

Aspects on Budgeting

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Abstract : According to Institute of Chartered Management Accountants (ICMA) England "A plan qualified in monetary term prepared and approved prior to a defined period of time usually showing planned income to be generated and or to be incurred during that period and the capital to be employed to attain a given objective"

Keywords : ICMA, PLAN, Chartered management

I. INTRODUCTION

A budget is a quantitative expression of a plan of action relating to the forthcoming budget period. It represents a written operational plan of management for the budget period." A plan expressed in money. [1],[3],[5] It is prepared and approved prior to the budget period and may show income, expenditure, and the capital to be employed, may be drawn up showing incremental effects on former budgeted or actual figures, or be compiled by zero based budgeting". Budget and Budgetary control. The terms budget and budgetary control are often used interchangeable to refer to a system of managerial control. Budgetary control implies the use of a comprehensive system of budgeting to aid management in carrying out its functions like planning, co-ordination and control.

A. BUDGET:

According to Institute of Chartered Management Accountants (ICMA) England "A plan qualified in monetary term prepared and approved prior to a defined period of time usually showing planned income to be generated and or to be incurred during that period and the capital to be employed to attain a given objective". [1],[3],[5]

B. BUDGETORY CONTROL:

The Chartered Institute of Management Accountants (CIMA) London defines budgetary control as establishment budget relating to the responsibility of executives to the requirement policy and the continuous comparison of actuals with budgeted results either to secure individuals action the objective of policy or to provide a basic for its revision.

A budget is the monetary and quantitative expressions of business plans and policies to be pursued in the future period of time the term budgeting is used for

preparing budgets and other procedures for planning co-ordination and control of business enterprise. Budgetary control is the process of determining various budgeted figures for the enterprises for the future period and then comparing the budgeted figures with the actual performance for calculating variations, if any first of all budgets are prepared and then actual results are recorded. [7],[9] ,[11]

II. OBJECTIVE OF THE STUDY

To know plastics industry profile.

To know company profile of Sujala Pipes Pvt. Ltd. Company.

To study the budgeted estimates and accruals of the revenue expenditure and revenue receipts.

To study the variations of the accruals from the budgeted estimates.

To study the working of the financial department at Sujala Pipes Pvt. Ltd. Co. [8],[10] ,[12]

III. NEED OF THE STUDY

- To know about the budget and budgetary control of a "SUJALA PIPES PVT LTD." Company.
- To know about the status of a company by different financial Budgetary policies.
- To know about the present scenario of plastic companies Investment estimation that are existed in the market.
- To know about the present impact of budgetary control on the Financial position of the company.
- To know about the fast performance to based on future Estimation of the budgetary control of the techniques. [8],[10] ,[12]

IV. SCOPE OF THE STUDY

The scope of the study limited to collecting the data published in the reports of the company and opinions of the employees of the organization with reference to the objective stated above and theoretical framework of the data. With a view to suggest solutions to various problems relating to budget and budgetary control. [14],[16], [18]

V.LIMITATIONS

- The study is purely based on the information provided by the company and the data is collected form the reports, annual reports, magazines of the company.
- To study is restricted to Sujala Pipes Pvt. Ltd. Co.
- To study is restricted to limited period.

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VI. METHODOLOGY OF THE STUDY

Research is the systematic investigation of fact that seeks to establish relationship between two types.

Primary data:

- Officers of accounts sections.
- Executives and staff of financial and accounts department.
- Meeting with concerned people.
- Personal observation.

Secondary data:

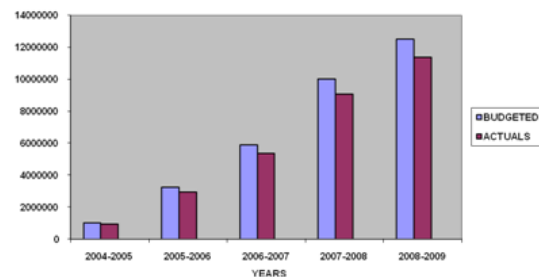
- Annual reports of Sujala Pipes Pvt. Ltd. Co.
- Financial management text books.
- Printed Materials.
- Journals and magazines
- News papers.

In this year, the budgeted are above the actuals. Material consumed is high value the budget estimates among all items and in total that shows a good budgeting effort makes the actuals. [20],[22], [24]

In revenue receipts, the budgeted are above the actuals, but with a minimum percentage of variation as compared with previous year.

EMPLOYEE REMUNERATION & BENEFITS

YEAR	BUDGETED	ACTUALS
2004-2005	10,22,353	9,29,412
2005-2006	32,40,003	29,45,458
2006-2007	58,97,375	53,61,250
2007-2008	1,00,08,138	90,98,308
2008-2009	1,25,35,153	1,13,95,594



CALCULATION OF REVENUE RECEIPTS BUDGET FOR THE YEAR 2004-2005 (Rs.....)

S.No.	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	Sales and other receipts	60,66,25,179	55,14,77,436	5,51,47,743
2.	Other Income	35,96,102	32,69,184	3,26,918
3.	Increase in Inventory	(-) 1,59,33,057	(-) 1,44,84,597	(-) 14,48,460
Total		59,42,88,224	54,02,62,023	5,40,26,201

CALCULATION OF REVENUE RECEIPTS BUDGET FOR THE YEAR 2007-2008 (Rs.....)

S.No.	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	Sales and other receipts	79,43,88,636	72,21,71,487	7,22,17,149
2.	Other Income	28,95,385	26,32,169	2,63,216
3.	Increase in Inventory	(-) 2,73,515	(-) 2,48,650	(-) 24,865
Total		79,70,10,506	72,45,55,006	7,24,55,500

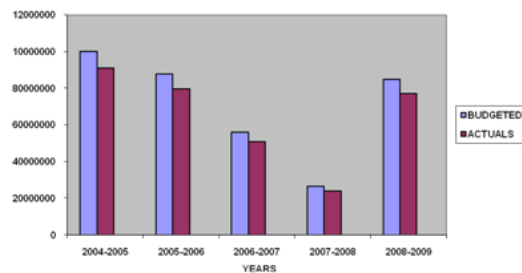
Interpretation:

In this year it can be seen that every item actuals are bellow the budget estimate which reprehensions a positives indications of savings, the actuals are beyond budget estimates due to revision in pay scales. Which can be ignored, because in total budget estimates are more then the actuals

In revenue receipts, the actuals are below the budgeted. Except in increase in inventory value is negative. The budget estimates with a good variation percentage. [19],[21],[23]

ADMINISTRATIVE & OPERATION EXPENSES

YEAR	BUDGETED	ACTUALS
2004-2005	10,01,60,814	9,10,55,285
2005-2006	8,78,97,229	7,99,06,572
2006-2007	5,60,64,572	5,09,67,793
2007-2008	2,64,40,645	2,40,36,950
2008-2009	8,48,91,273	7,71,73,885



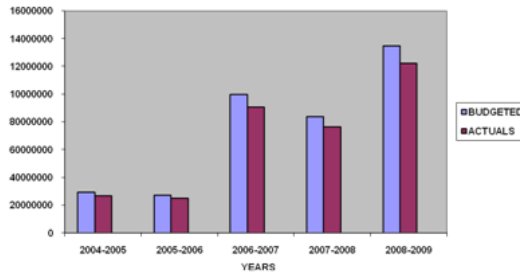
CALCULATION OF REVENUE EXPENDITURE BUDGET FOR THE YEAR 2005-2006 (Rs.....)

S.No.	DESCRIPTION	BUDGETED	ACTUALS	VARIANCE
1.	Sales and other receipts	40,68,80,342	36,98,91,220	3,69,89,122
2.	Other Income	28,00,738	25,46,126	2,54,612
3.	Increase in Inventory	(-) 7,807	(-) 7,098	(-) 709
Total		40,96,73,273	37,24,30,248	3,72,43,025

Interpretation:

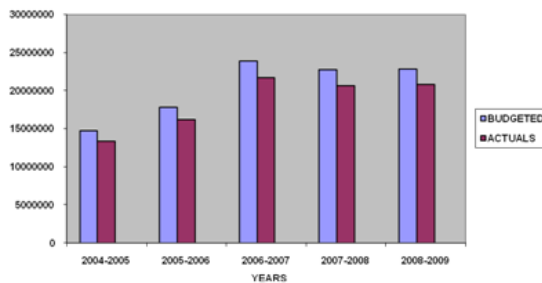
MANUFACTURING EXPENSES

YEAR	BUDGETED	ACTUALS
2004-2005	2,95,12,360	2,68,29,419
2005-2006	2,74,36,923	2,49,42,658
2006-2007	9,98,08,181	9,07,34,710
2007-2008	8,40,70,526	7,64,27,751
2008-2009	13,48,25,637	12,25,68,761



DEPRECIATION

YEAR	BUDGETED	ACTUALS
2004-2005	1,47,38,772	1,33,98,884
2005-2006	1,78,56,564	1,62,33,240
2006-2007	2,39,11,697	2,17,37,907
2007-2008	2,27,69,641	2,06,99,674
2008-2009	2,28,97,612	2,08,16,011



VII. RESULTS

- The budget and budgetary control of Sujala Pipes Pvt. Was found to be very effective when considered all categories of items.
- In spite of having techniques many techniques of budget system, the company is not following any of the system to control budgeter's.
- .In the 2004-2005 the total budgets value was high. Where was in the next two years it has come down drastically. [31],[33]
- In all the five years budget expenditure was of high consumption a value.
- Material consumed which is one of the inputs for the production.
- It is also found that the reasons for maintaining huge stock of manufacturing expenses in 2005-2006 is due to high production of manufacturing expenses as well as the sales is also high in the year of 2006-2007 compared to other year.

VIII. DISCUSSION

- It is recommended to the company that every item to be considered when categorizing the items into budgets.
- As company is not using any budget techniques we can suggest the company to follow budget techniques for better and effective budget and budgetary control.
- Pre audit of all expenditure proposals before issue of order and to check whether the expenditure is

legitimate, approved by appropriate authority and availability of funds for the above items.

- The budget estimations should be made that they will reach with the actuals for every year with very less variation.
- In Sujala revenue expenditure and revenue receipts are not interdependent on each other.
- The revenue expenditure will be spent based on the production target irrespective of the revenue receipts.
- In this proves the effective financial performance of budget department in the organization

IX. CONCLUSIONS

Since, all the production units in Sujala Pipes Pvt. Ltd. Will run perpetually through out the year, there will be minimum variations in the revenue expenditure budget estimates and actuals. As the expenditure will be incurred more or less to the estimations made by the organization. [25],[27],[29]

In concern with overhead expenses, it will also be with minimum variations between budget estimates and actuals. Since the production process will be consistent. Any change in the items of expenditure, will lead to the review in the budget estimates by the accounts and finance department. It is also suggested to the company that budget techniques will be very useful to control and manage cost effectively. [25],[27],[29]

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