

Budgeting control

Budgetary control is the process of preparation of budgets for various activities and comparing the budgeted figures for arriving at deviations if any, which are to be eliminated in future. Budgetary control is a continuous process which helps in planning and coordination .

defined as “Budgetary control is a system of coordinating costs which includes the preparation of budgets, coordinating the work of departments and establishing responsibilities, comparing the actual performance with the budgeted and acting upon results to achieve maximum profitability”

***Following are the main objectives of budgetary control:**

1. Planning:

Budgeting ensures effective planning by setting up of budgets.

2. Coordination:

Budgets are helpful in coordination of business activities.

3. Efficiency and Economy:

Effective budgetary control results in cost control and cost reduction.

4. Increase in Profitability:

Costs are controlled with help of budgets and profits targeted are achieved.

5. Anticipation of Future Capital Expenditure:

Estimated increases in sales necessitating higher production capacity provides advance warning for the possible capital expenditure in near future.