

# 7 FINANCE QUESTIONS EVERY NEW TRUSTEE SHOULD ASK



If you're a non-finance trustee and want to know what questions an accountant would ask, these questions will make sure you're in the know about your charity's financial position.

## 1 WHAT IS YOUR CASH POSITION?

Knowing how much money the charity has in the bank and if it's a reasonable balance is really important for trustees to know.

**EXPERT TIP:** The next two questions will help you to know if the balance is reasonable!

## 2 WHAT DOES YOUR CASHFLOW LOOK LIKE?

Now you know how much money is in the bank, you need to know how long it will last.

**EXPERT TIP:** If there's a £50k cash balance the charity is in a good position if their 'cash burn rate' is only £2k per month. But if they are getting through £25,000 per month, you should raise concerns.

## 3 WHAT ARE YOUR RESTRICTED FUNDS?

The next step is finding out how much of the money in the bank is available to use, how much is restricted and how much is already committed to projects that are underway.

**EXPERT TIP:** If the charity has £50,000 in the bank but £40,000 is restricted to capital projects, then you need to focus on raising funds to run the charity e.g. back office support etc

## 4 WHERE IS THE MONEY COMING FROM?

This is important so you can get a sense of how the charity finds its funds and if there are likely to be any seasonal variations.

## 5 WHAT ARE THE BIG EVENTS I NEED TO KNOW ABOUT?

Once you've got a clear view of the cash situation, you need to know if there are any big events on the horizon that could put finances under pressure.

## 6 WHAT DOES YOUR RISK REGISTER LOOK LIKE?

You need to consider which things are the most likely to occur and which are going to have a big impact if they do turn up.

**EXPERT TIP:** You should be less worried about things that are very unlikely to happen and risks that could happen but will cost the charity £3.50 to sort out.

## 7 WHAT DO YOU WANT TO ACHIEVE?

Knowing what the charity wants to achieve in the short-term and longer-term is critical, so you can make sure the charity has the funding available support their plans and for financial forecasting.

You can read the full blog with more detail at

[WWW.CRANFIELDTRUST.ORG](http://WWW.CRANFIELDTRUST.ORG)



**OUR THANKS TO STUART WALKER FOR SHARING HIS EXPERTISE.**

Stuart Walker MBA, ACMA, is a business writer specialising in SaaS, Fintech and Financial Services. Stuart is a Cranfield Trust volunteer based in the south west and uses his accountancy skills to guide our charity clients with all aspects of financial control, planning and forecasting.

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