

Central England Quakers

Aide-memoire, principles of budgeting for Local Meetings – June 2010

Introduction:-

At the Treasurers and Examiners briefing meeting on 15 December 2009 I offered to provide guidelines for local Treasurers on the principles of budgeting, at an appropriate time in 2010. The “mid-year review” on 15 June seems a suitable opportunity! Some Treasurers may already be involved in budgets, and won't need any help, but these notes may be useful for others.

Why is a budget necessary?

- Preparing a budget enables you, as Treasurer, and your Meeting to have some understanding of projected income and expenditure during the coming year, and whether you are likely to end up with a surplus or deficit. If deficit, do you have the resources to cover it, or is action required to trim expenditure or raise additional funds?
- It provides the Meeting with “limits of authority” for expenditure items – in other words if the Premises Committee has an agreed budget for sundry maintenance and repairs then work that is within budget can be undertaken without special approval. However if the budget is likely to be exceeded then the implications will need to be considered carefully by the Meeting. The same principles can be applied to other activities (eg the purchase of books for a library).
- It provides a benchmark through the year for your Treasurer's reports – the question “how are we doing?” doesn't mean much unless it can be measured!

When is the best time to create a budget?

Ideally at (or even before) the beginning of the year. If you are in the habit of preparing accounts promptly, in January, the budget for the new year can be approved in tandem with the accounts.

How do I go about preparing a budget?

I suggest creating a table for the appropriate fund (if you have more than one fund), laid out as shown in the example overleaf. The right hand column lists some “things to consider” and is not part of the actual budget table. All of the figures given are fictitious, by way of a worked example. You are, of course, free to choose the headings for the various items which suit your purposes.

Start by inserting figures for receipts and payments for the previous year (estimated, if you do the work before the end of December). Round to the nearest pound – budgeting is an imprecise science, and there is no place in the process for pence!

You then need to liaise with other Friends or committee convenors to develop the budget figures. Stick to nice round numbers (see above!). I have suggested some things you might consider, but each Meeting will have different needs and procedures.

You will need to “risk assess” each figure – ie consider potential “upsides and downsides” – if necessary allow a bit of contingency for unforeseen costs, and take a prudent view of income.

You also need to have some idea of what the “bottom line” should be. Is the current bank balance acceptable, or too low/too high? Do you, as a Meeting, need to build up your reserves, in which

case you need to budget a surplus, or should you be aiming to spend what you earn? If you have budgeted a deficit, can the Meeting afford it?

You may need to revisit the individual items if the “bottom line” isn’t acceptable – maybe you cannot afford those new windows this year, or maybe you need to do some fundraising to pay for them. Do Friends need a gentle reminder that they need to support the Meeting financially, and review their giving from time to time? Is there scope for doing a bit more room hire? Should you launch an appeal for the windows, or apply to the CEQ Building Fund for a grant or loan?

This sort of dialogue is extremely valuable, and provides all the justification you need for undertaking the exercise in the first place! As you go through the year you should refer to the budget often, and check that you are “on track” – taking corrective action if not.

One last thing – it is often very difficult to forecast certain income or expenditure items, but this is not a good enough reason for giving up! Force yourself to put a figure in – if necessary write down the highest and lowest figures that seem possible, and pick something in the middle that seems to be a reasonable balance of risk.

THRIFTY QUAKER MEETING – BUDGET FOR 2010 (worked example)

RECEIPTS	2009 actual £	2010 budget £	<i>Things to consider</i>
Contributions/Donations	5000	5200	<i>Think about the impact of Friends leaving/joining the meeting, new initiatives planned by your collector</i>
Gift Aid Tax recovered	600	650	<i>As above</i>
Room Hire	1500	1700	<i>Liaise with your room hire co-ordinator re known/likely changes</i>
Sundry income	100	110	<i>Any change likely vs last year?</i>
Interest	50	40	<i>Bank balance rising, but will interest rates go up or down?</i>
TOTAL RECEIPTS	7250	7700	<i>Does this seem realistic, overall?</i>
PAYMENTS			
Grants & donations	200	250	<i>Liaise with Overseers re bursaries?</i>
Repairs and maintenance	3000	3500	<i>Ask Premises Committee to consider all known activity, plus a contingency for the unforeseen</i>
Gardening cleaning	750	780	<i>More or less work to do? Any cost increases?</i>
Utilities	1800	1700	<i>Costs rising, but will Meeting be able to make some energy savings?</i>
Insurance	400	420	<i>Assume nominal increase in premium</i>
Activities/literature/library	500	600	<i>Liaise with relevant Friends</i>
Sundry expenses	50	50	<i>Any reason this year will be different?</i>
CEQ Building Fund sub	100	100	<i>Assume same again?</i>
TOTAL PAYMENTS	6800	7400	<i>Has anything been overlooked?</i>
SURPLUS/(DEFICIT)	450	300	<i>Last chance to modify your assumptions! Do you need to review any of the above figures?</i>
OPENING BALANCE	6000	6450	<i>Opening balance as previous closing</i>
CLOSING BALANCE	6450	6750	<i>Opening balance plus surplus</i>

Prepared by James Bradbury: June 2010