

The information below is an overview of requirements and for further more detailed information, support and guidance etc please contact the BVA Group Development team via telephone 01256 423816 or email admin@bvaction.org.uk (please quote "BVA Group Assistance" on title).
www.bvaction.org.uk

A budget is a financial plan showing income (money coming in) and expenditure (money going out) for the year ahead.

It helps you to identify what money you need to raise to cover your costs. It also helps you to control your expenditure, monitor your fundraising, and manage your money.

No budget is ever 100% accurate. It is your best guess of what money you think you will need at the time of drawing up your plan, things can change during the year; you may have unexpected costs or even spend less on some things. You need to keep an eye on your budget and review it from time to time. The more time and thought you put into planning it, the more accurate it is likely to be.

Preparing

It can take a lot of time and effort to draw up an accurate budget. It may take several months to get all the figures together and agreed by your group. So, start work on it as soon as you can, don't leave it until you have to fill in the grant application form. This is especially true if you are a new group or the project you are applying for money for is a new venture for you, as you will have to work out all your costs from scratch.

Working out your budget

See the checklist at the end of this sheet for a list of budget headings you can use to list your income and expenditure.

Expenditure

When working out how much money you will spend during the coming year you need to take account of the following:

- Make sure that your figures are as accurate as possible. Don't just guess costs or use old figures - you might end up not having enough money. Get estimates from a few different suppliers, use catalogues, and talk to other groups running similar projects.
- Make sure you don't under cost the work as this could lead you into financial problems. But, just as importantly, don't over cost the work as this may mean that funders reject your application.
- Make sure you don't miss out any 'hidden' costs like insurance, maintenance, repairs, travel, training, heating, lighting, rent and so on.
- If you are applying for money for more than one year you need to take account of inflation, replacement of equipment and the like.

Capital and revenue costs

Capital costs are one-off purchases such as items of equipment and buildings. Revenue costs are items of expenditure that are ongoing such as rent, heating bills and travelling expenses.

Income

Your expenditure list above sets out your spending requirements. You now need to produce a similar list of all possible sources of income. Be as realistic as possible when estimating how much money you will get from each source (see checklist on the last page).

Start with the total amount you need to raise and then break it down into a series of smaller amounts, identifying where each of these amounts can be raised from. Keep a regular check on this side of your budget, as you may need to revise your fundraising targets if money is not coming in, or more has come in from a particular funder.

Reviewing the budget

Budgets aren't simply a means of getting a grant. They also act as a guide during the year as to whether you are spending your money as you had planned. Your budget will warn you if you are over spending or under spending or spending in unexpected areas.

Your group or committee should look at your budget every month to check spending against income and to review your fundraising attempts if necessary. Your budget may need to be revised.

About nine months into the financial year, you should start preparing the next year's budget. You should, by then, have a clear idea of how accurate your budget is and what adjustments you will need to make for the coming year. If you plan to make changes in the way you operate, say, increasing your activities or moving premises, make sure that you cost these changes into the new budget.

Presenting your budget to funders

You need to present a clear and detailed budget to funders. If you are writing a letter of application attach a separate budget sheet rather than putting lots of financial detail in your letter.

- Make sure your figures are broken down into separate items of expenditure - it isn't good enough just to say 'we need £5,000 to keep our service going'.
- Keep evidence of how you worked out your figures (written quotes, catalogue prices and so on) in case funders ask you how you decided how much you needed.
- Make it clear which elements of your budget you are asking that particular funder to fund if it's not the whole amount. Show what other sources of income you expect in addition to their funds.

If you are seeking revenue funding for one year then give a brief description of how you hope to raise money to keep the project going in future years.

This is a suggested Checklist and budget headings

| INCOME | EXPENDITURE |
|--------------------------------------|---------------------------|
| Council Grants for Revenue / Capital | Staff costs |
| Grants from Trusts | Rent, Heat and light |
| Grants from Companies | Postage and Printing |
| Membership Subscriptions | Stationery, Telephone |
| Donations | Transport and Travel |
| Legacies | Repairs and Renewals |
| Sale of Publications | Equipment and maintenance |
| Fees for services | Cleaning |
| Fundraising Events | Insurance |
| Bank Interest | Capital costs - equipment |