

FM Basic B's

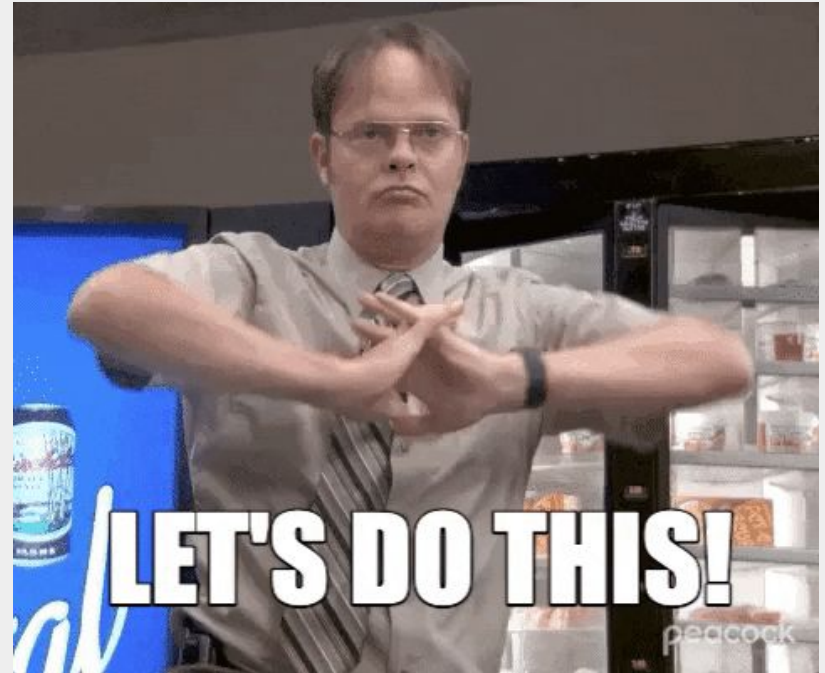
Budgeting & Bookkeeping

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Overview

- Budgeting
 - How to create a budget
 - What to keep in mind
 - Budget structure
- Bookkeeping
 - What is bookkeeping
 - How do we do it
 - Pro-tips
 - Bookkeeping tools
- Accounting
 - Financial statements



Budgeting

Budgeting

- Estimate of income and expenses for a fixed period of time
- Control tool
 - Ensure financial performance

How do we create a budget?

1. Establish long term goals
2. Analyze past reports and activity
3. Have a clear picture of our current status
4. Foresee expenses
5. Plan incomes to cover expenses
6. Analyze liquidity
 - a. Cash flow tools
7. Approval
8. Monitor
9. Review if needed!

What to have in mind

- Be realistic
- Play with the numbers
- Plan contingencies
- Think about creating a reserve
- Understand profitability
 - Make decisions!



Budget structure

General Administration

- General Administration
- Board Administration
- Network Administration
- Externals administration
- Others

Project's Budget

- JHJMCC
- HPMCC
- Synergy
- Career Launch
- ELSA Law Schools
- Youth forum
- Webinars
- Professional Development
- House Events
- Other projects

ELSA International's budget



<https://docs.google.com/spreadsheets/d/1PpgjByzNGf7Py9UxZdcOlw5fBnEZjEOWMI8MJOU89wU/edit#gid=566532344>

Discussion

New budget structure

It's time to share!

Present your National Group budget

Q&A

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Bookkeeping

What is bookkeeping?

- Recording of financial transactions
- On a day to day basis
- Producing invoices
- Archiving

How do we do it?

5 journals

- General administration
- JHJ
- HPMCC
- Other projects
- Reimbursements

Petty cash, paypal, savings accounts

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Pro-tips

- Do it periodically
- Have a method/routine
 - What works for me
 - Gather all invoices/payments
 - Organize them
 - Proceed to pay them/ check if they are paid
 - Bookkeep them
 - Archive them

Bookkeeping tools

Accounting softwares

- Octopus
- Wave
- Odoo

Excel



Roundtable

What bookkeeping tools do you use in your National Group, and what tool do your Local Groups use?

Accounting

What is accounting

Bookkeeping itself just allow us to keep track of our financial operations. We need to use other tools and statements that allow us to interpret this information

Accounting!

“The process of recording, assessing, and communicating financial transactions helps individuals and organisations understand their financial health and their legal obligations at the same time”

- Cash flow statements
- Profit and loss statement
- Balance sheets

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Bookkeeping vs. Accounting

- Bookkeeping:
 - Recording financial transactions;
 - Posting debits and credits;
 - Producing invoices;
 - Maintaining and balancing subsidiaries, general ledgers, and historical accounts;
 - Completing payroll.
- Accounting:
 - Preparing adjusting entries (recording expenses that have occurred but aren't yet recorded in the bookkeeping process);
 - Preparing the ELSA Group financial statements;
 - Analysing costs of operations;
 - Completing income tax returns;
 - Understanding the impact of financial decisions.

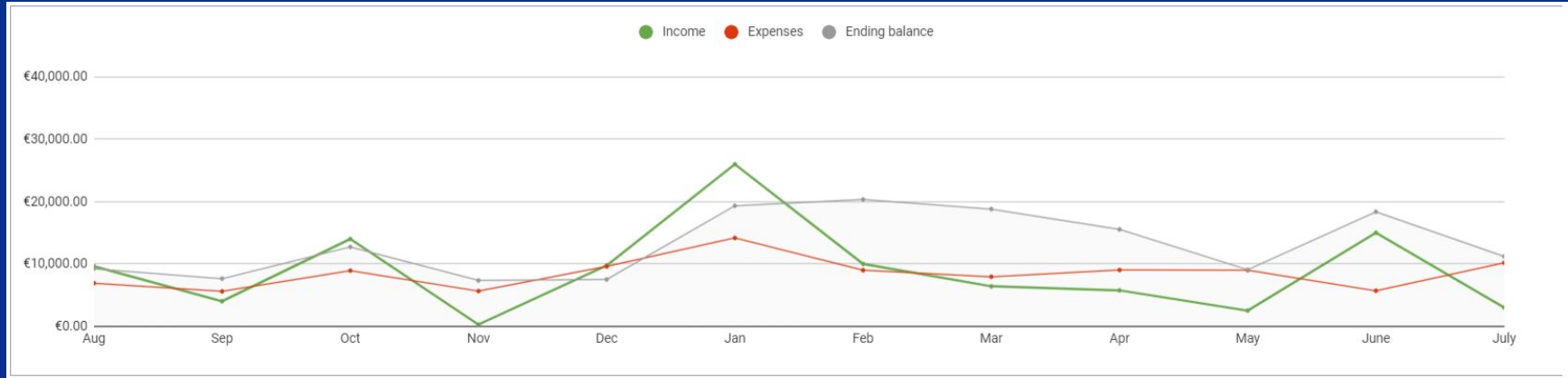
Profit and loss account

PROFIT AND LOSS ACCOUNT		
Items	Previous year	Actual year
Revenue (+)	5000	6000
Changes in finished goods (+)		
Supplies (-)	-600	-700
Other operating income (+)	300	1500
Personnel expenses (-)	-500	-600
Other operating expenses (-)		
Provision surpluses (+)		
Other gains/losses (+/-)		
Profit/(loss) from operations	4200	6200
Financial income (+)	60	60
Financial costs (-)	-300	-350
Net finance income	-240	-290
Profit before tax	3960	5910
Income tax (10%)	396	591
Profit/loss for the year	3564	5319

Balance sheet

BALANCE SHEET				
Assets	6,250.00 €		Liabilities	500.00 €
Fixed or Long Term Assets	0.00 €		Fixed or Long Term Liabilities	0.00 €
Current assets	5,000.00 €		Current Liabilities	500.00 €
Interest Receivable	0.00 €		Accounts Payable	0.00 €
Cash	150.00 €		Utilities payable	
Supplies	500.00 €		Tax Payable	
Inventory	600.00 €		Other long term assets	
			Net worth	4,500.00 €
			Previous year result	3,000.00 €
			Actual year result	1,500.00 €
Total	5,000.00 €		TOTAL NW + Liabilities	5,000.00 €

Cash flow statement



Q&A

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