

Cricket Administrator Programme (CAP)

Financial Management

Learner Guide



Acknowledgement

The International Cricket Council warmly thanks the Oceania Sport Education Programme (OSEP) for granting us permission to use their materials and resources in the development of this training programme.

Disclaimer clause

Whilst all care has been taken in the development of this resource; the International Cricket Council (ICC) takes no responsibility for errors, omissions or inaccuracies. This resource is designed to assist ICC Members to educate their administrative staff in relation to administration; however it cannot identify all possible risks or strategies and does not purport to provide financial advice. Any matters arising from information outlined in this resource should be referred to a qualified accountant.

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Introduction

I have been involved in cricket as a player and administrator almost all my life and for many years it has been clear to me that – from local clubs to the international arena – successful teams usually have excellent support structures.

This includes good financial management and, no matter how big or small your organisation may be, it is essential that you adopt sensible financial policies and processes.

This resource provides guidance to those that are responsible for managing the finances of a cricket club. With the global investment in our sport continuing to grow, I hope the delivery of this Programme by our Members will lead to stronger financial management of cricket clubs across the world.

Most importantly I hope that administrators undertaking this module will benefit from the experience and deliver better service to their clubs and players as a result.

A handwritten signature in black ink that reads "David Morgan". The signature is stylized with a long horizontal stroke at the end.

David Morgan
ICC President

April 2009

Welcome

Welcome to the **Financial Management Module** Learner Guide of the **Cricket Administrator Programme (CAP)**.

This CAP module has been designed to improve the practical skills of community cricket administrators in better managing finances of Cricket Clubs.

The development of capable and competent cricket administrators is a high priority in the global development of cricket. It is imperative that competent and capable administrators are engaged to drive forward the sustainable growth of the game.

After completing this module, participants should be able to:

1. Understand the importance of the clubs Treasurer
2. Identify the roles of the Treasurer
3. Identify the role that financial management systems and operations play in cricket clubs
4. Understand the role of common account keeping tools
5. Understand the format, terms and purpose of bank reconciliation statements
6. Understand the format, terms and purpose of a monthly income statement
7. Understand the importance of financial reporting as part of the Annual Report
8. Show an understanding of the format, terms and purpose of an Annual Balance Sheet
9. Understand the main steps to be used when preparing a budget for a club
10. Develop an annual budget to meet the needs of their club

Please see Appendix A for a list of the Learning Outcomes for this Module



Glossary of Terms

Term	Meaning
Asset	Anything owned by a company that has business value or monies due to the company e.g. cash, equipment, debtors
Balance the budget	When income equals expenditure the budget is balanced
Budget	Statement of planned expenditure and income
Capital	Wealth including money and property owned, used or collected by a company
Creditors	People or businesses you owe money to for goods or services
Debtors	People or businesses who owe money to your club
Expenditure	Payment of cash or cash equivalent against an invoice , receipt or other such document
Expense	Costs of running the club, e.g.: wages, rent, phones and all other payments
Fiscal Year	The period of time for financial reports. Usually a 12 Month period
Income	Goods or cash received or to be received
Invoice	Written or electronic notice of payment required, money owed
Liabilities	What the club owes (short & long term) e.g. loans, bank overdraft
Loss	When expenditure is greater than income
Receipt	Written or electronic record of payment made
Revenue	Items of value received by the club e.g. grants, membership fees
Petty Cash	A small amount of cash kept on hand by the club for incidental expenses
Profit	When income is more than expenditure
Reserve	Funds that are set aside by a club for emergencies
Stakeholder equity	Original members' capital (initial investment) and built up profit over the history of the club
Strategic plan	A document outlining what a club wants to achieve (its goals), how it will achieve these and when it will be done
Treasurer	The person whose role it is to manage the finances of the club
Types of Statements and Reports	
Balance Sheet	Statement of the financial position of the club at a particular point of time
Cash Flow Statement	A financial statement that shows by month or quarter the available cash in the club. It helps the club understand where it's money is coming from and how it is being spent
Income Statement	Statement that indicates whether an organisation has made or lost money over a period of time
Book of Records	
Chart of Accounts	Name of all the financial accounts used by the Treasurer
General Journal	A book to record all financial activity by date
General Ledger	Main record book of the club. Keeps all income and expenditure by individual account

Section One

Simple Finance Systems



Activity 1.1

Let's have a look at the example Treasurer's job description in Appendix B, how similar is this example to the role of your club Treasurer?



Activity 1.2

What type of cash recording system does your club use?



Activity 1.3

What are the simple things you think a Treasurer should be able to do?



Activity 1.4

Why is it unwise to use money without it first being banked?

10 commandments for the club Treasurer

1. Issue receipts for all money received
2. Promptly bank all money received
3. Find the safest and most productive place to bank the club's cash
4. Do not pay out any money without the authority of the committee
5. Do not issue petty cash without receiving a voucher
6. Clearly distinguish between capital, revenue and expenditure
7. Record receipts and payments clearly and accurately
8. Make sure that the balance shown on the bank statements can be reconciled to the balance in the cashbook
9. Report the past, present and future financial progress and position of the organisation to all committee meetings and the AGM
10. Faithfully discharge your responsibilities to the club committee, its members, its sponsors and others with whom it does business

Petty Cash

Petty cash is commonly used to reimburse small items of **expenditure**, such as milk, tea and coffee, pen, whistle etc. Managing and recording **petty cash** in a club is very important. A recommended system for **petty cash** is as follows:

Getting Started

- Designate a custodian for the petty cash fund
- Determine the required amount of petty cash based on the needs of the club. This amount is called the petty cash float
- Maintain a separate petty cash journal to record cash transactions. The petty cash journal should be balanced regularly (as necessary)
- Petty cash should be kept in a locked metal cash box that is used solely for the purpose of storing the petty cash

Petty Cash Voucher

For every organisation-related expense a form known as the **petty cash** voucher must be completed before making payment. The vouchers should be numbered sequentially and include space for required information such as date, amount, purpose, account to be charged, name of person distributing the **petty cash** and signature of person receiving the **petty cash**.

Section Two

Preparing your club budget

Introduction

A **budget** (or financial plan) is the best way of planning for the future and gives greater control over club activities. It makes the organisation more accountable to its members and can even be a motivational tool, encouraging continued financial growth through results.

Ideally, the **Treasurer** develops a **budget** for the club. The **Treasurer**, in consultation with the relevant people or subcommittees, analyses the accounts to become aware of the cash needs in various areas and checks the **strategic plan** to identify any extra sources of **income** and **expenditure** in the coming year.

The **Treasurer** then draws up a **budget** showing when money can be spent, **how much can be spent**, and when it should be held in reserve to cover future payments.

Balancing a draft budget (income equals expenditure)

It would be unusual if the first draft of your **budget** was balanced. Balancing your **budget** is when **income** equals **expenditure**. The first draft may require several adjustments to make it fit in reality. At this point, the club may have to look at its planned projects and determine whether it is realistic for them to all be done within **budget**.

If expected expenditure is greater than expected income (loss)

The biggest problem occurs if expected **expenditure** exceeds expected **income** and you make a **loss**. The club must find ways of reducing **expenditure** or increasing **income**. The first place to check is the larger items of **expenditure** and reduce them where possible.

If there is no way of cutting back costs of a particular project, then the project must be either tightened or dropped altogether. Do not attempt to go ahead without the funds to do a proper job. It is best to wait and do the project properly when you have the funds to support it.

If income is greater than expenditure (profit)

If **income** is greater than **expenditure (profit)**, you have excess cash and the situation is far happier. In that case, the management committee must consider alternative uses for the excess money. But do not spend simply for the sake of it.

Drawing up a budget

Identify all possible sources of income and expenditure for your club.

The following table shows some areas that may be relevant for your club:

Table 2.0 - Possible sources of income and expenditure

Income	Expenditure
Membership fees	Rent
Gate takings	Electricity
Hire of your facilities to others	Postage
Fundraising	Telephone
Sponsorship	Stationery
Government grants	Equipment
Donations	Trophies
	Travel
	Maintenance
	Insurance
	Catering
	Others



Activity 2.1

Fill in the income and expenditure areas in the table below that your organisation needs to include in a budget?

Table 2.0 - Possible sources of income and expenditure

Income	Expenditure



Activity 2.2

Do you know what the income and expenses are for the key budget areas for your club?
Can you fill in the table below with budget estimates for your club?

Income area	Estimated total \$ amount per year	Expenditure area	Estimated total \$ cost per year
Membership fees		Rent	
Gate takings		Electricity	
Hire of your facilities to others		Postage	
Fundraising		Telephone	
Sponsorship		Stationery	
Government grants		Equipment	
Others:		Trophies	
		Travel	
		Maintenance	
		Insurance	
		Catering	



Activity 2.3

Do you know if your club’s annual budget for last year balanced, had a profit or made a loss?



Activity 2.4

Draft annual budget

You are required to develop a draft annual budget for your club. You may like to use the examples in Appendix E as a starting point.

Note: If your club already has an annual **budget** for this financial year, please develop next year’s **budget**.

Income	\$ Amount
TOTAL INCOME	\$

Expenses	\$ Amount
TOTAL EXPENSES	\$
TOTAL (Income – Expenditure)	\$

Section Three

Financial reporting



Activity 3.1

Look at the monthly bank reconciliation template in Appendix D and the monthly profit and loss statement example in Appendix E.



Activity 3.2

a. Which financial report shows if funds, as recorded by the club, match the records of the bank?

b. Which financial report examines the club's current financial activities at a given point in time?



Activity 3.3

a. Which accounting software package does your club use?

b. Is it effective and simple to use?



Activity 3.6

You are required to develop a simple balance sheet statement for your club in the template below. You may like to use Appendix G as a starting point.

Balance Sheet for year ending 30/6/YY		
	20XX	20YY
ASSETS	\$ Value	\$ Value
TOTAL (Assets)		
LIABILITIES		
TOTAL (Liabilities)		
PROFIT/LOSS (Assets-Liabilities)	\$	\$

Well Done

You've now completed the Financial Management module of the ICC's Cricket Administrator Programme. On the following pages you will find appendices, checklists and templates. You can photocopy the checklists and templates and use when managing the finances of your own club or region.

For enquiries on other ICC education programmes please contact your National Cricket Federation or email the ICC at enquiry@icc-cricket.com

Appendix A

Learning Outcomes

On completion of the Financial Management module, of the Cricket Administrator Programme (CAP), participants should:

1. Understand the importance of the clubs Treasurer
2. Identify the roles of the Treasurer
3. Identify the role that financial management systems and operations play in cricket clubs
4. Understand the role of common account keeping tools
5. Understand the format, terms and purpose of bank reconciliation statements
6. Understand the format, terms and purpose of a monthly income statement
7. Understand the importance of financial reporting as part of the Annual Report
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10. Develop an annual budget to meet the needs of their club

Appendix B

Treasurer's job description (example)

Treasurer

The **Treasurer** is the chief financial management officer for the _____ (Insert full name of cricket club).

Responsibilities and duties

The **Treasurer** is directly responsible to the President of the _____ (Insert full name of cricket club) and members of the _____ (Insert full name of cricket club).

The **Treasurer** may chair the Finance Committee at larger clubs or associations.

The **Treasurer** is required to:

- Prepare a budget and monitor it carefully
- Keep the club's books up-to-date
- Keep a proper record of all payments and monies received
- Make sure financial reports are available and understood at all committee meetings
- Show proof that money received is banked and documentation provided for all money paid out
- Ensure that information for an audit is prepared each year and arrange the audit
- Give treasurer's report at regular meetings and when required
- Produce an annual financial report
- Send out accounts
- Pay the bills
- Develop and implement financial rules, policies, procedures and systems to ensure consistency and transparency

Knowledge and skills required

The **Treasurer** is someone who is:

- Well organised and be able to work in a logical manner
- Able to allocate regular time periods to maintain the books
- Able to keep good records
- Aware of information that is needed to be kept for the annual audit
- Honest and trustworthy

Estimated time commitment required

The estimated time commitment required as the **Treasurer** of the _____ (Insert full name of cricket club) is _____ hours per week.

The **Treasurer** is appointed for a _____ (Insert length of appointment) period.

Appendix C

Petty cash journal (example)

Date	Detail	Debit	Credit
01.07.03	Float-cheque 5678		100.00
01.07.03	Stamps	20.00	
03.07.03	Band-Aids / bandages	12.75	
15.07.03	Stationery	7.25	
21.07.03	Stamps	20.00	
23.07.03	Meeting expenses-tea/milk	9.67	
23.07.03	Deposit hall hire-seminar	20.00	
23.07.03	Balance		10.33
23.07.03	Float-cheque 5702		89.67
01.08.03	Opening float		100.00
01.08.03	Sport department sports training book	16.75	

Appendix D

Monthly bank reconciliation template

The template below shows how the bank statement is compared with the club's records of **income** and **expenditure** for the period and these should match. See page 24 for details on items below.

Monthly Bank Reconciliation Statement

Bank statement date: _____

Ending balance from bank statement: \$ _____

Add outstanding deposits¹:

(deposits you have recorded in your records but do not appear on your bank statements yet)

Deposit date	Amount	Deposit date	Amount
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____

Total outstanding deposits: \$ _____

Subtotal (bank statement balance + outstanding deposits) \$ _____

Subtract outstanding cheques²:

Cheque number	Amount	Cheque number	Amount
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____

Total outstanding cheques: \$ _____

Computed bank balance³ (subtotal – outstanding cheques) \$ _____

Cash book balance⁴ (as per your books) \$ _____

Difference⁵ \$ _____

Notes on Monthly Bank Reconciliation System

- 1. Outstanding deposits** - are deposits that you have recorded as having received in your club records but they have not yet shown up on a bank statement. For e.g. the cricket club receives a donation on 30 August which is added immediately to the club's cash book but the donation is only deposited in the bank on 1 September therefore the donation reaches the bank too late to be credited to the bank statement for the month of August.
- 2. Outstanding cheques** - are cheques that the club has issued/written from a general account that have not cleared through the bank's clearing and payment system yet usually because the people or organisation you have written the cheque to have not yet deposited it into their account. For example cheques written on 30 August are deducted immediately on the club's cash book but those cheques are likely to clear the bank account only in September after they are deposited by the people/organisation who have received them.
- 3. Computed bank balance** refers to the bank balance at the end of the accounting period after the total amount of outstanding deposits has been added and the total amount of outstanding cheques subtracted.
- 4. Cash book balance** refers to the account balance at the end of the accounting period as per the club's cash book.
- 5. Difference** refers to the difference between the computed bank balance and the cash book balance. A difference should not occur at the end of a bank reconciliation statement as the balance in both books should be the same.

Any difference between the two balances must be accounted for. Common reasons for the two not balancing include:

- An error on the part of the bank
- An error in the cash book of the club
- Timing differences that have arisen from items recorded in the cash book and not on the bank statement. Corrections should be made to ensure any difference is accounted for and both cash book and bank account balances tally
- Direct deposits, money transfers, bank interest etc being deposited straight into the bank account by third parties. These transactions need to be recorded into the cash book and then the new total in the cash book used for the bank reconciliation

Appendix E

Monthly income statement for year to date (example)

CLUB NAME / DETAILS

INCOME STATEMENT FOR MONTH ENDING: 31 March 2006						
Fiscal Year: 1 January – 31 December						
	March	March	Year to date	Year to date	Total budget	Variance % ¹
	Month Actuals (\$)	Month Budget (\$)	Actuals (\$)	Budget (\$)	For 2006 (\$)	(year to date)
Income						
Grant	700.00	850.00	3000.00	3500.00	10000.00	-14.00%
Sale of shirts	35.00	45.00	110.00	200.00	500.00	-45.00%
Affiliation fees	32.00	45.00	225.00	150.00	500.00	50.00%
Interest	1.00	1.50	2.50	5.00	20.00	-50.00%
TOTAL	768.00	941.50	3337.50	3855.00	11020.00	-13.00%
Expenditure						
Electricity	190.00	175.00	579.00	500.00	2000.00	15.80%
Stationery & postage	165.00	155.00	821.00	650.00	2000.00	26.00%
Telephone	35.00	40.00	156.00	170.00	500.00	-8.20%
Insurance	34.00	45.00	263.00	300.00	500.00	-12.30%
Equipment	73.00	84.00	655.00	700.00	1000.00	-6.40%
Repairs and maintenance	101.00	75.00	186.00	150.00	2000.00	2.40%
Cost of shirts	18.00	25.00	140.00	200.00	300.00	-30.00%
Travel	232.00	250.00	775.00	950.00	2000.00	-18.42%
Sundries	10.00	8.00	30.00	25.00	100.00	20.00%
TOTAL	858.00	857.00	3605.00	3645.00	10400.00	-1.09%
Profit/loss (Income – Expenditure)						
	-90.00	84.50	-267.50	210.00	620.00	

The 'Variance %' column is calculated by dividing the amount in the 'Year to date - Actuals' column, by the amount in the 'Year to date - Budget' column and subtracting '1' from this amount.

For example the 'Grant' line would be $3000/3500 - 1 = -0.14$.

Appendix F

Annual Income Statement (example)

Annual Income Statement

01 July 2006 - 30 June 2007

	12 months Actuals	12 months Budget	Variance
Income			
Competition fees	1,089.65	1,000.00	8.96%
Coaching	967.00	1,000.00	-3.3%
Retail Sales	1,228.00	1,528.00	-19.6%
Grants	200.00	500.00	-60%
Fundraising and travel	3010.00	2,800.00	7.5%
Raffles and donations	750.00	1050.00	-28.57%
Sponsors	5,553.00	5,000.00	11.06%
Registration and membership	3,740.00	3,287.00	13.78%
Affiliation/Association	125.00	125.00	0%
Miscellaneous Income	52.00	112.00	-53.57%
Total Income	\$16,714.65	16,402.00	
Cost of Sales			
Purchases for Resale	\$2,017.95	\$2,313.90	-12.79%
Total Cost of Sales	\$2,017.95	\$2,313.90	
Gross Profit	\$14,696.70	\$14,088.10	
Expenses			
Advertising	238.80	388.80	-38.5%
Affiliation fees	0.00	200.00	-100%
Bank charges	9.21	7.21	-27.7%
BBQ food	28.85	100.00	-71.15%
Carnival entries	754.50	857.50	-12.01%
Council rates	0.00	220.00	-100%
State govt. (incorporation)	30.00	15.00	100%
General fundraising	0.00	75.00	-100%
Insurance	277.31	327.31	-15.27%
Pool hire	2,836.30	3,420.00	-17.06%
Printing and stationery	255.00	200.00	27.5%
Registration fees	333.00	250.00	33.2%
Social events	0.00	50.00	-100%
Sundry expenses	284.60	260.00	9.46%
Postage	0.00	50.00	-100%
Trophies and prizes	0.00	800.00	-100%
Total Expenses	\$5,047.57	\$7,220.82	
Operating profit	\$9,649.13	\$6867.28	
Other income			
Interest income	\$5.41	\$6.00	-9.83%
Total other income	\$5.41	\$6.00	
Net profit / loss	\$9,654.54	\$6,873.28	

Appendix G

Simple Balance Sheet

Balance Sheet for year ending 31 December 2007		
	2006	2007
	\$ Value	\$ Value
ASSETS		
Petty cash float	20	20
Cash at bank	680	163
Deposits - Building Society	-	500
Furniture & equipment	160	520
TOTAL (Assets)	860	1,203
LIABILITIES		
Debts owed by us	82	68
Outstanding wages	26	145
TOTAL (Liabilities)	108	213
SURPLUS/DEFICIT (total assets – total liabilities)	752	990
EQUITY (Capital Account)	752	990

Checklist A

List of documents a Treasurer may prepare for AGM

Resources	Completed
1. An income statement (receipts and payments and totals from the previous year)	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. A balance sheet (assets and liabilities)	<input type="checkbox"/> Yes <input type="checkbox"/> No

Checklist B

List of documents a Treasurer may prepare for monthly committee meetings

Resources	Completed
1. Bank reconciliation	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Yearly budgets – actual v budget comparison	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Monthly profit and loss statement	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Progressive profit and loss budget for the year to date	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Cash Flow	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Balance Sheet	<input type="checkbox"/> Yes <input type="checkbox"/> No

Template A

Club Budget

Income	\$ Amount
TOTAL INCOME	\$

Expenses	\$ Amount
TOTAL EXPENSES	\$
TOTAL (Income – Expenditure)	\$

Template B

Annual Income Statement

Please note that examples for each section have been left for assistance, however you can add/change/delete them wherever needed

Annual Income Statement 01 July 20XX - 30 June 20YY

	12 Months Actual	12 Months Budget	Variance %
Income			
Competition fees			
Coaching			
Retail sales			
Grants			
Fundraising and travel			
Raffles and donations			
Sponsors			
Registration and membership			
Affiliation/Association			
Miscellaneous income			
Total Income			
Cost of Sales			
Purchase for resale			
Total Cost of Sales			
Gross Profit			
Expenses			
Advertising			
Affiliation fees			
Bank Charges			
BBQ food			
Carnival entries			
Council rates			
State Govt. (Incorporation)			
General Fundraising			
Insurance			
Pool hire			
Printing and stationary			
Registration fees			
Social events			
Postage			
Trophies and prizes			
Travel			
Total Expenses			
Operating Profit			
Other Income			
Interest income			
Total other incomes			
Net Profit/Loss			

Template C

Bank Reconciliation

Monthly Bank Reconciliation Statement

Bank statement date: _____

Ending balance from bank statement: \$ _____

Add outstanding deposits¹:

(deposits you have recorded in your records but do not appear on your bank statements yet)

Deposit date	Amount	Deposit date	Amount
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____

Total outstanding deposits: \$ _____

Subtotal (bank statement balance + outstanding deposits) \$ _____

Subtract outstanding cheques²:

Cheque number	Amount	Cheque number	Amount
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____

Total outstanding cheques: \$ _____

Computed bank balance³ (subtotal – outstanding cheques) \$ _____

Cash book balance⁴ (as per your books) \$ _____

Difference⁵ \$ _____

Notes on Monthly Bank Reconciliation System

1. **Outstanding deposits** – are deposits that you have recorded as having received in your club records but they have not yet shown up on a bank statement. For e.g. the cricket club receives a donation on 30 August which is added immediately to the club's cash book but the donation is only deposited in the bank on 1 September therefore the donation reaches the bank too late to be credited to the bank statement for the month of August.
2. **Outstanding cheques** – are cheques that the club has issued/written from a general account that have not cleared through the bank's clearing and payment system yet usually because the people or organisation you have written the cheque to have not yet deposited it into their account. For example cheques written on 30 August are deducted immediately on the club's cash book but those cheques are likely to clear the bank account only in September after they are deposited by the people/organisation who have received them.
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Any difference between the two balances must be accounted for. Common reasons for the two not balancing include:

- An error on the part of the bank
- An error in the cash book of the club
- Timing differences that have arisen from items recorded in the cash book and not on the bank statement. Corrections should be made to ensure any difference is accounted for and both cash book and bank account balances tally
- Direct deposits, money transfers, bank interest etc being deposited straight into the bank account by third parties. These transactions need to be recorded into the cash book and then the new total in the cash book used for the bank reconciliation

Template D

Balance Sheet

Balance Sheet for year ending 30/06/YY		
	20XX	20YY
	\$ Value	\$ Value
ASSETS		
TOTAL		
LIABILITIES		
TOTAL		
SURPLUS/DEFICIT (total assets – total liabilities)		