

Building a Budget - A Quick How To Guide

It can be tricky to know how to organise and document your thinking in a budget so we've put together an example budget for a small annual festival, along with some definitions of different



types of income and expenditure. It's not meant to be exhaustive, but will hopefully help you get started. If you find it useful, do head over to our [Budget Building template](#) which will help you build a similar looking budget.



Split up your income under headings, such as earned income, grants, donations, miscellaneous.

'Direct costs' are sometimes called **'variable'** or **'project'** costs. They go up and down depending on how much you do.

'Overheads' are sometimes known as **'fixed'** costs. That's because these are costs that you'll incur regardless of how much you do. They include the wages of your core team, accountancy costs etc.

ANNUAL INCOME		
Earned income		
Ticket sales	£32,500.00	
Sponsorship	£10,000.00	
Merchandise	£2,500.00	
Sub total		£45,000.00
Grants		
Arts Council grant	£14,000.00	
Local authority grant	£2,000.00	
Sub total		£16,000.00
Other income		
Donations	£1,500.00	
Sub total		£1,500.00
TOTAL INCOME		£62,500.00

EXPENDITURE		
Direct costs		
Artistic costs		
Artist fees	£25,000.00	
Artist riders/catering	£3,000.00	
Sub total		£28,000.00
Production costs		
Staging	£3,500.00	
Equipment	£3,000.00	
Production crew	£1,500.00	
Sub total		£8,000.00
Marketing costs		
Designer	£1,200.00	
Fliers	£700.00	
Print ads	£1,000.00	
Digital ads	£300.00	
Exit leafleting	£300.00	
Other promo material	£500.00	
Sub total		£4,000.00
Overheads/management costs		
Staff costs		
Director (p/t)	£13,000.00	
Book keeper	£2,000.00	
Sub total		£15,000.00
Overheads		
Accountancy	£1,980.00	
Insurance	£1,100.00	
Web hosting etc	£400.00	
Subscriptions	£200.00	
Bank charges	£120.00	
Phone/internet	£1,200.00	
Sub total		£5,000.00
TOTAL ANNUAL EXPENDITURE		£60,000.00
ANNUAL PROFIT/LOSS		£2,500.00

Contingency is crucial

Contingency is what we call the small amount of money you may want to set aside in your budget for ‘just in case’ moments. You can do that by either including a specific contingency figure at the bottom of your expenditure (so it would have its own budget line), or by adding contingency into each bit of expenditure or each type of spend (so it’s hidden within each budget line). Including some contingency is considered smart, so do add some to yours planning figures, and make sure you explain how you’ve done so. As a rule of thumb, somewhere between 5-10% of costs is probably about the right amount. Anything more and there’s a risk that you’ll look lazy or like you don’t know what you are doing.

