6. Keep records of bank expenditure and petty cash expenditure separately. This means your record of money going out of your bank account can be checked against the monthly bank statement to make sure there are no errors. As you should bank all your income, the petty cash will come out of your bank account as a cheque and therefore the two should be easy to reconcile.
7. Number and file all receipts/paperwork immediately as you have recorded them in the cashbook. Filing papers quickly in a lever arch type file, in number order, ensures that you can find things easily if you're asked to produce the evidence.
8. At least every few months you should check your accounts against the bank statements to make sure the accounts are correct. If there are any errors, you can correct them before you get to the final accounts.
9. At the end of every financial year, you should produce a summary of your income and expenditure, which will be your account statement for that year. It should list all of your income and expenditure by category from your cashbook and then show a balance of how much is left from that year.

This summary makes it easy to see your overall financial position and also to share that with other group members and present at your annual general meeting. It is also the information that many funders will ask to see when you are making an application.

Further Sources:

NCVO: <https://www.ncvo.org.uk/help-and-guidance/running-a-charity/financial-management/>

Includes: Guidance, techniques and tools for managing your organisation's finances

The Charity Commission: <https://www.gov.uk/guidance/managing-charity-finances>

This factsheet is for guidance only. For any further information, guidance and support, please contact Bolton CVS on: 01204 546010 or e-mail: info@boltoncvs.org.uk