

Comprehensive financial document for a small health care organization



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Organization Comprehensive Financial Document for a Health Care

Organization of the writer] [name of the institution] [name of the Professor]

[Course] . Comprehensive Financial Document for a Health Care Organization

Organizations use complex budgeting techniques for a variety of reasons, cost control, revenue enhancement through target setting, to forecast the future position of the organization and etcetera. There are quite a few different methods of conducting budgeting process, for example fixed budgets, flexible budgets, zero based budgets, activity based budgets and so on. The method that will be used in this report is zero based budgets and some parts will be based on incremental budgeting principles, The main advantage of Zero based budgeting process is the fact that the previous inefficiencies in the budgets are removed from the equation; a clean slate is used when conducting this sort of budgeting process, it removes the ability of the managers to provide an incremental rate to be applied to the budgets of the previous years, normally they tend to be higher, thus cost control is inevitably avoided (Barnat) The report will discuss different parts of the overall budget of the organization followed by a complete budget in the end.

Small Health care organizations have varying activities from which they generate their revenues. Some have limited facilities available for the patients than others. The organization in question provides clinical services coupled with the facility of hospitalization and minor surgeries. The expected figures for the clinical department are projected below: Charges/Visit

Average Visits/day No. of working days Total (\$000) Physician: \$75 45 316

1066 Specialist: \$125 35 316 1382 2448 The figures provided in the data

above are the expected figures that are after the changes to the clinical
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system has been made, due to an introduction of specialist facility, one more element in the revenue generation has been added. The previous statements and figures have been ignored in the projections of these figures as major changes has been undertaken in the clinical department, the physicians charges has been revised to reflect the inflation effect and the average visits has been increased due to an increase in the total physician hours available in the health care center. The next department is the hospitalization center, where the patients are required to stay under observation after they have either underwent a surgery or the doctors felt the need for them to be under supervision. Hospitalization: No. of Beds Charges/Bed Average Occupancy Total (\$000) 18 \$155 82% 812 The last revenue generation activity for the organization is surgery, however the Health Care Center is ill equipped for major surgeries but its facility is able to provide minor surgical procedures in house. Surgery: Average no. of Surgeries/annum Average Charges/surgery Total (\$000) 91 \$4350 395. Complete Budgeted Income Statement for the Health Care Organization is provided below, it should be noted that the revenue provided in the statement is the total of the subdivided parts mentioned above in the report. Budgeted Income Statement (\$000) Revenue 3655 Expenses: Salaries 654 Depreciation of Equipment 973 Electricity Charges 240 Sundry Expanses 278 Inventory Supplies 426 Rent 500 (3071) Profit/(Loss) 584 Schedule of Assets (\$000) Equipment 1660 Vehicles 154 Inventory 376 Cash 325 Investments 410 Total 2925 The Budgeted Income Statement shows a profit of \$584, 000, it provides a profit ratio of around 15. 9% or 16%, however the profit might appear to be low but it should be noted that the previous year's data showed a profit ratio of around 13. 6%, there is a noticeable increase expected in the profit ratio of around 2. 3%. The Asset

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return is expected to be 19.9% this year. The main problem that is noticeable is the fact that the expenses are on the higher side as the facility is not privately owned, it is rented property thus making the expenses higher and also the asset turnover higher. Reference Barnat, Ryszard (n. d.) In Strategic-Control. 24xls. Retrieved from <http://www.strategic-control.24xls.com/en208>