

Finance Report for meeting held on 11-7-12

The 1st quarter accounts as circulated reflect the amended budget as agreed at the May meeting and, following an increase of £9,933 in the budget figure, are showing an expected end of year balance of £4,513 if **ALL** budget items are **FULLY** spent; when the budget was originally set in December 2011, the anticipated end of year balance was £5,719.

This has highlighted a problem though as I understand that some people's perception at the May meeting was that there would be a March 2013 end of year balance of just under £10,000.

To Clarify:

The report circulated for the May meeting stated a March 2012 Year-end balance of £13,898 after deduction of all Earmarked and Recommended Earmarked Money; it then went on to recommend additional spending of £3,778, leaving a balance of £10,120. In addition to this a further £250 was set aside at the meeting for the Jubilee Fund leaving a final balance of £9,870.

The figure of £9,870 however is still referring to the March 2012 Year-end balance figure carried forward not the March 2013 Year-end balance

If the actual March 2012 Year-end balance of £19,803 (£13,898 after taking into account earmarked money) had been retrospectively applied to the budget that was set before Christmas ahead of the May budget review it would have shown the following:

April 2012 Opening Balance	£ 19,803
Plus Precept	£ 46,500
Plus new expected income	£ 1,879
Minus Budgeted Expenditure	£ 53,736
Minus Earmarked money	£ 5,904
March 2013 expected year end balance	£ 8,542

With an expected March 2013 Year-end balance of £8,542 it is unlikely that any additional spending, other than that earmarked, would have been recommended.

The practice of retrospectively applying the end of year figures to the budget set for the coming year has never been necessary or required as once the budget was set and the precept agreed the next time the figures would be looked at would be when the end of 1st quarter accounts were produced.

The practice of reviewing the budget after the end of year accounts was only established last year, and last year the budget changes applied had no noticeable effect on the expected year end outcome and so this issue was not highlighted. This year however the effect has resulted in the 2012-2013 budget being effectively increased by £9,933 whilst the opening balance is only £8,488 more than forecast in the December budget, resulting in a slightly lower than expected end of year balance.

	December Budget	May Revised Budget
Opening Balance	£ 11,315	£ 19,803
Plus Precept	£ 46,500	£ 46,500
Plus Expected Income	£ 1,640	£ 1,879
Minus Expected Expenditure	£ 53,736	£ 63,668
Expected end of year balance	£ 5,719	£ 4,514*

(*Difference of £1 in some figures is due to excel rounding)

Conclusion

What now needs to be considered is whether it can be assumed that all budget headings are unlikely to be spent in full and that the actual year end balance will be higher than forecast, or whether the decision should be taken now to carry out a further review of the budget at a future meeting in order to consider whether to cut back or remove some of the additional spending that was agreed at the meeting held in May.

In addition it needs to be decided whether in future years any review of the budget should be delayed until after reporting of the 1st quarter accounts.

If agreed to continue with a May budget review it must be ensured that the end of year figures have been retrospectively applied to the budget previously set ahead of such review.

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