

INTERNAL PROJECT PROFIT ANALYSIS – Example – A NEW SCHOOL DESIGN AND CONSTRUCTION

1. What is the total expected architectural fee for the project?

Say €1,000,000

2. What are the expected expenses for the project ie office rent, wages, lighting, heating etc...

Say €800,000

3. Therefore the expected profit = fee income minus expenses = €200,000 ie works out to be 20%

The project is currently in February which is Month 4 of the project. And is 5% complete

The expenses calculated to date are = €20,000 (for 1st 3 months)

We now need to work out the costs for Month 4...:

Staff time sheet allocations – You have been given a blank example of a typical time sheet

- a. Employee 1: 30 hours at charge out rate of €100 ph = €3000
- b. Employee 2: 60 hours at charge out rate of €150ph = €9000
- c. Employee 3: 20 hours at charge out rate of €300ph = €6000

TOTAL = €18,000

The charge out rate covers the staff salary and other fixed overheads

4. We then calculate the other costs that are specific to the project:
 - a. Unrecoverable outlay expenses eg printing, issuing: €10
 - b. Couriers: €10
 - c. Specialist advice: €780
 - d. Telephone & fax: €100
 - e. Postage: €100

TOTAL = €1000

Therefore the total costs in February are €1000 + €18,000 = €19,000

The TOTAL Costs until the end of February are: €20,000 (for 1st 3 months) + February = €39,000

5. Summary: The project is 5% complete
The expected TOTAL profit = €800,000
5% completed of these costs = €40,000
Costs to date = €39,000

Therefore we are on target in this month to meet our expenses forecast by €1000 and therefore we are HAPPY!

INTERNAL PROJECT PROFIT ANALYSIS – Your Example – A NEW SCHOOL DESIGN AND CONSTRUCTION

6. What is the total expected architectural fee for the project?

Say €1,000,000

7. What are the expected expenses for the project ie office, lighting, heating etc...

Say €800,000

1. Therefore the expected profit = fee income minus expenses = €200,000 ie works out to be 20%

The project is currently in March which is Month 5 of the project. And is 10% complete

The expenses calculated to date are = €39,000 (for 1st 3 months)

We now need to work out the costs for Month 4...:

Staff time sheet allocations – You have been given a blank example of a typical time sheet

- d. Employee 1: 50 hours at charge out rate of €100 ph = € _____
- e. Employee 2: 90 hours at charge out rate of €150ph = € _____
- f. Employee 3: 40 hours at charge out rate of €300ph = € _____

TOTAL = € _____

The charge out rate covers the staff salary and other staff overheads

- 2. We then calculate the other costs that are specific to the project:
 - f. Unrecoverable outlay expenses eg printing, issuing: €10
 - g. Couriers: €10
 - h. Specialist advice: €11,780
 - i. Telephone & fax: €50
 - j. Postage: €100

TOTAL = € _____

Therefore the total costs in February are = € _____

The TOTAL Costs until the end of March are: €39,000 (for 1st 3 months) + March = € _____

- 3. Summary: The project is 10% complete
The expected TOTAL profit = €800,000
10% completed of these costs = € _____
Costs to date = € _____

Therefore we are ON / OFF (circle correct answer) target in this month to meet our expenses forecast by € _____ and we are HAPPY / NOT HAPPY (circle correct answer) .