

Example of Budget for the Contingency Fund

	Budget 2XX2 HK\$	Previous Year's Actual 2XX1 HK\$	Variance	Reason
Incomes				
Annual contribution to the contingency fund (Notes)	x,xxx,xxx	x,xxx,xxx	+x%	Increase in replacement cost of equipment
Interest Income	xx,xxx	xx,xxx	-y%	Reduced interest rate
	x,xxx,xxx	x,xxx,xxx		
Expenditures				
Replacement of equipment	(xxx,xxx)	(xxx,xxx)		
Manager's Remuneration	(xx,xxx)	(xx,xxx)		
	(xxx,xxx)	(xxx,xxx)		
Surplus / (Deficit)	x,xxx,xxx	x,xxx,xxx		
Accumulated Surplus Brought Forward	x,xxx,xx1	x,xxx,xxx		
Accumulated Surplus Carried Forward	x,xxx,xx2	x,xxx,xx1		

Notes to the Budget

The annual contribution is based on the estimated **replacement cost** and **useful life** of the equipment. An example is given below to illustrate the computation.

		Club equipment	Lifts	Ventilation system	Fire service system	Satellite TV	Total Annual Contribution
A	Replacement cost	\$2,100,000	\$3,000,000	\$300,000	\$300,000	\$100,000	
B	Useful life	7	10	10	15	10	
C	Annual provision for replacement = A / B	\$300,000	\$300,000	\$30,000	\$20,000	\$10,000	\$660,000

Approved by the Management Committee on _____

Signed by : _____

(Chairman)