

# How to complete your budget

A budget is a description of the full costs of the project, together with a description of the project's income. This information sheet provides basic guidance and information on what Lottery funders expect from an applicant when preparing a budget.

Your budget must include all project costs, both income and expenditure. When preparing your application, you should check what budget information your Lottery funder requires and which costs they might fund. You can also contact Community Accountancy Self-Help at [www.cash-online.org.uk](http://www.cash-online.org.uk) for basic financial advice.

## Income

Income is the money you need to bring in to run your project. This may include grants, contract fees, savings, reserves or income that you earn from selling goods or services.

You should provide information on all sources of income for your project.

You should be realistic about any income that you are likely to earn from your project and provide a breakdown on how you have worked out your earned income figures.

Often a Lottery funder will expect you to provide some of the funding for your project from other sources – for example, from savings, reserves, charitable trusts or funding from a local authority. This is known as 'matched' or 'partnership' funding. Check with the Lottery funder you're applying to as to how much matched or partnership funding they expect.

## Expenditure

Expenditure is the money you spend on running your project or activity.

You should provide a breakdown of all costs for your activity. Many Lottery funders will provide you with a form with headings for the different areas you should consider.

If you are employing (paying) people to work on your project then you may need to budget for paying an employer's National Insurance contribution for each person. You should also consider other costs such as pensions. HM Revenue and Customs can provide information on these employment costs. See their website at: [www.hmrc.gov.uk](http://www.hmrc.gov.uk) It is also worth speaking to organisations that run similar projects about their salary costs.

Depending on the size of grant you are applying for, a Lottery funder may expect you to get quotes for certain types of work, for example, the purchase of vehicles and building work. This is good practice anyway and will help you to get the best value out of any money you receive. A Lottery funder may ask you for a number of quotes so they can check that the budgeted amount is accurate. In some cases they may expect you to go through a formal tendering process. Ensure that quotes are kept as they might be asked for at a later stage. Make sure that the quotes are up to date as prices do change. Check with the Lottery funder you are applying to for their guidelines on this.

Lottery funders might not fund goods, services or activities that have already been bought or taken place. In some cases, Lottery funders won't fund costs that have already been committed to (for example, future salaries) even though they haven't been paid yet.

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You may have to account for inflation when preparing your budget as there will be a delay while a Lottery funder decides on your application. You may also need to consider annual cost increases in multi-year projects.

If you are buying or selling goods and services as part of your project, you should check your VAT position. If you have any queries on VAT we suggest you contact HM Revenue and Customs (see their website) or consult an accountant.

## Top tips

The budget should be for the total cost of the project you are applying for.

The income and expenditure for your activity should 'balance' (be the same).

Make sure your figures add up before you send in your application.

Get someone else to check your figures for you and check that the budget as a whole makes sense. This is particularly important if your project has many different sources of income. It should be clear who is paying for what

## Further help

Helper agencies such as councils for voluntary service can help you with financial planning. There are also specialist community accountancy projects. Check the further help section of this site for more details.