

## EARN EXECUTIVE

Proposal to adopt an EARN financial model

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## 1 Introduction

The aim of the exercise is to provide a spread sheet model of the EARN finances which includes all the important EARN financial figures. This includes the automatic calculation of country contributions. Changes will be made as ideas develop.

## 2 Structure

The first columns are historic information with two column per year - the first column is the budget figure, the second is the actual figures from the audited accounts. These figures are for comparison purposes.

The two columns for the current year are - the budget plus the income and expenditure to date. This enables a track to be kept of the state of the finances and to detect when any corrective actions are needed.

The columns for subsequent years are the draft budgets.

The first set of rows are the expenditure heads of expenditure which are expanded in subsequent rows.

The second set of rows are the income heads followed by their expansions.

The income from contributions is calculated from:

- \* the expenditure for the volume independent part
- \* by a complex calculation involving the other income, the surplus from the previous year and the required working capital for the volume dependent part.

The surplus from the previous year is set against the volume dependent

part of the contributions. However, the volume dependent part of the contribution is increased by the working capital which at the end of the year becomes the surplus to be carried forward. In this way a contingency fund is built up in a controlled way.

### 3 Use

The Board will be provided with a copy of the spread sheet together with a commentary on the figures which will draw their attention to points of interest. The spread sheet itself will contain few if any comments.

The principle is that these should be the only documents provided although abstracts could easily provided if required.