



Basic budgeting for business planning and financial projection

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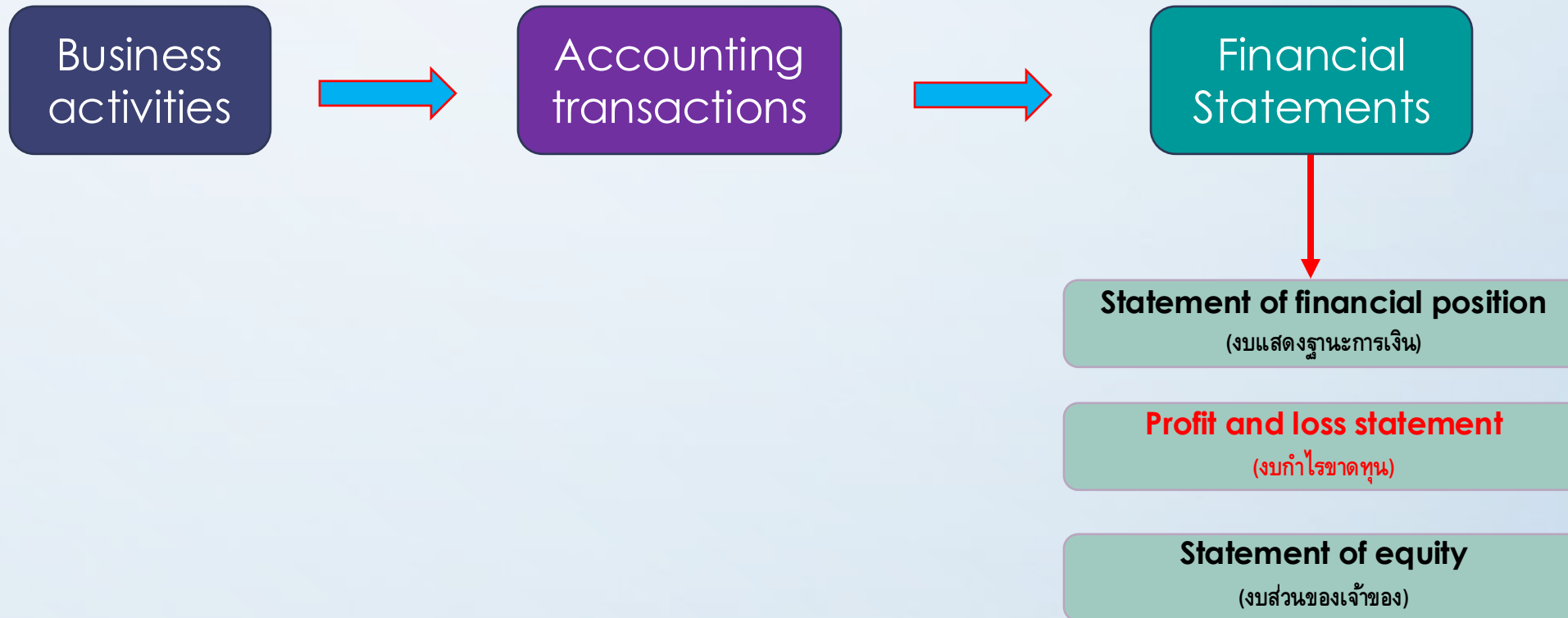
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Profit and loss statement



Profit & loss statement



Budget Planning Concept and Steps



Budget Planning

1. Identify your business – service, trading, manufacturing or more than one type ?

2. What is your direct cost and expenses?

2.1 Direct cost

- Service : Salary, freelancer, other costs of service, etc.
- Trading : Cost of purchase, other costs, etc.
- Manufacturing : raw material, labor cost, overheads, etc.

2.2 Selling & Admin expenses – marketing, audit and accounting fee, telephone, e-mail, messenger, bank charges, government fee, business-related tax

Profit & loss statement – cont

COST

Manufacturing

Raw material

Labour

Overheads

Others

Services

Salary and wage

Personnel related cost

Direct service costs

Others

Trading

Merchandise

Other direct costs

Others

Profit & loss statement – cont

COST – Manufacturing

**Raw material
Direct labor
Overheads**

Profit & loss statement – cont

COST – Services

Direct service cost
Personnel cost

Profit & loss statement – cont

COST – Trading

Merchandise
Other direct cost

Profit & loss statement – cont

COST - Others

Other Costs :
Indirect, but
necessary or
required to pay

Budget Planning– cont.

Exercise 1

Budget Planning



Estimates
for cost

1. Based on historical data
2. Research
3. Industrial reference
4. Best to estimate at least for 1 month

Budget Planning– cont.

Exercise 2

Financial Projection



Financial Projection



Assumptions
for projection

1. Focus on your capacity
2. Other factors that will affect capacity (seasonal, availability of material)
3. Possible business plan and sale volume (be realistic)
4. Forecast at least 6 months

Financial Projection – cont.

Exercise 3



Thank you