

Private sector budgets and personal budgets

Spend Less Than You Earn



THE PRIVATE SECTOR

- Decision making process
- Transparency
- Financial Objective
- Sources of Funding
- Accountability and audits
- Stake holders

Types of Budgets in Private Sector

- Zero Based Budgets
- Incremental/ Traditional budgets
- Activity Based Budgets

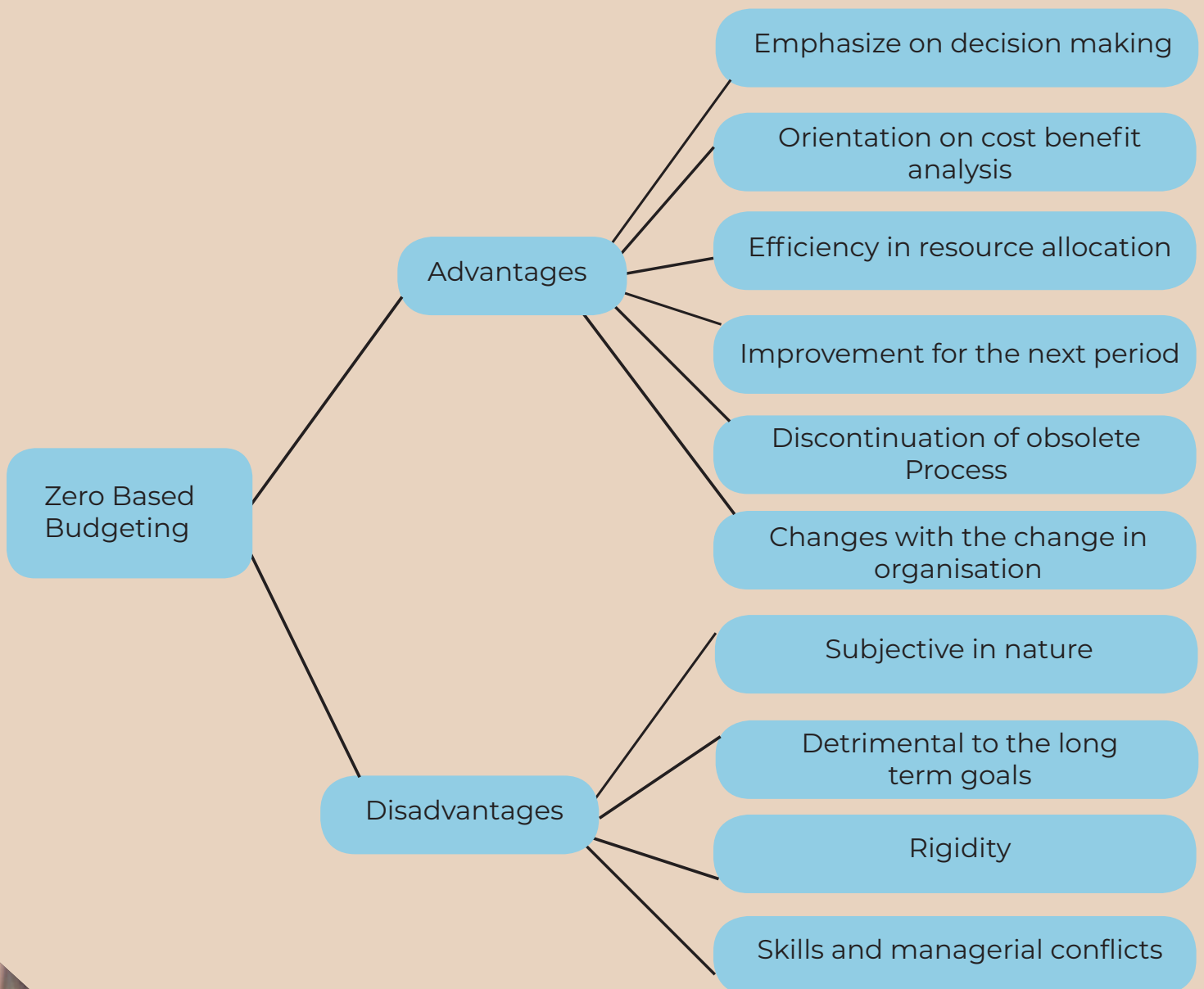
OTHER FORMS OF BUDGETS EXPLAINED

- Fixed Budgets
- Cash Budgets/Financial budget
- Operating Budgets
- Rolling Budgets
- Performance budgets

SELECTING AN APPROPRIATE BUDGET

Factors to consider.

- ✓ Size of the business.
- ✓ Focus of the business.
- ✓ Operations of the business.
- ✓ Competition in the business.
- ✓ Market situation.
- ✓ Government involvement.



Approaches to budgeting

Top- down approaches to budgeting here, the senior management prepares a high-level budget on the basis of organization objectives and then allocates different departments expenditure brackets for managers to manage

Bottom- up approaches to budgeting. This budgeting starts at the department level and then moves up to the top management.

PERSONAL BUDGETING

WHAT IS A PERSONAL BUDGET

A PERSONAL BUDGET IS AN ITEMIZED SUMMARY OF EXPECTED INCOME AND EXPENSES FOR A DEFINED PERIOD OF TIME, TYPICALLY ONE MONTH.

- Focus should be places Efficient spending rather than restricted spending.
- Focus should be on the entire month. Know your Income.
- Set the period of budget, month is a good start.
- Know its achievable though its hard to achieve before start

Circumstances for personal budgeting

- The attitude towards the budget
- Circumstances should be right
- Strong reason to budget
- It should be set by the individual
- Flexibility consideration
- Should be timely- not too long

STEPS TO CREATE PERSONAL BUDGET

Create a strong reason

Know all your periodic income

List down monthly expenses

Break them to fixed and variable

Compare monthly income and expenditure

Adjust the budget

Examples of personal budgets

Envelope budgeting

This is simply use of envelopes to allocate your incomes to specified groups of expenses

Steps

On pay day fill the envelopes

Spend only on those groceries, tv, rent etc. envelopes

How to achieve it

You have to be feed-up of over spend

You have to want it

Decide to start

Realise your bad habits

Correct them... loose credit cards

Despline your self

Saving should be an expense

Try the

50 : 20 :30 Rule



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