



SUCCESS

# Budgeting

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# What is budgeting?

Basically, it's making sure that you're spending less than you're bringing (or at least the same) in and planning for both the short- and long-term.

Read more: [Budgeting Basics - Introduction | Investopedia, http://www.investopedia.com/university/budgeting/#ixzz4N3aiUyfW](http://www.investopedia.com/university/budgeting/#ixzz4N3aiUyfW)

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# Why is Budgeting important?

Budgeting is an important component of financial success. It's not difficult to implement, and it's not just for people with limited funds.

Budgeting makes it easier for people with incomes and expenses of all sizes to make conscious decisions about how they'd prefer to allocate their money.

For many people, having a solid budget in place, knowing how much money they have and knowing exactly where that money is going makes it easier for them to sleep at night.

# Budget preparation

- **Budget preparation** relates to the cost of the programs, goods and services
  - **The „Head”** must agree with the budget and inform employees about it
  - It is essential to **monitor** the budget
- >> **otherwise** it will have a negative impact on programs and services

# Budgeting

- **track** how much money **enters**
- **track** how much is **spent**
- **watch** how much should be spent
- **control costs** through regular reports on the favorable and unfavorable variances

# What should be avoided during budgeting

- **spending** that are not in the budget
- **launch** initiative that are not budgeted
- **redirection** of budget funds
- **seek** additional funds from sources
- **increase** prices in order to have higher profit
- **large amounts** of "different / Others"
- **huge budgets for overhead costs**

# Types of budget

- **Annual budget** - an estimate of the total cost for the functioning of the organization during a financial year
- **Project budgets** - financial resources allocated to achieve organizational goal
- **Capital budgets** - are used when significant resources should spend in a given period

# Budget Revenues (incomes)

- **Avoid** being dependent on one or two sources of total revenue
- **Connect** each budget item with a suitable source
- **Decide** how the funds you have, how much they should be and what are the difficulties in obtaining funds from investors
- **Explore** the options available from unusual sources such as foundation

# Budget Expenditure and Control

- **Avoid** spending more than the amount you get, rebalance the budget items in order to meet the costs, concealing debts and misrepresentation solvency
- regularly and clearly **keeping financial books** and reporting IT-shows transparency and consumption in accordance with the financial plan

# Key recommendation

- Identify all sources of income and expenses.
- Distribute Funds to appropriate areas of expenditure.
- Make sure to regularly estimates the spending compared to the budget.
- Make changes to the plan if necessary.
- The final step may be the matching strategic plans.

## Questions for debate

Which of the following in the chapter can be followed or applied to increase revenues and distribute them?

How can this be improved?



By taking charge of your money, whether you have a little or a lot, you will ease money stress and feel more secure and in control.

- ✓ ***Create a budget***
- ✓ ***Track your spending***
- ✓ ***Put your budget into action***



Myth: I don't have time to  
work on a budget.

Truth: You don't have time  
not to make a budget!

Thank you for the attention



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