

**Management Accounting**  
**Professor Anil K. Sharma**  
**Department of Management Studies**  
**Indian Institute of Technology, Roorkee**  
**Lecture 14**  
**Preparation of Budget**

Welcome all, so we are in the process of learning about the budget and the budgetary control as an important tool of say management decision making. Until now we have discussed that how the budgeting and the budgetary exercise helps the firms to arrive at certain decisions where we learned about that we can prepare the operating budget and we can prepare the financial budgets. So we start with the sales estimation in the operating budget and then we start back tracking and then we assess the cost including the raw material cost, operating expenses cost and then we end up means the operating budget ends up with the preparing the operating income statement or the profit and loss account.

So there is a budgeted profit and loss account every firm prepares a budgeted profit and loss account. It maybe quarterly profit and loss account or it may be 6 monthly or it may be annual. So first we have to start with every year when we start the process in any organization in any firm the means the operations when we start, we always keep in mind the budgeted objectives and the budgeted profits and then looking at that and setting that means as the target we go for the real performance, actual performance in the market and at the end of the day, we compare the actual performance with the budgeted performance, right?

So, what is the budgeted profit and what is the actual profit or maybe the loss so will have to find out the variances and in both the cases whether the variances are positive or negative, we have to analyze right. And in the second case we discussed about the financial budget means after the operating budget we prepare the financial budget and the end result of the financial budget is that is the balance sheet, budgeted balance sheet and apart from that we also prepare the cash budget.

So, cash budget tells us about the cash position of the firm and the balance sheet tells about the overall financial position of the firm. So we prepare the budgeted balance sheet also say that at the end of that budget period maybe it is a quarter, if it is a quarterly budgeting system in the firm or maybe it is a 6 monthly or annual budgeting system in the firm, so how that budgeted

balance sheet will look like and whether our assets and liabilities will be in the balanced state or not?

We will have to go for that and we will have to make sure that what is going to be the impact of the profit or loss on the financial position of the firm and how it is going to look like. So operating budget and financial budgets we learned till now and certain more things which are supportive means you can call it as a requirement of preparing the budgets. Now, we will discuss about that before we move to the practical part where we start doing some small mini cases of learning about preparing the budgets.

That is the quarterly budgets or maybe 6 monthly budgets or the say annual budgets. So, how that entire budgeting exercise will take place, that how we will go for the sales forecasting and then the forecasting of the different input cost maybe including the material cost, operating expenses cost and then how we will prepare the budgeted profit and loss account whatever the time horizon we take.

We will learn practically about that, will discuss 2-3 small cases and then we will learn about that how to prepare the cash budget and the budgeted balance sheet. But before that I would like to discuss certain other important things which are very supportive for preparing these budgets and for means using the budget and budgetary exercise as a very-very control mechanism.

So as we discussed in case of the operating budget, we start operating budget or preparation of the operating budget with the sales forecasting, because if you do not have the sales target in your mind, you cannot know that how much production we can make, how much material is required for that production, how much other operating expenses may be variable or fixed are required for that.


So, every budgetary exercise starts with depending upon the time horizon or irrespective of the time horizon. It depends with the say the forecasting of sales and if we know that how much we are going to sell in the market or we are capable of selling in the market accordingly we are going to produce and then accordingly we are going to budget for the all input cost. So sales forecasting is a very-very important component because without sales forecasting means production is not possible to be estimated and accordingly the impact of that sales on the profit

and loss account or maybe the financial position of the cash position of the firm cannot be worked out.

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## Sales Forecast

- A sales forecast is a prediction of sales under a given set of conditions.

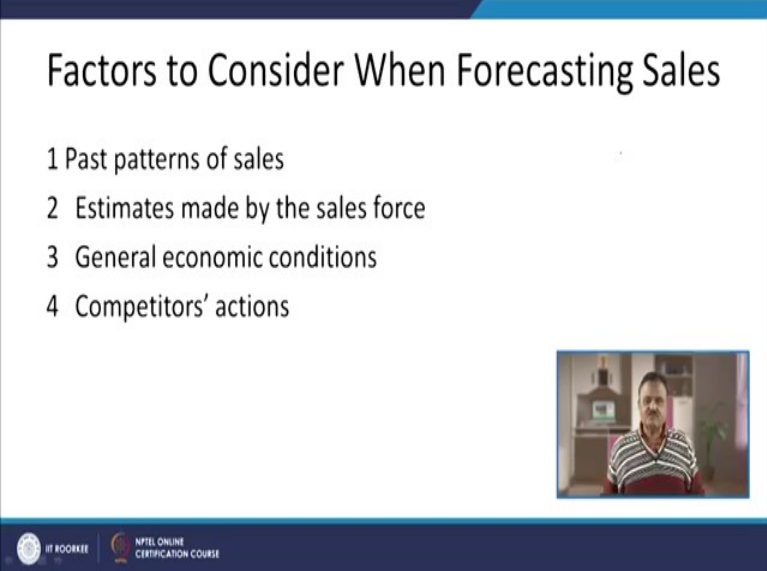


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So, it means sales forecasting is a prediction of sales under a given set of conditions. It is a prediction of sales under a given set of conditions. So we will have to forecast the sales to know about that how much is going to be output for that how much is going the input and what is going to the difference between the output and the input?

So, what are the important factor which are important or we consider while forecasting the sales? There are some important factors that how we forecast our sales, what are the sales forecasting tools or maybe the factors which are important and which are kept in mind while estimating the sales for the budgetary period.

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## Factors to Consider When Forecasting Sales

- 1 Past patterns of sales
- 2 Estimates made by the sales force
- 3 General economic conditions
- 4 Competitors' actions

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So in this case past pattern of sales is a very important component because we go normally for the time series analysis. We make a, we create a trend and we go for the trend analysis. So we like to see there, for example, if it is a quarterly budgeting system so we can say for example, we are preparing the budget from the first quarter. So we will see that in the previous year we had the 4 quarters and in the 4 quarters over the different quarter of first to fourth, what was the trend of the sales? Whether it was all having a static trend or it was having a rising trend or it had a means zigzag trend? Maybe some time is some quarter sales went up and then went down.

So, what were factors responsible for that kind of the ups and downs in the sales? We will have to keep those factors in mind. So past pattern of sales is the first important factor which we always bear in mind for forecasting the sales or the sales estimation for the future. Second important factor is the estimates made by the sales force. Now sales, what was in the past? Largely that is achieved and that is influenced by our sales force. We have the full fledged independent marketing and sales department or maybe sometime marketing department sales and distribution department.

So marketing department does the backend job, maybe they take care of the advertising or they take care of say looking for the channels of distribution, but the sales and distribution force who are there in the market sales managers, area managers, area sales manager, they are very-very

responsible people and very-very important point because they are directly connected to our channel of distribution.

If from the firm, the sales are going to the wholesaler or maybe directly to the retailer because hardly it is going directly to the customer. Even if it is directly going to the customer, so firm and a customer if that two are related in between there is a person which is a firm's delegate and he is connected to the customer. So his input is very important whether he is connected to the wholesaler or retailer or the direct customer means there are the 3 levels, minimum 3 levels.

One is the firm, who is the manufacturer then the sales force who is employed by the firm and third one is the channel or maybe the final customer, so these are the 3 levels. So because that middleman who is a sales force or is a sales part of the sales team he is directly connected to the next person may be he is a channel of distribution or the customer. So their input is very-very important. So we seek their input also that in the past achieving that given level of sales in the previous quarter or maybe number of quarters.

What were the important factors, what efforts you had to make, how feasible it was for you to achieve the target or how difficult was it and in the time to come what we can expect to perform in the market in terms of the sales? So their inputs are very important, so time series analysis we do, we create the trends, we take the inputs from the sales force or the selling staff and then at the same time we look at the general economic trends means we can easily find out there. For example say they are the largely three kind of the products in the market, some are necessities, some are the comforts and some are the luxuries.

Now necessities is that say for example, all the consumer products people have to consume minimum. So it means looking at that that what is the income level of the people and similarly the overall availability of the goods and services in the market if it is essential item certainly we will have to find out the some sources or some income or some avenues from there we have to generate income and we have to arrange for the necessities. For example, all our food items, say for example, you talking about the toothpaste.

So whatever is our income, at least we cannot go without means say means cleaning of our teeth, so we will have to go for that item and means in that case we only can find out that general

economic trends are not going to impact that product because that is a necessity. But if it is a comfort and if it is a luxury, for example, now you talk about the, these days you can say color TVs, color TVs are is item of comfort it is not item of luxury earlier it was. So comfort means that for example, if the income level of the people goes up then it can be expected that more see TVs may be demanded by the people or maybe they are the different variants of the TVs.

So now for example in the market, we have the 4K TV or the 8K TVs which are really expensive items. So at these people, these people are able to afford those TVs also so we can find out that because of any reason if the income level of people is going to increase, for example, increase of the salaries by the companies, of their employees may be at the end of every financial year maybe in the month of April or in the month of January, they give the hike to their employees.

So the manufacturers can understand that business people will get hike in their salary so they may demand some more comforts and similarly the luxuries. Similarly when the budget comes, so budget is a very important document which gives a direction to the economy for the next one year, right? So in that case there are some sectors which are the priority sectors for the government. Government is going to support, so in peace the sectors which the government is going to support, going to create a very conducive environment that may affect the increase in the sales.

So it means the firms who are in two different products, all necessities, comforts and luxuries they can easily find out that how the budget document is going to impact their sales. So means general economic trends are very important part. Then the competitors' actions, it is a very important factor that because these days after the globalization of Indian economy or maybe any economy you talk about supply side has become very strong. Earlier what was the reason? Means earlier what was the situation? In 1991 or before that, till 1991 or before that the supply side was very weak.

For example, if you talk about the different sectors, mostly the sectors where most of the production sectors were reserved for the public sector. We talk about the steel sector, now see largely steel sector was dominated by one public sector company Steel Authority of India Limited, sale was responsible to provide steel to the whole nation. Tesco was also there but it

had a very assume call it as a small market share, large market share was about 90 percent market share was with the sell.

After this globalization of means after 1991 now you see that there is a stiff competition in the market, even in the steel sector though it is a capital intensive area sector but many companies have come up now. We have now the Essar steel, Lloyd steel, Jindal steel, Tata is already there in the market. So supply side has improved. Now, when the supply side improves, it makes a customer king means it gives extra power to the customer to look for the best supplier means the company who can fulfill its a requirement in the best possible manner, they can supply them the best product at the very competitive price.

Similarly, for example, you talk about the electronic sector. In the electronics sector say for the color TVs before 1991 or till 1991, we had local Indian manufacturing companies manufacturing color TVs. We are I think at that time if you recall if you are able to means go back in that era, so there was means almost all the companies were the Indian companies and two companies that is the Onida and, two brands I would say Onida and Videocon they were leading the market. About 45 to 47 percent market share was with these two companies and remaining was with other companies where we had the local products like Western, Texla, Daynora, Salora all these TVs Beltek, these color TVs were there in the market.

But after 1991 when we allowed this sector for the open competition from the MNC's then we are now today having a say best MNC's of the world maybe Samsung from Korea, Sony from Japan then similarly your LG from Korea they are now into the market and just because of the influx of these three important companies into the electronics market in India the old Indian companies have gone out. Even the Videocon and Onida which were the leaders in the market now they have become means their market share is just very-very meager amount of the share is left with them 1 or 2 percent and almost that too they are targeting to the rural markets.

If you talk about the urban markets, now they are totally dominated by Samsung, Sony and LG right, these 3 major companies. So because of the competition in the market at the time you see that when the Videocon and Onida they had about say 45 to 47 percent market share, today their market share has come down to 1 to 2 percent. So what is the reason for that? Means the sales

are seriously declined and these companies are striving for their sustenance in the market for their existence in the market.


So competition when it was allowed to come up, MNCs were allowed to come up in the Indian market. So the competition has gone up and it has affected the sales of all the Indian companies. Most of the Indian electronics companies have gone out of the market have disappeared. Even the companies who are striving hard and trying to sustain in the market like Videocon and Onida their market share has also come down. So in any sector you talk about after globalization of Indian economy, after liberalization of Indian economy, the supply side has improved in a very effective manner.

Now, the customer has got the choice in almost all the sectors be it electronics, be it steel or be it may be the consumer durables other consumer durables, may be any sector you talk about there now we are getting the even technology sectors we are talking about. We have got the stiff competition in the market and as a result of that prices are within control, quality is improved and ultimately this is going to benefit the customer but this is affecting thus companies in terms of the sales means if they are not able to sustain in the market or compete in the given market scenario, then direct impact of that will come upon their sales.

So to sustain with the sales, to grow with the sales in the market they have to offer something extra something new to the customer. So competition is another important factor which creates a problem or which means causes the change in the demand and we have to make use of this while estimating the demand or forecasting the demand for the in the time to come.



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## Factors to Consider When Forecasting Sales

- 5 Changes in the firm's prices
- 6 Changes in product mix
- 7 Market research studies
- 8 Advertising and sales promotion plans

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Then the changes in the firms say prices. See India is a price sensitive economy, we are a developing economy, we are emerging economy and it is a price sensitive economy. Our income level is not that much as compared to the income level of the people in U.S or the income level of people in UK or income level of the people in the other European countries. There people means have the higher amount of income as compared to the income we have in India, so we are largely a price sensitive country.

So here we certainly go for as a customer we go for looking for the say best quality product. But if we are getting a little reduction, decrease in the price, or maybe if the price and quality we have to compare we can compromise to some extent with the quality, but if the price is reduced significantly then certainly we would like to go with the products who are means within the affordable range and maybe the quality is also not is also means up to that level, but we give the preference largely to the price means this is a in the say larger number of the people or the larger population is like that.

About 80 to 85 percent or 90 percent people are price sensitive. So if any company increases the price of their product and if the competitors do not follow the suit in that case what is going to happen? That the, that company sales are expected to decline. So if they are going to increase the price they have to certainly y increase the quality also, but if the competitor, competitors are

strong in the market people may shift from the this company to the other competitors because for us we are more careful about the price, we are more sensitive about of the price.

Our income is not unlimited that we are only looking for the quality irrespective of any price. We are looking for both but price is a priority and the quality comes after that. So it means we have to see here that how the prices are being changed. So if the companies want to keep their profits intact or the margins intact they have first to look for reducing the cost or the cost of production. They cannot think of increasing the price, the moment they increase the price he always have to forecast that your demands are going to your sales are going to go down in this market. So this is a very important factor.

Next important factor is a change in the product mix. Sometimes we say introduce many products, different products. Now, for example, if you talk about the car industry Maruti is or the Suzuki motors is the leader now in the Indian market. What is the reason for the success of the Suzuki motors? That they have the very larger product mix, they have the cars for every segment of the people. They have the lowest segment people cars that just by say shelling out 2.5 lakh rupees 250,000 rupees, you can buy Alto Car, right and after that if you want to go up in the ladder, you have the product according to your requirement and demand.

Even the company has a premium products also, if you want to buy Ciaz that is a very good product in competition with the other multinational companies, so means because the product mix is very strong, is very high so Suzuki is still the leader in the market and just drawing a clue from that other say multinational companies. For example, you talk about Toyota or Honda they were initially the companies who are manufacturing the bigger cars. But now they have learned also from the Maruti or maybe the Suzuki motors that they also have to add up the small cars because there is a demand for those cars in India.

So if you want to improve your sales, if you forecast that our sales will go up in the time to come, you have to give the choice to the people. People want to buy Honda cars, but they cannot afford all the times Honda City. So that is why they have come with other variants you can go for the lowest version that is a Brio or they can go for the Jazz. You can go for the WRV or BRV all these now the products are there in the market.

So companies are compelled to offer the better product mix. So it means larger the product mix, better the product mix, stronger the product mix you can expect sustenance of the demand for the company's products or maybe it can grow with the period of time. So that is a very important factor and then is the market research studies. There are means different people, different organizations who are into the research, market research and who keep on knowing about the changes in the taste and liking of the people over a period of time.

They note that when there is a change in the income level of the people. There is an upward change in income level of the people then certainly people are going to demand more products apart from the necessities people are going to expect the comforts even the luxuries. So these studies continue taking place in the market.

Companies, manufacturing companies they have their own research brings and sometimes they buy the data from the market also from the professional research companies, marketing organizations or the marketing research organizations and on the basis of that they can forecast that if any change in the product is done, what will be the impact upon the demand? If any change in the price is done, what is the impact on the demand? And if there is any new competitor coming in the market then what is the impact upon the say demand of the one particular company's product?

So these studies are equally important and they help us in the estimation of the demands, forecasting of the demands, forecasting of the sales and there we start the budgeting process from. Then if you want to boost up your sales you or sustained with the sales we take the help of the advertising and the sales promotion plans. So stronger the advertising and the sales promotion plan, certainly it is going to support the sales growth in the market. For example, there are very popular ads in the on the TV. You talk about the Colgate?

Is the most means say attention catching ad and every person even I think illiterate person also knows there is a Colgate. These not concerned about that what is Colgate and actually he every time he is going to buy the toothpaste he is buying a Colgate. But every toothpaste he knows in the name of Colgate. So that just because a very-very effective advertising campaign. Similarly, there are so many other products which people means know by the advertising campaign simply. If that advertising campaign had not been there, maybe the people would not have known about

the products. So stronger the advertising campaign its helps a company to stay in the market rather to grow with the sales.

So these are some important factors which help the companies to say increase the sales, sustain the sales and to know in advance that as a cause effect relationship, maybe cause is the reduction in the price, increase in the income level of the people, very strong advertising campaign or changes in the preferences of the people. How they are going to impact the demand of the total market with regard to one particular product and what market share the one company can expect. All these means factors are going to help the companies to forecast the sales and to know about their performance in the period to come.

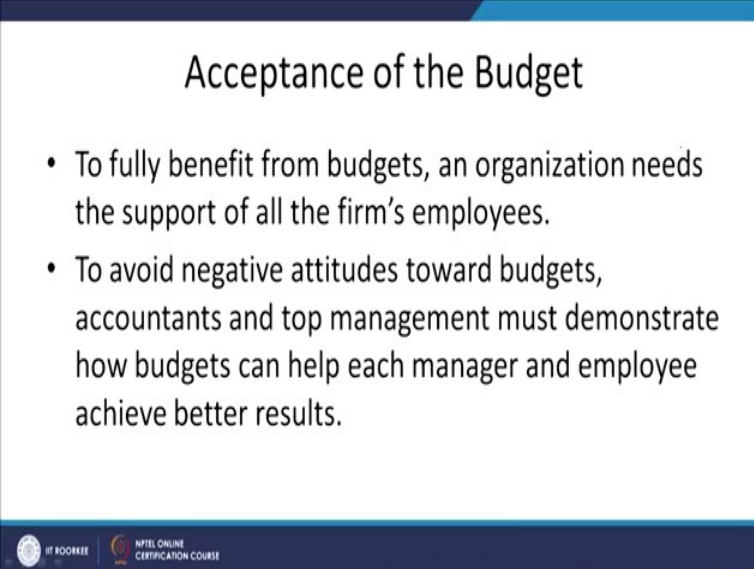
Now next level, we will talk about is something about the acceptance of the budget. See preparation of the budget is one thing, what is acceptance by the people in the organization at all the level? That is another important consideration, mean one thing is that is the budgeting process from top to bottom. People sitting at the top policy-making level, directors, CMD, chairman or maybe the say GMs they prepare the budget without consulting the people at the lowest level and they impose that budget on the people at every level unit and sub unit level in the firm, then what is going to happen?

People are means going to accept it, but not whole heartedly, they will contribute to achieve the targets but if the targets are so high because they are created, they are set without knowing the realistic position in the market then you can understand, what is the purpose of that budgeting exercise? So first important consideration is that before you go for budgeting process and the budgeting exercise, you will have to create a situation in the organization that your budgets and the budgetary targets are acceptable by the people at every level and that is why nowadays the budgeting exercise has become like bottom to top.

The lowest person in the salesforce who is directly connected to the either customers or the channels of the distribution his inputs are very important for preparing or setting the sales target. Similarly people who are involved into the purchase of the material, directly who deal with the suppliers, who know that what is the suppliers position. Who knows that if one supplier stop supplying what are the other alternatives available. If he is taken into consideration, then the budgets prepared with the help of the people at the lowest level and the information flowing from

the bottom to top and then finally budget being prepared by the people at the top level or by the experts in the budgetary exercise, I think that is going to increase the acceptability of the budget document.

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### Acceptance of the Budget

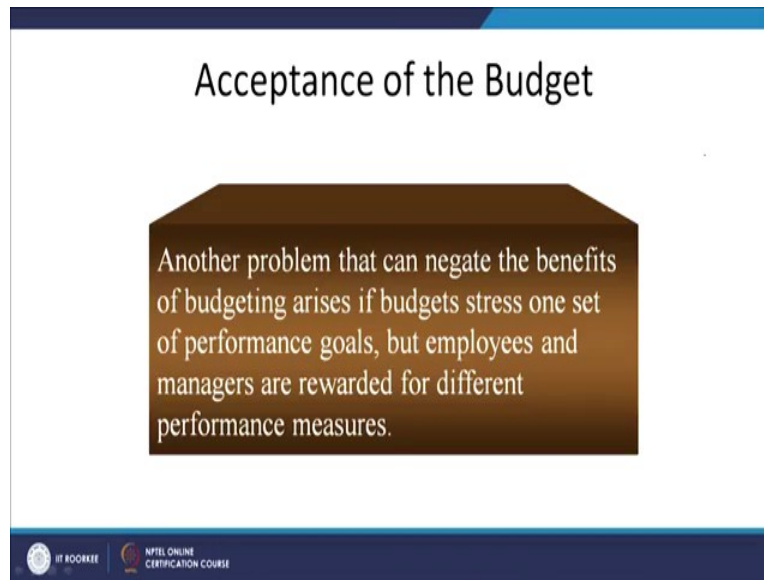
- To fully benefit from budgets, an organization needs the support of all the firm's employees.
- To avoid negative attitudes toward budgets, accountants and top management must demonstrate how budgets can help each manager and employee achieve better results.

So acceptance has to be means insured by the company and that is only possible that if it is with the participative process. For example, even at the country as a whole if you talk about, in any economy when the government has to come for the annual budgets, they also directly or indirectly consult the people of the country, they also propose a certain things, they put it on the different websites, the website of the Ministry of Finance, Ministry of Industries or maybe the other Ministries websites, they advertise, government advertise that this this all these changes are there we are proposing this document is available.

So people who are interested to give their views they can respond to our queries or our say proposals and their proposals will be taken care of while finalizing the budget. So if it can be done at the country level or the economy level then why it should not be not at a company level or a firm level. So it means acceptance to ensure the acceptance, we will have to do the budgeting by involving the people at the lowest level in the firm then information has to flow from the bottom to top and then a document has to be created.

So to fully benefit from the budgets an organization needs the support of all the firm's employees and second thing is to avoid negative attitudes towards budgets. Accountants and top managements must demonstrate how budgets can help each manager and employee achieve their targets better. So means acceptance is the important part.

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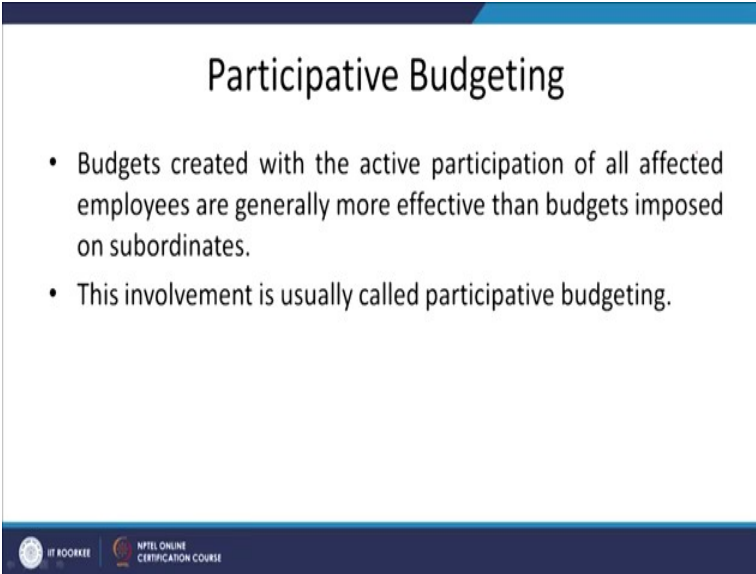


Another problem that can negate the benefits of budgeting arises if the budgets stress, one set of performance goals, but employees and managers are rewarded for the different performance measures. So it means we have to see that what is the target, we have to focus upon that. But if the target is not clear means target is something else, employees are focusing upon something else then what is going to happen? It is not going to means help us to achieve the budgetary targets. So involve the people in preparation of budget, communicate then all the targets to employees, you ask them to focus upon these targets and since they are involved into preparing that budget themselves, they themselves have set the targets for themselves.

It means the achievement of the budgetary objectives will not be a problem. So we will have to create the situation where the budget is acceptable by all the people and then we will be able to maximize the sales also and then we will have to, will be able to keep the costs under control. Another important dimension of acceptance is a participative budgeting. It is a very important dimension because acceptance if you want to increase amongst all the employees at every level of the firm we will have to make this as a participative budgeting.

Participative budgeting I just I talk to you that every person, every employee is important for the firm. The information communicated by every person. Even at the lowest level is important for the firm, if that information is involved into the budget document then certainly everybody will feel that he has the ownership in the firm, he has the responsibility to achieve the budgetary objectives because he has set those targets and those objectives himself for himself. So it means he would like to make sure that yes, it is accepted and implemented in the later period and objectives achieved.

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## Participative Budgeting

- Budgets created with the active participation of all affected employees are generally more effective than budgets imposed on subordinates.
- This involvement is usually called participative budgeting.

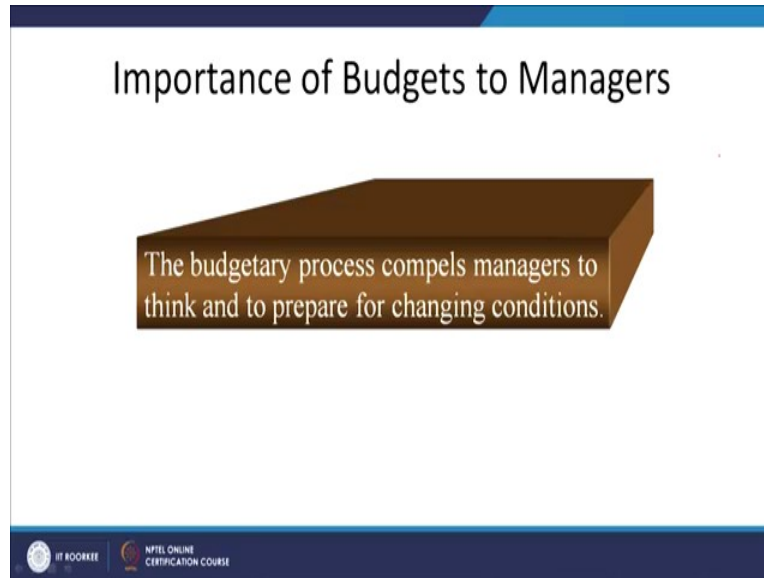
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So budgets created with the active participation of all affected employees are generally more effective than the budgets imposed on subordinates. This involvement is usually called the participative budgeting and finally we talk about the importance of budget to the manager. Means certainly its importance is known to all, at all level from the lowest level to the middle level management and to the top level management.

Because if everybody is involved, everybody is contributing in achieving the firm's targets then certainly we are going to say achieve the budget objectives and we are going to achieve the budgeted profits or avoid the budgeted losses and to keep the financial position of the firm balanced and to improve the cash position of the firm.

So importance of the budget to managers is means very clear to all of us now that how this information is helpful in planning and organizing or maybe knowing in advance that how the things are going to take place in the future. What are the important decisions they have to implement and how they have to make sure that everybody is involved in this exercise in the organization?

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So budgetary process compels managers to think and to prepare for changing conditions, because we know it, the person at the lowest level in the salesforce tells that look the competition in the market is very stiff and now the distributors are shifting their priorities from our products to the other companies' products and why they are shifting?

Because other companies products maybe they are able to reach up to the customer because of the better advertising campaign or maybe those other competitors are giving better margins to the same this channels of distribution or maybe it is very easy for those distribution channel to sell the products of other companies because of the quality, because of the price, because of the acceptability of the product by the customers, which may not be means equally means effective for all the companies.

So the salesforce can tell the firm that look because of the changing conditions in the market, changing say competitive scenario in the market we will have to take some initiatives, either we



have to reduce the price or we have to increase the quality or we have to give some extra scopes to the customers or to the channels of distributions. So means if you want to sustain in the market, we will have to do certain things, so who will tell the company? The people at the lowest level, people who are in the market, who are connected to the channels of distribution, who are connected to the wholesalers, retailers or maybe the customer sometimes. They will help the company to grab the information and to effect the changes.

So manager sitting in the office is not going to achieve the target if the people in the market are not going to give him a proper feedback because otherwise it is a well set and well accepted thing that channels of distributions are basically the agents of the customers they are not the agents of the firms. They are the agents of customers they are not the agents of the firms. Because his profit to a larger extent depends upon if he is able to serve the larger number or the largest number of the customers.

So when he would be able to do that? When he is able to fulfill all the customers requirements. So sometimes these channels of distribution, especially the retailers they change or they shift their loyalties from the customer to the manufacturer provided the manufacturer gives him something extra or takes extra care of him. Many a times we have seen that we want to buy a product. We have gone to the market by making our mind, very means clear motions in our mind you go to the market, we go to buy a color TV of Sony or maybe Samsung, LG or any other company.

When you visit the showroom there, if he is intending to help other company or because other company has given him some special incentive so he may say that if you want to buy Samsung fine, I have that product also, but I will offer you another product of another company which is comparable to the Samsung in all respects, all features, quality, sound, picture everything is comparable but in terms of the price is quite cheap or it is much less as compared to the price you are going to pay for the product which you are intending to buy.

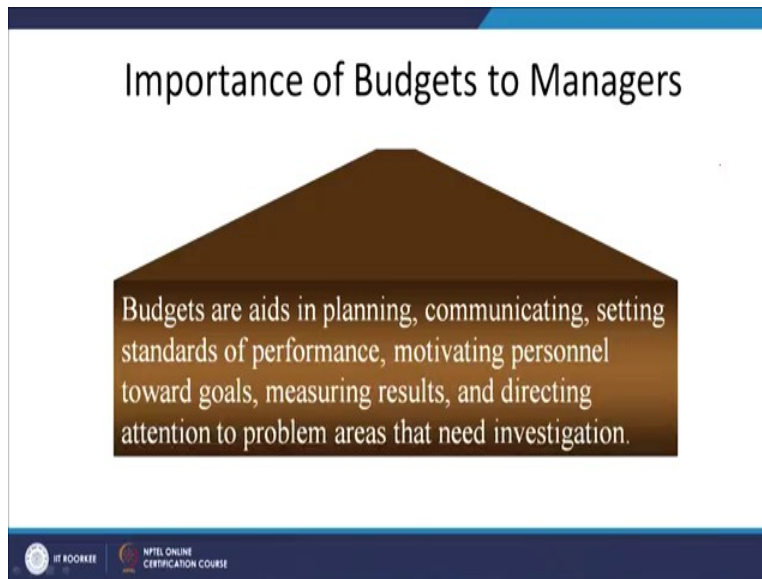
So why is doing all that? Why he is inducing the customer to shift his preference from the Samsung to the other company, because that other company has given something extra to that retailer or that distributor and that is why he want to for some time he would make extra efforts that if he is able to convince the customer without even annoying the customer and without

means giving you a feeling that he is helping the company he would be able to fulfill both the objectives. He passed on the product to the customer, so he kept the customer also happy and he could help the company by selling the product and in between he changed the say preferences of the customer also and customer never knew it.

So customer thinks that he is my well-wisher, company thinks it is my well-wisher but this is going to happen, the channel is going to or that distributor or that retailer is going to change his priorities if the company is giving something extra to the that that retailer or to any other channel of distribution. So people sitting in the office, they cannot make the policies, they cannot set the effective targets until and unless they get the rightful information from the level where it is going to actually come up or take place.

So whether it is a purchase, so purchase people are more important, they know that what are the terms and conditions of suppliers or it may be the sales people, so they know what are the requirements of channels of distribution, what are the requirements of the customers and how to achieve the sales target so that you can fix up the sales target, you can go for the production accordingly, you can achieve the budgeted profit objectives or the loss minimizing objectives and keeping your cash and the financial position balanced. This all will depend upon if you are budgeting exercise is prudent, foolproof is largely from bottom to top and acceptable to all in the organizations.

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So in this entire process means finally I would say that budgets are aids in planning, communicating, setting standards of performance, motivating personals towards goals, measuring results and directing attention to the problem areas that need investigation. So for budgeting process means is very-very important tool for the management decision making and in this subject in management accounting

We will learn now in the say in the next classes that how we can say actually go for preparing the budgets depending upon the different time horizons and how we can use those budgetary documents for the real as execution in the market and then comparing the budgeted results with the actual results and finding out the variances and removing them so that the overall performance of the firm improves, goes up and firms sustains in the market for the longer duration, right?

So this all is for means this class from the next class onwards will start discussing some cases, some small cases, mini cases and we will learn about how to prepare the budgets both operating budget and the financial budgets. I stop here for this and next time we will start doing the same some cases in the next class. Thank you very much.