

A charity that lost its forecast

Thirteen weeks from a Tuesday phone call to a signed going-concern basis: how a charitable company with no cash forecast found its cash, its creditors and its decisions, in that order.

An illustration. The charity, its figures and its people are invented, to show the method in use: a wrong turn, a dilemma the method did not settle, and what it cost.

THE ORGANISATION

FORM	A charitable company
INCOME	About £2.4 million, a third of it restricted
FUNDING	Local-authority contracts and grants
SERVICES	Day services, a befriending scheme and a community-transport service
REACH	Two counties
SITUATION	A turnaround: the board knows it is in trouble, wants decisions, and will accept a tighter grip for a while

THE SHAPE OF THE OUTCOME

- Run-rate deficit from about **£280,000** to about **£40,000** a year
- Unrestricted cash at week thirteen covers about **three months** of payments
- Accounts signed on a **going-concern basis**, with a material uncertainty disclosed
- **No formal process**

PAYROLL

16 days

from the call

TRANSPORT CONTRACT

7 weeks

to renewal

STRUCTURAL DEFICIT

£280k

a year

UNRESTRICTED CASH

5 wks

on current receipts; 14 with the grant

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SOURCE

Nobody Else Is Coming, first edition (October 2026), chapter 10, pp. 32–33

REFERENCE

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1 · THE CALL

What was known on the Tuesday, and what “done” would mean

The chair rings in March. The finance manager has resigned with a month’s notice; the chief executive, who had been covering much of the finance work herself, retires at the end of the quarter. Neither departure is anybody’s fault.

The management accounts have shown a loss for each of the last four months, in a format the board stopped reading some time ago, and a trustee who looked at the bank statements over the weekend no longer believes the year will end on budget. The five opening questions produce a clock, a decision-maker, a route to the records and, after an hour, a definition of done.

THE CLOCK

16 days

to payroll; the transport contract up for renewal in seven weeks

THE DECISION-MAKER

The board

and a finance committee that has not met since the autumn

ACCESS

1 admin

on the finance system, and she is leaving

KIND OF SITUATION

Turnaround

decisions wanted; a tighter grip accepted for a while

Definition of done

- Payroll funded through the quarter
- Restricted funds verified
- A going-concern assessment the auditor can sign
- Services maintained or transferred, not abandoned
- No formal process unless the board chooses one

THE ORDER OF WORK

Cash, law, people, reputation. The order the engagement ran in, and the one to copy: the forecast first, then the duties it triggers, then the people, then what is said outside.

⚠ BEFORE THE OPERATOR ARRIVED

Wanting to reassure, the chair told the staff that payroll was “safe through the summer”. The forecast at the end of week one would show five weeks.

The first days

- Three bank accounts. The **restricted balances reconcile to the bank**: the best news of the engagement, and the first thing the funders will ask about. Unrestricted cash covers this payroll and most of the next.
- The law is a charitable company’s: Companies Act duties on the trustees, the creditor duty in prospect if the forecast confirms what the bank statements suggest, and the serious-incident guidance to be read *with* the forecast, not before it.
- The finance manager, still working her notice, is the most useful person in the building. She is asked to stay an extra fortnight at a premium, and does.
- A second administrator is added to the finance system on day one. A change of bank details on a supplier’s record, made a month earlier, is checked by phone and is genuine.
- Staff, funders and the commissioner who manages the transport contract are told what is known.

2 · DIAGNOSIS

A deficit with a plain cause, and no forecast to see it by

THE DECISIVE CONSTRAINT

No one can say what the cash position will be in six weeks, so every decision is being taken in the dark.

STRUCTURAL DEFICIT

£280k

a year, once the service lines are separated

RESTRICTED FUNDS

Intact

reconciled to the bank in the first days

FORECAST

None

the thirteen-week forecast built in week one is the first the board has seen

Where the deficit comes from

Once the service lines are separated, the cause is no mystery.

- 1 **The transport contract** was re-let the previous spring at a price that does not cover its overheads.
- 2 **The largest grant**, which had paid quarterly in advance for six years, moved to payment in arrears in the autumn.

The three risks

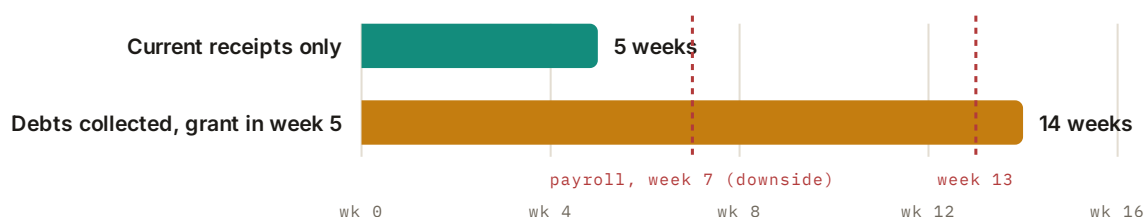
- 1 **Payroll in week seven** on the downside case.
- 2 **The transport renewal** on the same terms as before.
- 3 **A finance assistant**, told to “keep everything paid”, drawing on restricted money without realising it.

⚠️ THE GRANT

The same money, later. The largest grant had paid quarterly in advance for six years; from the autumn it pays in arrears, and the first payment on the new terms is the one the forecast turns on.

Unrestricted cash from week one: two cases, one plan

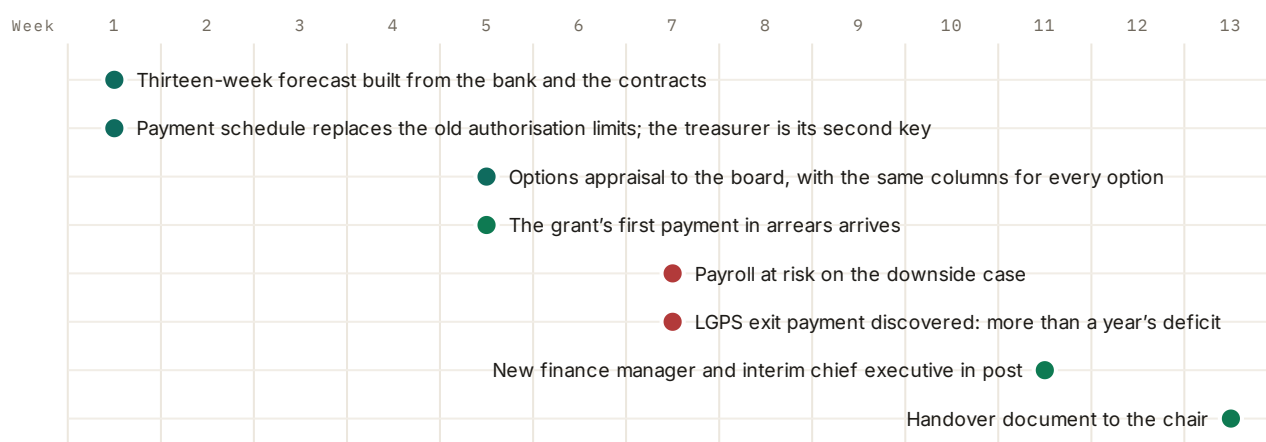
- Current receipts only
 ■ Aged debts collected and the grant arrives in week 5



Weeks of unrestricted cash from the first thirteen-week forecast, built in week one from the bank and the actual terms of each contract. The plan was built so that the base case would not have to come true.

3 • STABILISE

The thirteen weeks



Dated events in the case. In week five the board resolved to offer the commissioner a transfer of the transport service; the transfer went ahead after a three-month delay, outside this window.

Creditors, handled by class

CLASS	WHAT WAS DONE
The bank	First, with the forecast.
HMRC	A request for time to pay on a month's PAYE, made before the due date, and granted.
The landlord	Of the day centre; agrees to monthly rent.
Critical suppliers	The fuel-card provider and the minibus lessor: paid on terms, with the reason logged.
Trade creditors	The largest individually.

Controls that held

- The scenario matrix and its **triggers are minuted**, so the board knows in advance what each number means.
- The **payment schedule** replaces the old authorisation limits. The treasurer, who has signed payments for eleven years and regards the schedule as a slight on the staff, is asked to be its second key, and becomes its most reliable one.
- Once the forecast confirms that the charity's ability to operate is at risk, **the Commission is told**, with the plan.
- Nothing is said to staff or funders beyond what is known.

✓ WHAT HELD IT TOGETHER

A forecast the board had never had, a second key on every payment, and creditors spoken to before the due date rather than after it.

4 · RESTRUCTURE, EMBED, LEAVE

The options appraisal, and what the board left in place

The appraisal goes to the board in week five with the same columns for every option, so that nothing is compared with anything on different terms.

COLUMN 1 Impact	COLUMN 2 Legality	COLUMN 3 Dependencies	COLUMN 4 Evidence required	COLUMN 5 Recommendation
OPTION THAT SURVIVED	WHAT IT CHANGES		DECISION	
Reprice the transport contract at renewal, or hand it back	The contract that does not cover its overheads stops losing money, one way or the other.		RESOLVED The board offers the commissioner a transfer of the service, with its four staff, to another provider.	
Move the befriending scheme to a volunteer-led model	One paid coordinator in place of three.		KEPT, SMALLER See the dilemma overleaf.	
Consolidate two offices into one	At the lease break.		SURVIVED THE APPRAISAL	

Embed and leave

- The **going-concern pack** is with the auditor before the auditor asks: the forecast, the sensitivities, the principal risks, the post-balance-sheet events log, and the minute setting out the basis, with a material uncertainty disclosed.
- The one-page pack becomes the board's **standing finance report**.
- The **payment schedule stays**, at a higher threshold.
- A **reserves policy** with a target is adopted, with a three-year plan to reach it.
- A new finance manager and an interim chief executive are in post by week eleven; the handover document goes to the chair in week thirteen.

△ THE BLANK LINE

The options appraisal had a legality column whose **pensions line was left blank**. The four transport staff were the charity's only remaining members of the Local Government Pension Scheme; transferring them would have made the charity an exiting employer, and the fund's actuary put the exit payment at **more than a year's deficit**.

The board found out in week seven. The transfer went ahead only after the fund agreed a deferred debt agreement under which the charity keeps paying contributions: a three-month delay, and a liability that will sit in the accounts for years.

5 · WHAT IT COST, AND WHAT TO TAKE FROM IT

The wrong turn, the dilemma, and the shape of the outcome

△ WHAT WENT WRONG

On the morning of the call, before the operator had arrived, the chair told the staff that payroll was “safe through the summer”. The forecast at the end of week one showed five weeks.

Correcting it cost more trust than the bad news would have, and two of the best coordinators left the following month. The rule, say only what is known, was right, and had been broken before anyone thought to apply it.

🔗 THE DILEMMA THE METHOD DID NOT SETTLE

Whether to keep the befriending scheme at all. It lost money; it was the service the charity was founded to run; and its volunteers were the charity's best ambassadors. The numbers said close it. The purposes said keep it.

The board kept it in a smaller form, funded from unrestricted reserves for two years with a review at eighteen months, and two trustees recorded their dissent. The method could only make sure the decision was taken knowingly and written down.

Before  about £280k a year
After  about £40k a year

Run-rate deficit. Unrestricted cash at week thirteen covers about three months of payments. These figures are invented to show the shape of an outcome, not to describe one.

Copy

- The order: cash, law, people, reputation
- A payment schedule whose second key is its sharpest sceptic
- Creditors by class, reasons logged
- An options appraisal whose legality line someone fills in
- Saying only what is known

Do not copy

- The numbers, thresholds or timetable: they belong to this charity's size and funding mix
- The base case: this board got its grant in week five, and the plan was built so that it would not have mattered if it had not

Read the full case in the playbook

This brief follows the worked case at the end of chapter 10, “Crisis and cash”, of *Nobody Else Is Coming: An Operator's Playbook for Crisis, Compliance and Capital* (first edition, October 2026), pp. 32–33. The chapter sets out the method the case applies: the creditor duty after *Sequana*, the thirteen-week forecast, the levers that close the gap, creditors by class, pensions and exits.

[Open chapter 10 at the case ›](#)
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