

TASK 5: PREPARING THE COMPANY BUDGET

Objectives

Student will be able to:

- Understand and comprehend the components of price
- Understand how the budgeting can assist them in managing the company’s finance
- Arranging for the company’s budget

Introduction

In running its business, a company will be in needs of funds to finance the equipments, goods production, rent and employees’ salary. The company may maintain its company by its own fund or offer the company’s shares to the investors. Accordingly, the company needs to arrange its budget.

Preparation of Tools and Materials

- Laptop/ Computer for each department
- Internet Connection

Activities

No	Activities	Duration
1	Facilitator will explain any cost components by resending the budget components available on VCI Portal (id.penworldwide.org). Facilitator will explain the differences among the assets, fixed costs and variable costs.	10’
2	Facilitator will direct the CEO to instruct each department to arrange their respective budget, as follow: <ul style="list-style-type: none"> ▪ Budget for the acquisition of assets, purchase of the office tools and equipment will be performed by the Administration Department ▪ Budget for Payroll, Insurance and Tax will be performed by the HR & Finance Departments ▪ Budget for Utility will be performed by IT Department ▪ Budget for Rent/ Lease and Advertisement will be performed by the Marketing Department 	60’
3	Each department will submit their work result to the Finance Department	10’
4	Finance Department will recapitulate the calculation and announce its result to be discussed	10’

Guideline for the Company’s Budget Components

- Salary: Prescribe the calculation formula for the employee’s salary in accordance with their position and title.
- Income Tax: Open the enclosed link below to derive further explanation on the amount of tax imposed.
- Office Rent/ lease: Rental fee is paid according to the square meter. Annual Rental Fee varies according to the office area and facilities.
 - Direct the staff member to calculate rental fee:
 - Multiply the square metre with per meter rate as specified above.
 - Devide the annual rental fee with 12 to determine the monthly rental fee.
 - Note: Open this below link after calculating the required total office area, so that the

respective cost can be revealed.

- Advertisement/ Promotion: Contact the virtual advertisement company to find out what necessary thing to apply the advertisement and promotional strategies for your company. Or contact VCI Store to conduct the publication of advertisement on the company portal.
- Insurance: Observe the obligation of insurance programme for the company's employees. Open this below link on the Health Insurance to see the amount of insurance premium.
- Utility Cost: All VCI companies must pay same average rate for the Utility Cost which amounts to Rp 500,000 per month. The Utility Cost has covered electricity, water, telephone connection and internet connection.

Output

- The Structure of Company's Temporary Budget

References and Internet Activities

- Format of company's budget on Portal (id.penworldwide.org)
- National Health Care Security (BPJS Kesehatan) (<http://bpjs-kesehatan.go.id/bpjs/index.php>)
- Tax <http://www.pajak.go.id/content/article/cara-penghitungan-pph-pasal-21-terbaru> (link for the income tax).
- Office Rent <http://www.rumah.com/>