

## Notes

### **The example budget covers the first three years of trading.**

The left-hand side of the table lists the headings for the income and expenditure. On the right-hand side there is a column for each of the three years.

Concentrating on the Year 1 column lets start with the Income. In this example you can see that income will come from 5 areas: Hiring out rooms; Delivering contracted services; Providing tuition; Fundraising; and a start-up loan. Income totals £36,080.

The Expenditure lists all of the different costs that will need to be paid. Rent and salaries tends to be the most expensive expenditure a business will face. The initial cost of equipment at the start-up phase of a social enterprise can also be high, which is why a loan was taken.

Capital items are for one off large costs, like purchasing the property, IT and office equipment. So the total expenditure in year 1 is £34,940.

By taking the expenditure from the income figures the amount left in this case is a profit of £1140. This figure could also be a loss if income was less than the expenditure.

Any profit or loss is carried over to the top of the column for the next year. In order to account for inflation most expenditure items should be increased by roughly 3% - salaries, rent, telephone, consumables etc. As suppliers put their prices up in line with inflation so Studio 5's expenditure goes up.

