

BUDGETING AND REPORTING **TO THE PCC**

– A SIMPLE GUIDE **CONTAINING:**

- **BASIC GUIDELINES ON WHAT IS A BUDGET**
- **HOW TO PREPARE A BUDGET**
- **HOW TO REPORT TO THE PCC IN A VARIETY OF WAYS**
- **SAMPLE PROFORMAS**



INTRODUCTION

This guidance sets out the basic information that PCC's need to know to set up a budget each year. Although budgets are not necessary under either Church Accounting or Charities Act regulations, the PCC needs to ensure that it has control over the income and expenditure at its disposal, and budgets are recommended as good practice. Setting an annual budget, and learning how to monitor it, is a good way to exercise some of that control.

Income and expenditure do not always match each other month by month. There will be some periods during the year when either money is being drawn from the bank as expenditure exceeds income, or some periods when income exceeds expenditure and cash balances increase. Preparing a cash flow forecast will help the PCC to understand these issues and to be able to meet any bills when they become due. Money in the bank does not always mean a surplus position is present, as there could be substantial expenditure to be met in later months from that money.

Many PCC's do not understand (or want to?...!) monetary matters. It is therefore necessary to make any reports to the PCC simple, understandable, and informative, so that decision making is easier.

On occasions, PCC's may have specific requests about their own particular circumstances as this document cannot possibly cover every eventuality. **If, after reading this guidance, treasurers or PCC members feel that they need further guidance, or more help specifically aimed at their individual parish circumstances, we recommend they contact the finance team in the first instance at the diocesan office who will be pleased to help you.**

DISCLAIMER

Whilst every care has been taken in providing this advice, it is given on the distinct understanding that the Rochester Diocesan Board of Finance cannot accept responsibility for it.

This booklet is for guidance only and is not comprehensive. It is not a statement of law and has no legal force.

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WHAT IS A BUDGET?

Definition of a budget

The Chartered Institute of Management Accountants defines a budget as:

'A plan expressed in money. It is prepared and approved prior to the budget period and may show income, expenditure and the capital to be employed. It may be drawn up showing incremental effects on former budgeted or actual figures or be compiled by using zero-based budgeting.' (CIMA Official Definitions)

It is therefore an estimate of the income and expenditure for a given period. It is more common to look at estimating the expenses first, so that the amount of income required to meet them can be calculated and the sources of income can be identified, most of which in a church setting is likely to come from parishioners.

What is the purpose of a budget?

There are 5 main purposes to budgeting:

- To **co-ordinate** the activities of all the different parts of an organisation into a single master plan
- To **communicate** the ideas, plans, aims and objectives to everyone affected by them
- To establish a system of **control** by having a plan against which actual results can be compared
- To **compel planning** so that the organisation is not living hand-to-mouth and has an idea of purpose.
- To **motivate** by encouraging people to raise their targets and standards

However a budget may mean different things to different people:

- As a **forecast** of the most likely future for the organisation
- As a means of **allocating resources**
- As a **yardstick** to compare actual performance
- As a **target** for achievement

Why does your Parish need a budget?

Without a budget it is very difficult to know at any stage whether there is sufficient money to meet current costs that will need to be met, or whether

additional activities that the PCC may wish to undertake can be financed without additional resources. In addition, if there are insufficient funds, will the extra required come in? What has happened before? Will you know if you need to cut back expenditure or obtain additional income? How can you identify this? What does the bank statement tell you about where you are?

It is therefore good practice to estimate the total expenditure for a period of time, such as each calendar year, in advance. This enables the PCC to:

- establish authority for expenditure
- stimulate and support parish planning
- enable the PCC to identify different priorities
- generate a deeper understanding of the life of the church
- identify the total income needed and the amount to be raised from giving
- provide an early warning system to the parish if difficulties arise

What should you budget for?

Any activity that the parish wants to carry out should be budgeted for, although there are several main areas of activity:-

- The general income and expenditure budget (the general fund budget) for parish running costs which is usually budgeted for on an annual basis
- Restricted income and expenditure budgets or other parish activities budgets, for example youth work, or church hall management
- Special budgets – such as a restoration programme or outreach campaign either of which may last a number of weeks or months
- One off events – such as a celebratory concert or church weekend away

Each of these should be budgeted for so that the proposed income and expenditure of all church activities can be identified. They may get consolidated into the annual general budget, or be independent. It is important for the PCC to know what is going on and to exercise any necessary controls as appropriate.

Should a budget be monitored?

Yes. Rarely will a budget be 100% accurate. During the budgetary period expenditure will vary because of various unknown factors, for example:

- An unusually mild or severe winter can radically change expenditure on fuel
- Emergency repairs to buildings can cause significant unplanned expenditure
- The appointment of additional staff

In addition, income may vary because of some of the following reasons:

- An increase or decrease in the size of the church 'family' who contribute or a change in their circumstances
- Receipt of a legacy
- Reduction of fees due to less weddings and funerals taking place

What types of budget are there?

Although there are many different variations, most budgets fall under two main methods,

- Incremental budgets – where costs are based on the previous years figures and increased to take into account increases in costs. Most useful for 'fixed' costs, such as staffing, gas, electric, etc.
- Zero-based budgets – where each cost element needs to be separately justified as though the activity were being undertaken for the first time. Most useful for 'variable' costs, such as repair costs, cost of services etc. This method is also useful to quantify activities that do not necessarily need to happen.

It is quite usual for a budget to be based on a combination of both these methods.

HOW TO PREPARE A BUDGET

When is the time to plan a budget?

Depending on what is being budgeted will determine when best to prepare. The later a budget is prepared, the more accurate the information contained in it will be. Preparing too early and the ideas of plans may not have been sufficiently formulated.

For the annual budgets the best time is usually the autumn prior to the budgetary period in question. Many major costs such as parish share and stipend costs will not be known until then. In addition the PCC may need to give a steer as to what increases in pay they think will be appropriate, and those may not have been discussed before the autumn.

For one-off events, such as a weekend away, or a concert, the best time to prepare is sufficiently before the event to allow the PCC an opportunity to reflect on the options that may be available, but sufficiently close to the event so that the details and figures are as accurate as possible.

On what do you base a budget? – the 3 ‘Ps’

A budget should be prepared by:

- Reviewing the **past**
- To see whether the same holds true in the **present**
- And using that information to **predict** forward to the future

Start with the previous year's income and expenditure – last years final accounts is the best starting place. Much church expenditure does tend to be of a regular nature. From these figures and the most up to date information and indicators for the current year in progress, calculate any known changes or trends in parish share, stipend costs, fuel, wages etc. for the new budgetary year. Some increases (e.g. parish share, stipends, electricity) should be published in advance but others (e.g. staff wages) will be controlled by the PCC. It is often best to lay this all out by creating a simple budget template. I would suggest you round all figures to the nearest £10.

What other information do you need to produce the budget?

In preparation for the following year's budget, you should consult the PCC about:-

- Major expenditure planned during the budgetary year (e.g. replacement hymn books or equipment)
- Changes of staffing, such as the appointment (or resignation) of a new curate, administrator or youth-worker
- Specific appeals to cover major capital expenditure
- Accumulation of reserves for future expenses or planned use of reserves to cover planned expenditure
- The church's giving to Missions/Charities. Some PCC's plan to give away agreed percentages of current year or previous years income or elements of income
- Any other expenditure which needs to be provided for (e.g. Church Repair Fund contributions, repayment of interest or capital on loans, the underwriting of Church retreats/house parties)
- Known changes in the profile of the congregation. Have you gained a few givers, or lost a few? Much more impact will be felt if they are 'significant' givers.
- Recommendations for change in investment policy.

The budget template

Following the method just explained the budget template may look something like the example below. A further example is shown in Appendix I.

Description	Actual 2003	Budget 2004	YTD 2004 (9 months)	Estimate 2004	Draft 2005
Income					
S/Orders	45,100	48,000	29,100	47,000	51,000
Envelopes	3,965	4,000	3,000	4,000	4,000
Collections	11,770	8,000	4,000	6,500	6,500
Tax recovery	14,560	15,000	7,500	14,500	£15,500
Fees	355	400	350	500	600
Magazine	565	500	450	700	750
Hall Rental	3,200	3,000	2,100	2,900	3,000
Other Income	2,000	1,500	900	1,300	900
Total Income	£81,515	£80,400	£47,400	£77,400	£82,250
Expenditure					
Stipend	24,900	26,000	19,400	25,900	27,000
Clergy expenses	2,400	2,500	1,950	2,600	2,700
Parish Share	13,790	14,500	10,875	14,500	15,000
Upkeep of services	12,870	13,000	9,825	13,100	13,250
Prop Maintenance	8,360	8,500	6,000	8,000	8,000
Youth/Child Work	1,610	2,000	1,700	2,300	2,500
Evangelism	500	750	375	500	750
Away Giving	7,445	8,150	6,113	8,150	7,750
Administration	4,760	5,000	3,825	5,100	5,300
Total Expenditure	£76,635	£80,400	£60,063	£80,150	£82,250

What do you do if Income and Expenditure do not balance?

This is known as a deficit budget. Some parishes always budget for a deficit, to encourage giving, but this is not always appropriate. It is usual for most budgets to be drawn up on expenditure first, and then to increase the required income to match that expenditure. If the required increases in giving are felt to be too excessive, then the budget may have to be revised.

Where does it all end?

By November the Treasurer should be close to having a final budget for the following year. Some precise details may not always be known until the very end of the year, such as if a parish tithes their away giving based on actual figures for the previous year.

The PCC should approve the budget and recommend how sufficient income should be raised (e.g. giving, events, investment income, grant applications, new stewardship campaign etc).

Having approved the following year's budget, it must then be communicated to all concerned in the church, because they will need to know for their own personal budgets. This needs to be done as soon as possible after it has been agreed by the PCC. Although treasurers have to present the annual accounts at the APCM, this is NOT when the budget should be presented to the congregation. You may be four months into the year and unless the congregation are aware of the budget requirements before this it could be difficult to make the budget commitments for income. The APCM, however, can be used to update the parish on the first few months of the year, and progress so far.

It is quite common for a short report to be made to church members by either the incumbent or church wardens at the very end of the year or the beginning of the New Year giving a breakdown of the new budget. This is an ideal opportunity to thank church members for their continued support and to encourage them to 'rise to the challenge' of the new budget.

Why not treat one of the Sundays in Advent or January as a 'Stewardship Sunday' when you can inform you congregation of the challenge of the year to come, and this does not just mean monetary requirements!

Use your imagination to think of the different ways in which this important information can be shared. One example is shown in Appendix II.

CASH FLOW FORECASTS

Cash flow forecasts and budgeting

Once a budget has been prepared and the PCC has been informed of the overall picture, it is important to see what the likely impact will be on cash flows through the year. Other than certain costs that occur at regular intervals (such as stipend payments), it is unlikely that income and expenditure will be regular. It is also common for some costs to be met once a year, such as insurances, or six monthly, such as Church Repair Fund contributions. It is therefore important to see how and when income and expenditure are predicted to occur, so that when you provide regular progress reports to the PCC they are aware of the current situation, and that the bank balance does not necessarily mean cash available.

This is done by creating a cash flow statement. This aims to estimate when income will be received across the year, and when expenditure will be made. Do not forget many projects may be dependent on receipt of income to be able to carry out the task, for example some repair work, or refurbishment to the church hall kitchens. In addition it is important to know how much money you think you will have in the bank at any one time, so that you are able to meet all the bills as they fall due. Do not forget, this months cash surplus could be next months gas bill! It could well be that at certain points in the year you have insufficient cash to meet your immediate requirements, or alternatively you have a small surplus of cash that you could put away for a month or two in a higher interest account to get some additional interest.

How to prepare a Cash flow Forecast

Look at each line of income and expenditure that have been created in the budget. Working down one line at a time, can you predict when income will be received or when expenditure will be made? Is there a pattern you can look at from the current year or previous years? For example,

- Planned giving will be regular each month from those with standing orders
- Sundry collections and donations may be higher at Easter and Christmas services
- When does your Gift Aid secretary put in the tax claims to the Inland Revenue?
- What rentals do you have on PCC property? When are rents received?
- Stipend costs will be regular, but will increase in April each year

- Parish Share is often paid by direct debit over 10 equal monthly instalments, February to November
- When are repairs expected to be made?
- Do you have a monthly agreement with utility companies, or are bills paid when received?
- Do you have a rental agreement for the church photocopier? When are the rentals due?
- What do you do about insurances?
- How do you make any contributions to the Church Repair Fund?

These questions will give you an idea as to how you can build up a cash flow for your budget. An example is shown in Appendix III.

Other activities

Do not forget, cash flows can also be drawn up for other church activities as well as for the PCC general budget. This may be very helpful for one off events, such as a weekend away, when a substantial deposit may need to be made before parishioners are asked to make their contributions. Further examples are shown in Appendix IV.

MONITORING THE BUDGET

It is imperative that the budget, once prepared and agreed, is monitored and the PCC kept informed of the situation. It is important that if the situation has changed from the budgeted position that the PCC make decisions to bring the situation back into balance. This is usually if income falls short or if expenditure is far higher than the expected budgets. Although the cash flow statement may help in the review, it is important that if decisions need to be made to redress any imbalance, they are done at the earliest opportunity.

Budget Comparisons

The most obvious way to monitor is to show actual income and expenditure compared to the agreed budget. It may be helpful to break the budget into more realistic monthly or quarterly amounts so that the PCC can see how the actual figures relate to the expected for that time of the year. For example, assuming the budget for donations is received evenly through the year, you may well expect to receive 1/12 for every month. Now you can make more sensible comparisons!

Although for many budgets, to break into monthly amounts will be reasonable, some costs/income may only be received/paid out annually, for example insurance premiums. You could adjust your figures to reflect this.

Simplify Matters

Many PCC members (and treasurers!) find it very difficult to make meaningful sense out of sheets of paper covered with a myriad of figures. Although the PCC must know what is going on, you will need to make it easy for them. It is suggested you might wish to include the following ideas in your reports:

- Round everything, to at least the nearest pound. Forget the minutiae, and certainly the pence. In larger parishes you may wish to round to nearest £10 or even £100.
- Use a simple summary statement giving only three or four key pointers – total income, total expenditure, and one or two other key details
- Use percentage markers to help with the comparisons – e.g. ‘income for the period was only 86% of our budget, so we are falling behind’
- If you have the information, use non-financial information as well as the financial – e.g. ‘we have an extra 3 standing orders than last year’

Be imaginative

PCCs tend to get used to seeing reports in a particular way. Often this may have been as certain individuals liked to see specific information shown. Is this still relevant? Is there a better way of presenting the information? Has anybody asked?

What about other methods of presentation? This could include:

- Percentages – good to show direct comparisons between numbers
- Pie charts – good to show a group of figures in proportion to each other as part of a total, such as for comparisons of different income types
- Bar graphs – good to show different values across categories
- Line graphs – good for showing trends over time, such as to show total income (or expenditure) through the year

If it makes it easier for your PCC to understand, go ahead and give it a go!

Some examples are shown in Appendix V.

Forecasts

Once all actual year to date (YTD) figures have been compared with budgets, it is good practice to 'forecast' and give a revised estimate of what the likely year end position will be based upon what you can currently see. NB., some treasurers like to do this well into the next year, thus giving the PCC a good indication of future budget projections.

Why are the numbers as they are?

If there are differences between your budgets and the actual figures – why? You need to investigate. Think about,

- A shortfall of income, or over-expenditure – why? What is the usual pattern – is this year any different to previous years?
- An excess of income or reduced expenditure – why? Is the position as good as it appears, or will there be things happening later in the year to change it?
- Do your original budgets hold true or have things moved on since then?
- Does your budgeted cash flow help you?

APPENDIX I

This is an example of a draft parish budget, having been built up from reviewing the previous years figures and factoring in known changes in income and expenditure.

This parish is facing a major challenge in 2005 as several major donors have moved away during the year, yet other income is not expected to increase significantly. An estimated shortfall is predicted.

ALL SAINTS PCC - BUDGET PROPOSALS 2005

INCOME	Budget 2004	Estimated Actual 2004	General Funds	Other Funds	Proposed Budget 2005
Planned Giving Offerings	37,700	33,000	30,000	-	30,000
Tax Refunds	7,500	7,775	5,500	-	5,500
Grants	240	240	620	-	620
Fundraising	1,500	1,800	2,000	-	2,000
Wedding & Funeral Fees	5,000	4,700	5,000	-	5,000
Rent	8,500	13,000	13,930	-	13,930
After School Club Contrn	-	2,625	3,000	-	3,000
Bookstall	100	31	50	-	50
Misc	1,000	825	1,000	-	1,000
Dividends & interest	1,200	2,000	2,000	-	2,000
Mission Fund	2,575	10,325	1,750	-	1,750
Endowment Fund	1,500	1,500	900	-	900
Total	66,815	77,821	65,750	-	65,750

EXPENDITURE	Budget Holder	Budget 2004	Estimated Actual 2004	General Funds	Other Funds	Proposed Budget
Stipend	N/A	26,027	25,270	27,270	-	27,270
Vicar's expenses	Dave	2,750	2,500	2,750	-	2,750
Insurance	N/A	2,620	3,168	2,700	-	2,700
Parish Share	N/A	9,564	9,564	9,460	-	9,460
Utilities	N/A	4,300	4,500	4,000	-	4,000
Photocopier	Jean	1,350	800	1,125	-	1,125
Music		750	400	600	-	600
Youth	Dave	1,590	800	750	-	750
Service Expenses	Jean	800	1,488	700	-	700
Mission Aware	Rob	3,600	11,250	2,400	-	2,400
Home Outreach	Rob	600	700	300	-	300
Church Fabric Fund	Dave	1,800	1,800	900	900	1,800
Repairs & Maintenance	Dave	1,500	2,000	1,500	-	1,500
Stationery	Jean	600	800	600	-	600
Teaching & Training	Mike	450	700	500	-	500
Parish Administrator	Dave	1,805	5,350	5,500	-	5,500
Church Hall/Cleaning	Jean	2,600	6,400	6,000	-	6,000
Fundraising	Rob	-	250	250	-	250
Misc	Dave	600	1,200	600	-	600
Total		63,306	78,940	67,905	900	68,805

Estimated Shortfall

1,119

3,055

Therefore an increase is required from donors of just over 10% to meet our budget prediction

St. Stephen's Church Budget 2005

GIVING

By individuals (inc tax recoverable)	£ 226667
Other income	19559

TOTAL

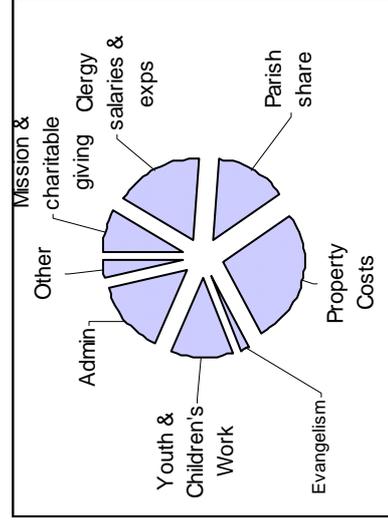
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EXPENSES

Mission & charitable giving	£ 20601
Clergy salaries & exps	43925
Parish share	34400
Property Costs	66308
Evangelism	5000
Youth & Children's Work	30384
Admin	36462
Other	9146

TOTAL

246226



We take seriously the call to be good stewards of our money and so the church finances are overseen by the PCC, and monitored monthly by the Standing & Finance Committee.

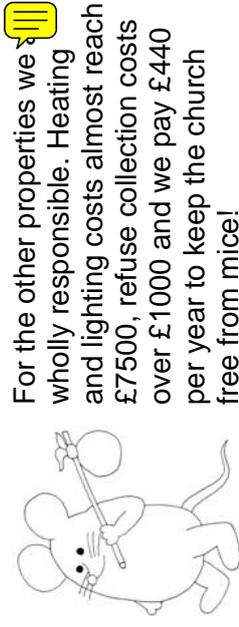
Expenses Explained!!

1. Mission and charitable giving is based on ten per cent of the estimated final giving figure for year end 2004. We currently support six mission organisations; Wycliffe, SAMS, OMF, Crosslinks, Tearfund and CPAS. We also keep some money in reserve to allow us to support emergency appeals and miscellaneous requests supporting mission ventures.

2. Clergy salaries & expenses. As we see out the vision for the church we need to add to our staff team and this figure takes into consideration employing a full-time curate in the second half of the year. It also pays for visiting clergy and speakers.

3. Parish share. This is used centrally by our diocese to support training of clergy and other church workers, help fund vicars in poorer parishes, support mission work in certain areas and fund the various committees that are needed to carry out the work of the Church of England.

4. Property costs. St Stephen's Church is responsible for 6 properties - i) the Vicarage; ii) 35 Waterloo Road, where Jim & Vicky Prestwood live, iii) 20 Woodfield Road, a curate's residence, iv) the Church, v) the Church Hall and vi) the Community Centre. On all the domestic properties we have a degree of responsibility including insurance, water rates, British Gas contracts and Council Tax payments.



On top of running costs we have to maintain these properties and recently had four properties surveyed which has resulted in a list of work which needs to take place, and that's before we buy a pot of paint!

5. Evangelism. A major part of our vision for the future. This will be used to fund Alpha, new welcome literature and start up costs for new initiatives.



Alpha

6. Youth & Children's Work.

This is a thriving, expanding area of church life and we employ two members of staff dedicated to our work with children and young people.

7. Administration. The largest proportion of this figure relates to the salaries for the administration staff. We also do a phenomenal amount of photocopying in an attempt to keep the congregation and the parish informed of our activities. Costs for this are nearly £5500.

8. Other. There is always an 'other'! This is made up of several smaller categories including flowers, fees (choirs and organists), worship group equipment etc! etc! etc!

How can I give?

Bank Standing Order

This is the most helpful and reliable way for members of the church to give as it helps with overall budgeting for the future.

Sunday Offerings

Visitors and occasional givers find this to be the easiest way to give. It is also the best place to give by cheque or Gift Aid Envelope Scheme.

Gift Aid Declarations

We would ask all tax payers to sign a Gift Aid Declaration. This allows us to reclaim the tax paid on your donations which increases your giving to the church by 28%.

Current Givers

If you already give—thank you, but can we encourage you to review how much you give and if you have had a pay rise consider increasing your giving proportionately or in line with inflation.

Standing Order forms and Gift Aid Declarations can be collected from the Information Table on Sundays or from the Church Office during the week.

If you have any questions about any of the above, please speak to Zak Ramsden, Church Treasurer or Wendy Fenn, Church Administrator.

Giving to God What the Bible says

In the Old Testament, the people were encouraged to give 10% of their income to God—a tithe. This was meant to be:

1. A thank offering to God for all that he had done for them.
2. A means of providing for God's work.

This 10% was always the minimum and people often then gave in addition to this tithe.

We live in New Testament times and whilst, to use Paul's language, we are no longer under the law, the principle of giving 10% of one's income is still a good principle to bear in mind and aim at for the following reasons:

- ⇒ It gives us a guideline for personal giving.
- ⇒ 1 Corinthians 16v2 tells us that "each of you should set aside a sum of money in keeping with your income".
- ⇒ It provides for God's work and enables us to re-source the vision that God has given us here at St. Stephen's.
- ⇒ It affirms our calling to be a family, supporting each other and helping pay the bills for the running of family life.
- ⇒ It allows us to bless others through mission and ministry.
- ⇒ It is a spiritual exercise and helps us grow in Christian maturity.
- ⇒ It releases God's blessing amongst us.

This year, as we begin to consider how we can more effectively reach out into the community and fulfil the vision God has given us, can we encourage you to seriously and prayerfully think through what God would want you to give.

ST. STEPHEN'S CHURCH BUDGET 2005



APPENDIX III

This takes the example of the draft parish budget shown in Appendix I, and analyses the expenditure across the year to try to predict when the likely spend will occur. It is essential that the PCC know how much money they have in the bank, and what the requirements on that money may well be.

For this parish, based upon past experience most income and expenditure is fairly regular, but the following points can be noted:

On income

- Tax refunds usually done twice a year in April and August. Rebate received the next month.
- Grants paid by council in January and June.
- Fundraising – a summer fete in June and Christmas fayre in December.
- After-school club pay twice each term
- Dividends and interest received quarterly
- Mission fund income comes from the mission day each July

On expenditure

- A stipend increase in April each year
- Insurance paid in January
- Parish share paid by direct debit over 10 months from February
- Utility and photocopier bills paid quarterly
- Youth funds paid out each term
- Mission awareness paid out for the annual mission day in July
- Home outreach coincides with Easter, Harvest and Christmas
- Repair funds paid quarterly and half yearly
- Fundraising coincides with the two annual events

Although the bank account predicts a positive cash flow all the way through the year, there are three months when the predicted cash balance is low; at the end of April it is below £200, at the end of August it is only £44 and at the end of November it is below £200 again. If income is delayed, or expenditure higher or earlier than predicted, there could be a problem. The parish will have to closely monitor its position at those times and if the situation looks a bit uncertain either delay any payments or draw down from other funds held elsewhere.

ALL SAINTS - PROJECTED CASH FLOW 2005

INCOME	Budget 2005	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Planned Giving Offerings	30,000	2,200	2,200	2,200	3,000	2,200	2,200	2,200	2,200	3,000	2,200	2,500	3,900
Tax Refunds	5,500					3,000				2,500			
Grants	620	310					310						
Fundraising	2,000						1,000						1,000
Wedding & Funeral Fees	5,000	500	500	400	400	400	400	400	400	400	400	400	400
Rent	13,930	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,170
After School Club Contrn	3,000	500		500	500		500			500		500	
Bookstall	50	5	5	5	5	5	5			5	5	5	5
Misc	1,000	80	80	80	100	80	80	80	80	80	80	80	100
Dividends & interest	2,000		450			475			475			600	
Mission Fund	1,750							1,000					750
Endowment Fund	900		200			225			225			250	
Total	65,750	4,755	4,595	4,345	5,165	7,545	5,655	4,840	4,540	7,645	3,845	5,495	7,325
EXPENDITURE													
Stipend	27,270	2120	2120	2120	2323	2323	2324	2323	2323	2324	2323	2323	2324
Vicar's expenses	2,750	230	230	230	230	230	230	230	220	230	230	230	230
Insurance	2,700	2700											
Parish Share	9,460		946	946	946	946	946	946	946	946	946	946	
Utilities	4,000			1200			900			700			1200
Photocopier	1,125		281			281			281			282	
Music	600	50	50	50	50	50	50	50	50	50	50	50	50
Youth	750	250				250				250			
Service Expenses	700	55	55	70	55	55	55	55	40	60	55	55	90
Mission Aware	2,400						1200					600	600
Home Outreach	300				100					100			100
Church Fabric Fund	1,800	450			450			450			450		
Repairs & Maintenance	1,500	750						750					
Stationery	600	50	50	50	50	50	50	50		50	50	50	100
Teaching & Training	500	45	45	30	60	45	45	45	5	45	45	45	45
Parish Administrator	5,500	440	440	440	460	465	465	465	465	465	465	465	465
Church Hall/Cleaning	6,000	500	500	500	500	500	500	200	500	800	500	500	500
Fundraising	250						125						125
Misc	600	50	50	25	75	50	50	50	50	50	50	50	50
Total	68,805	7,690	4,767	5,661	5,299	5,245	6,940	5,614	4,880	6,070	5,164	5,596	5,879
Balance b/fwd	4,700	4,700	1,765	1,593	277	143	2,443	1,158	384	44	1,619	300	199
Balance c/fwd	1,645	1,765	1,593	277	143	2,443	1,158	384	44	1,619	300	199	1,645

APPENDIX IV

Examples of Budgets and Reports for Other Parish Activities

The first example is of a parish restoration budget, and not only shows the total income and expenditure to the project but when the income and expenditure is likely to be made. For such a large project it is essential that the PCC know how much money they have in the bank, and what the requirements on that money may well be so that they can plan the projected cash flows – in this case by agreeing a loan facility to cover the pledges not yet received.

ST MATTHEW PCC - RESTORATION PROJECT						
Description	Budget Amount	Net Cash Flow				
		Jun- Aug 05	Sept - Dec 05	2006	2007	2008
EXPENDITURE						
Preparation costs (est)	8,000	8,000				
Contractors costs	66,730	30,000	30,000	6,730		
VAT on Contract	11,678	5,250	5,250	1,178		
Contingency (est)	5,000		5,000			
Sub-total	91,408	43,250	40,250	7,908		
Architect fees @13%	10,193	4,583	4,583	1,027		
Period Cost		47,833	44,833	8,935	-	-
Total Project Cost	101,601	47,833	92,666	101,601	101,601	101,601
INCOME						
PCC CRF Funds	10,000	10,000				
Grants	15,000		7,500		7,500	
Fund-raising to date	27,367	27,367				
Gifts to date	16,358	10,466	7,000	2,500	2,500	1,758
Future Pledges	25,010			8,000	8,000	9,010
Period Income		47,833	14,500	10,500	18,000	10,768
Total Income	93,735	47,833	62,333	72,833	90,833	101,601
SHORTFALL	7,866	-	30,333	28,768	10,768	-

An interest-free Diocesan CRF Loan of up to £32,000 will be used to help cover the shortfall in cash. This will be repaid by us over 4 years, 2005 to 2008 once the work is completed.

The second example is of a PCC controlled pre-school.

Pre-School Control Statement as at			September	Month 9	
	Budget 2004	Budget 2004 YTD	Actual 2004 YTD	Variance	Estimated 2004 Final
Income					
Fees	21,079	15,809	12,376	(3,433)	14,275
Funded education	50,464	37,848	41,596	3,748	53,195
Milk subsidy	311	233	225	(8)	225
Grants & Donations	0	0	323	323	325
Sales	93	70	231	161	235
Fundraising	1,047	785	1,147	362	1,260
Miscellaneous	207	155	463	308	465
Training cover	108	81	0	(81)	0
SEN grant resource	100	75	0	(75)	0
Total income	73,408	55,056	56,361	1,305	69,980
Expenditure					
Salary costs	16,672	12,504	5,832	(6,672)	8,610
Wages	48,685	36,514	36,069	(445)	47,310
Deputy Supervisor salary	2,027	2,027	2,187	160	2,187
Salary NI	1,000	750	968	217	968
Wages NI	1,217	913	4,674	3,761	5,532
Total Employment Costs	69,601	52,708	49,730	(2,978)	64,607
Childrens equipment	249	187	618	431	650
Consumables	177	132	0	(132)	100
Milk	395	297	7	(290)	100
Childrens snacks	153	115	25	(90)	100
Hygiene / cleaning	937	703	378	(325)	500
Management Administration	1,223	917	1,103	186	1,400
Insurance/PLA	341	256	403	147	403
Donation to PCC	3,600	2,700	1,800	(900)	3,600
Fees returned	80	60	0	(60)	0
Staff sundries	25	19	51	32	100
Cost of sales	70	52	57	5	60
Teaching aids	21	16	0	(16)	0
Miscellaneous	133	100	1,662	1,562	1,400
Bank charges	20	15	0	(15)	16
Reg fees returned	5	4	0	(4)	0
Computer	1,000	750	0	(750)	0
Total expenditure	78,030	59,030	55,834	(3,196)	73,036
Surplus/(Deficit)	(4,622)	(3,973)	527	4,501	(3,056)
Balance b/fwd			5,404		5,404
Balance c/fwd			5,931		2,348

APPENDIX V

Financial Report as at 30 Sept 9 months (75%) position INCOME AGAINST BUDGET

	Budget	Profile to date	Income to date	Percentage of Budget	Year end Predicted
Offerings	37,720	28,290	26,388	93	35,190
Tax Refunds	7,500	7,000	7,775	111	7,775
Fundraising	1,500	750	1,191	159	1,590
Grants	100	100	120	120	240
Fees	5,000	3,750	3,569	95	4,760
Hall	8,500	6,375	10,204	160	13,605
Southhill rent	3,206	2,405	2,137	89	2,850
Bookstall	100	75	38	51	50
Misc	1,000	750	2,789	372	3,720
Designated Collection	70	53	320	610	425
Dividends & interest	1,200	900	1,356	151	1,810
Pre-school donation	2,575	1,931	-	-	-
Mission Fund	2,000	1,500	2,000	133	2,000
Maintenance Fund	1,500	750	750	100	1,500
Total	71,971	54,628	58,637	107	75,515

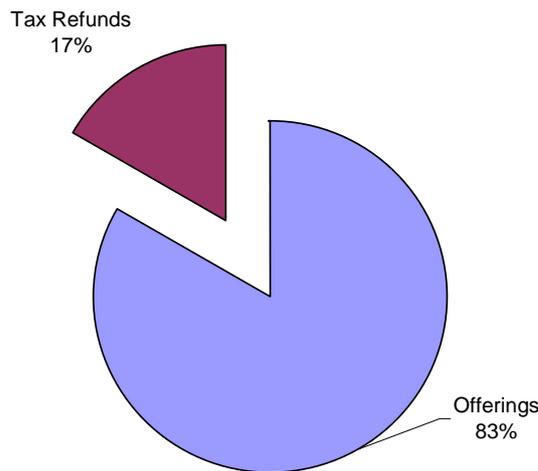
EXPENDITURE AGAINST BUDGET

	Budget	Profile to date	Expend to date	Percentage of Budget	Year end Predicted
Stipend	33,836	25,377	24,638	97	32,850
Vicar's expenses	2,750	2,063	2,478	120	3,305
Insurance	2,620	2,620	3,687	141	4,915
Parish Share	9,564	7,650	7,651	100	10,200
Utilities	4,300	3,225	3,796	118	5,060
Photocopier	1,350	1,013	501	49	670
Music	750	563	287	51	380
Youth	1,610	1,208	576	48	770
Service Expenses	800	600	1,117	186	1,490
Mission Aware	3,670	570	1,371	241	1,825
Home Outreach	600	450	1,282	285	1,710
Church Fabric Fund	1,800	1,800	1,800	100	2,400
R & M	1,500	1,125	1,540	137	2,055
Stationery	600	450	326	72	435
Teaching & Training	450	338	318	94	425
Parish Administrator	1,805	1,354	3,209	237	4,280
Church Hall	2,600	1,950	5,819	298	7,760
Fund-raising	100	75	250	333	325
Misc	600	450	736	164	980
Total	71,305	52,878	61,382	116	81,835
Surplus/(Shortfall)					(6,320)

The following are examples of how pie charts, bar graphs and line graphs can be used to help explain the figures in a pictorial way. The figures are all taken from the example financial report on the previous page.

1. A comparison of offerings and tax refunds with each other :

Budget Income

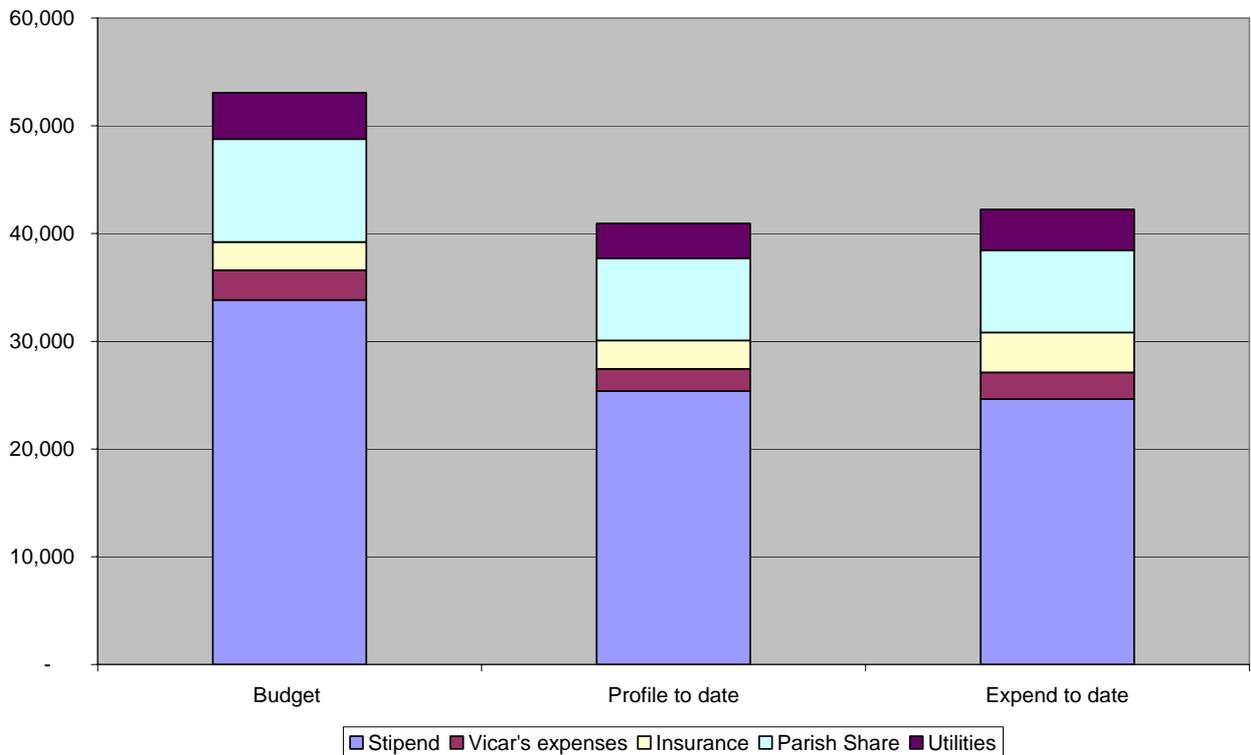


Actual YTD Income



Very useful when you want to compare proportions. Pie charts can be used for greater than two items, but the more there are in the 'pie' the more that clarity can be lost.

2. A comparison of the elements of expenditure, comparing the budget figures with year to date budget and actuals. Again a good way to compare proportions, often with a value element :



3. A line graph to show a comparison of total income received over time compared to the budget :

Total Income Received

