A PROJECT MANAGEMENT APPROACH

Nick Oosthuizen

BANK COST ALLOCATION Chart

COST ALLOCATIONS TO THE VARIOUS TRADES
AS USUALLY APPLIED IN BANK PROGRESS ASSESSMENTS
ALSO A QUICK COSTING TOOL

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Notes

This bank cost allocation chart serves as an example with very specific content that must be adapted to suit your particular project. The cost allocation example is prepared in Excel and you are welcome to change it to suit your own project related requirements.

CONTENTS

BANK COST ALLOCATION CHART

1. BANK STATISTICAL INFORMATION

Banks normally have good access to statistical information regarding project costs at various stages and regarding the various disciplines. They use this information to prepare detailed project cost schedules that are then applied to do project progress assessments for the purpose of loan disbursement approvals at various tangible progress stages of home building projects.

These cost allocation percentages of the banks are very handy in estimating detailed project costs from the bases of having the total project cost. It will pay you to obtain your particular bank's progress payment schedule and cost allocations for the style of house that you are planning and simply apply the percentages to the total value of your project and so very easily determine a detailed project cost schedule that will also be in line with the thinking of you financier.

To make it easy for you, we've prepared the example allocation chart in such a way that you only need to insert the above allocation information and be provided with a completed cost allocation chart.

See paragraph 5 for this chart, which serves as an example with very specific content that must be adapted to suit your particular project and financier.

2. PROJECT INFORMATION

Before attempting to use the example chart, you are advised to determine the following information regarding your project:

General project information

Site address.

The currency that you will be working in.

The tax rate that is applicable to your project, such as value added tax, general sales tax, etc.

The home building quotation regarding your project, of which the Excel model can be obtained at www.inframid.net.

Loan to value ratio as agreed with the bank

The loan to value ration is basically the banks contribution percentage to the total project funding. It must be noted that banks normally don't contribute directly towards the preparation costs, but are most likely prepared to recognise your payment of these costs as part of your total contribution percentage. If your total contribution is say 15%, it thus means that you probably need to pay 15% of the land and 100% of the preparation cost and start-up of the construction until the first loan disbursement. Your direct contribution from this point onwards will thus be less than 15% in order to compensate for your large contribution in the beginning of the project. We have programmed the example allocation chart to calculate this contribution percentage for you. In the example it works out to just above 8%.

Project costs

To use the example chart you need to determine the following costs:

- Land cost;
- Preparation costs including applicable taxes;
- Home builder registration council enrolment fees; and
- Building costs including applicable taxes regarding:
    - House, garages, out building and staff quarters;
    - External walls, fences, gates and structures;
    - Paving;
    - Site finishes, landscaping and irrigation;
    - Swimming pools;
    - Sound, television and communication infrastructure; and
    - Any other costs that are not included in any of the above.

If you have not yet done a home building quotation regarding your project, you can obtain a model in this regard at www.inframid.net.

3. PROJECT CASH FLOW

Once you've completed the bank cost allocation chart, it will help you determine your project cash flow by identifying the values of the following project life cycle items in the chart:

- Land payments.
- All preparations costs and site handover
- Up to floor slab level and home builder registration council enrolment fees.
- Ground floor superstructure and first fixes (plumbing and electrical piping, conduits, etc.) up to roof wall plates and under-slab level.
- First floor slab and window sill height.
- First floor superstructure and first fixes up to first floor roof wall plates.
- Roof, plaster, screeds and ceilings.
- Plumbing fittings, electrical fittings, painting, glazing and finishing carpentry, cupboards, cabinets and metal work.
- Practical completion including wall finishes, floor finishes, site finishes and ready for handover and occupation certificate.
- Final completion of the project after full deployment, the warranty period of three to six months and the correction of all the defects.

4. APPLICATION GUIDELINES

The example bank cost allocation chart has been set up in Microsoft Excel and you need to change it to suit your own project requirements.

All the content that appears in maroon colour is intended to be changed to your very specific project detail and those in black colour are either of a general nature or automatically calculated.

After having obtained all the project information as stated in paragraph 2 above, you are ready to complete your project cost allocation chart by following the steps below.

Step 1 Download your model excel document.

Step 2: Save a copy of the downloaded excel file for your project.

Step 3 Change all the maroon coloured content in your excel project file to suit your project information.

Step 5 Read through the chart, check all the detail that it reflects your project detail accurately and change it as required. Just be careful not to upset the formulas in the calculation cells.

5. THE MODEL

A copy of the Bank Cost Allocation Chart is attached hereto. The excel file of this model can be downloaded by following the link to www.inframid.net.

BANK COST ALLOCATION CHART

Variables are indicated in this maroon colour

Site Address: (Provide address)
Total loan to value ratio as agreed with bank: 85.0%
Calculated construction loan to value: 8.43%

Date: 23 October 2010
Tax included: 14%
Currency: US Dollar

Description	Trade allocations estimated	Estimated costs	Source of funds		Loan to value
			Owner	Loan	
Land costs		**600,000**	90,000	510,000	85.00%
Preparation costs		**119,000**	119,000	-	0.00%
Home builder enrolment fees		**20,000**	1,686	18,314	91.57%
Building & construction of home	100.00%	**1,400,000**	118,045	1,281,955	91.57%
Excavation	1.00%	14,000			
Foundation footing	2.20%	30,800			
Brickwork to plinth	3.50%	49,000			
Filling	0.50%	7,000			
Surface bed	1.50%	21,000			
Door frames - ground floor	1.50%	21,000			
Brickwork to sill - ground floor	4.00%	56,000			
Window frames - ground floor	1.75%	24,500			
Brickwork to head - ground floor	3.50%	49,000			
Brickwork to slab and wall plate - ground floor	3.50%	49,000			
Plumbing - ground floor	0.50%	7,000			
Electrical conduiting - ground floor	0.25%	3,500			
Reinforced concrete slab	4.50%	63,000			
Reinforced concrete stairs	0.60%	8,400			
Door frames - first floor	0.50%	7,000			
Brickwork to sill - first floor	2.00%	28,000			
Window frames - first floor	1.25%	17,500			
Brickwork to head - first floor	1.50%	21,000			
Brickwork to wall plate - first floor	1.50%	21,000			
Plumbing - first floor	0.50%	7,000			
Electrical conduiting - first floor	0.25%	3,500			
Trusses and brandering	7.00%	98,000			
Roof covering	4.00%	56,000			
Roof insulation	0.30%	4,200			
Sills	0.50%	7,000			
Plastering	4.00%	56,000			
Ceilings	2.00%	28,000			
Gutters and downpipes	1.00%	14,000			
Hot and cold water plumbing	1.00%	14,000			
Electrical conduiting	1.00%	14,000			
Geysers	1.00%	14,000			
Sanitary plumbing	3.50%	49,000			
Sanitary fittings	3.00%	42,000			
Soil drains	2.25%	31,500			
Wiring, plugs & switches	2.00%	28,000			
Electrical board / main connections	1.55%	21,700			
Light fittings	2.00%	28,000			
Stove, ovens & extractor	1.50%	21,000			
Glazing	1.00%	14,000			
Wall tiling	3.00%	42,000			
Pelmets & skirtings	1.00%	14,000			
House doors, handles & locks	3.00%	42,000			
Garage doors & motors	0.50%	7,000			
Painting	4.00%	56,000			
Cupboards & vanities	3.00%	42,000			
Kitchen units, sinks, taps & tops	3.00%	42,000			
Floor coverings	5.00%	70,000			
Ballustrades	0.75%	10,500			
Fireplace	0.75%	10,500			
Barbeque	0.30%	4,200			
Skylight	0.30%	4,200			
Cleaning of site	0.50%	7,000			
Building and construction of other structures		**120,000**			
External walls, fences, gates and structures		58,000			
Paving		7,000			
Site finishes, landscaping and irrigation		10,000			
Swimming pool and water features		40,000			
Sound, television communication infrastructure		5,000			
Total project cost		**2,259,000**	338,850	1,920,150	85.00%

THIS PUBLICATION IS IDEAL FOR

Anybody that wants to buy or build a home

Young project managers, architects and quantity surveyors

Interior designers, engineers, real estate agents, home developers and builders

Students and lecturers in the built environment

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