

Putting Together a Budget

What is a budget?

A budget is a group's financial plan for the coming year. Budgets help ensure that groups have the money to do what they want to do. They also help groups make financial decisions and keep proper control rather than guessing or estimating.

Preparing the budget

Preparing an accurate budget takes time. To get the accurate figures you need and have this agreed by the group can take several months of work, so you have to make sure that you start work as soon as you can. Don't waiting for grant application forms.

Thinking it through

- What are your group's aims?
- What monies will you need to be able to achieve them?
- Think through the budget headings you will need
- Work out how much money you need under each heading

Try not to guess at any values. Either contact suppliers and try to get proper estimates or alternatively, contact other voluntary organisations or the local CVS and ask for advice. Remember a cash shortfall could mean disaster for your group.

If you employ workers it can be helpful to tie them to relevant local authority pay scales, but please make sure you have an up-to-date copy of the scales. Your local CVS can help. Don't forget when calculating staff costs to include a sum for Employer's National Insurance, pension contributions, salary increments, and annual pay rises.

Capital and Revenue

Most grant making organisations divide their grants into "Capital" and "Revenue" . Capital costs are generally one-off expenses on equipment or setting up costs. Revenue costs are the general running costs of the organisation.

If you divide your budget up under these headings, you will be able to decide where to apply to and keep track of where you are in relation to your funding needs.

Remember: when planning next year's expenditure take into account inflation and price increases that might occur! And, keep notes of how you worked out the figures – funders and committee members will ask you!

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MasterBank Factsheet : Putting Together a Budget

Income

Remember to pay attention to the income side of your budget too. Try to identify all of the possible sources of money you can tap into and put a realistic estimate to how much you might be able to get from each source.

Using the budget.

Budgets aren't just useful to help you get funding - they are your best way of making sure you are spending your money as you planned, throughout the year. It always best to compare your actual accounts to your budget every month or so. This will help you identify why spending has not gone as planned and any revisions the budget needs.

Future budgets

You should start working on the next year's budget, three or four months before the start of the next financial year. Remember to use the last budget as a guide. Remember to include any changes in your services (e.g. increased number of days per week) or any equipment that needs replacing.

Suggested budget headings

INCOME

Grants – Capital
Revenue
Subscriptions
Donations
Sales of publications
Fundraising event
Memberships

EXPENDITURE

Revenue

Wages/N.I./Pensions
Rent
Heat and Light
Postage
Printing & Stationery
Telephone
Training
Travel Expenses
Repairs and Renewals
Equipment and Cleaning
Maintenance.

Capital

Office Equipment
Computer Equip.
Minibuses etc.

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