Budget essay

[Business](), [Company]()

6. 0 Budget

Annual Sales Forecast

The annual sales forecast is estimated through the percentage of the estimated gross profit margin getting divided with the annual projected overhead. This provides the breakeven sales figure. Thus, given that the domestic market for the fashion industry adds to 60-65 percent of the entire fashion market and the international market comprises of 15 to 18 percent; both provide an overview of the estimated profit. The annual sales forecasts are derived through selling price – direct costs divided by the selling price multiplied by 100 (Kieso, Jerry and Terry). Thus, the minimum selling price of most of the brand products includes $21. 30 multiplied by 180 percent, which comprises of the entire target market population provides a selling figure of $59. 64. The gross profit adds to $59. 64 - $21. 30/ $59. 64 *100 = 64. 28%. The overheads total to $12, 000 thus when divided by 64. 28% the sales figure adds to $18, 668. Therefore, the annual sales forecast ought to add up to $18, 668 which provides a breakeven point for the business. Sales and overhead expenses can be seen from the Table 1.

Total expenses are shown in the Table 2. The costs have been calculated through using the available budget and anticipated organizational goals to be attained. Additionally, through the overhead costs anticipated and experienced one is able to calculate on the uses of finances to gain profits. The profit and loss statement provides an overview of the profits and losses made within a quarter of the first year.

According to the above information the anticipated figures provide the profit and loss statement through revenue – expenses = net profit/loss (Kieso, Jerry and Terry). The company revenue ($130, 900) – expenses ($122, 430) = profit $8, 470. The company had a profit of $8, 470. Profit and loss statement can be seen from the Table 3.

The break-even point occurs when the company does not make profits or losses. Given the anticipated figures the first year, break-even point will occur once the company makes the sales equivalent of the overhead spent (Kieso, Jerry and Terry, 954). Thus, the breakeven points for the Years 1-3 are shown in the Table 4.

Works Cited

Cassell, Catherine and Symon Gillian. Essential guide to qualitative methods in organizational research. New York: Sage Pub., 2004.

Kieso, Donald, E, J, Weygandt Jerry and D, Warfield Terry. Intermediate Accounting: 12th Edition. New Jersey: John Wiley & Sons, 2007.