**financial budget - Examples to practice**

Draw up an establishing budget based on the following data:

* a market survey found that it would be possible to sell every month up to 3000 pieces of a certain product priced 72 CZK a piece;
* the assumed annual production capacity is 35 000 pieces of the product;
* a preliminary costing per 1 piece has been calculated, giving the following parameters:

total costing of output 42 CZK

from that -variable costs 32 CZK

 -fixed costs 10 CZK

 (depreciation 6 CZK);

* the sales period for the product is expected to be at least 5 years, after which time the equipment will be used for manufacture of other products;
* the expected financial income remains unchanged during the 5 year period;
* the current assets (working assets) turnover period is expected to be approx. 2 months;
* in order to ensure the desired level of production, we need: a building costing 2 400 000 CZK, machines and production equipment costing 600 000 CZK, other equipment costing 150 000 CZK with a service life of 5 years and a plot of land costing 60 000 CZK.
* this means founding a smaller enterprise in the form of a limited-liability company, to be founded by 3 partners, each contributing 900 000 CZK;
* in case of lack of equity it is possible to obtain a bank credit loan for 5 years at 17 % interest rate.
* the income tax of legal persons for 2018 is 19 %;
* using the net profit, the company is supposed to replenish the reserve fund every year (according to the articles of partnership) by the amount representing 5% of net profit and to set aside 160 000 CZK a year for further development of the enterprise;

work out:

1. Annual Revenues, Cost and Profit/Loss Budget (in thousand CZK);
2. The Budget Of Fixed And Current Assets And Liabilities (Capital) in thousand CZK;
3. Expected Profitability of the Enterprise.