

COMPONENTS OF A
BUDGET

⇔ Revenue

+

⇔ Expenses
 ⇔ Fixed expenses
 ⇔ Variable expenses

=

⇔ Profit

# **CREATING A BUDGET**

## 1. Gather Historical Financial Data

- Analyse trends
- Identify patterns
- Understand financial performance over time

#### 2. Project Revenue and Sales

- Review historical data
- Consider market conditions, industry trends, customer behaviour, marketing strategies
- Be realistic and conservative

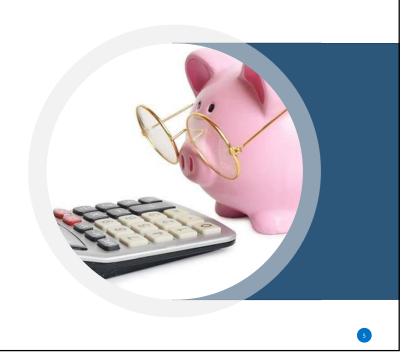
## 3. Estimate expenses

- Categorise expenses into fixed, variable and one-time irregular expenses
- Review historical expenses
- Identify any cost-saving opportunities or areas of inefficiency

#### 4. Calculate Profit

• Projected revenue less estimated expenses





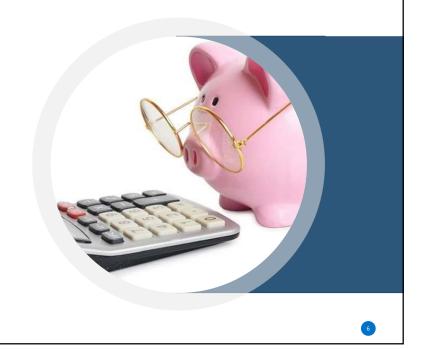
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# **CREATING A BUDGET**

- 5. Budgeting tools and software
  - Generating reports
    - Spreadsheets
  - Organising financial data and automating calculations

## 6. Tracking and monitoring

• Regularly compare actual financial performance against budgeted figures



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# BUDGETING BEST PRACTICES

- ⇒ Review and update the budget regularly
- □ Involve key stakeholders in the budgeting process (e.g. staff)
- ⇒ Use budgeting variances to identify areas for improvement
- ⇒ Be flexible and adaptable
- ⇔ Communicate the budget with team members fosters transparency and accountability
- ⇒ Use technology to support your budget





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