

Analyzing a budget



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Analyzing a budget One of the strengths of the budget is that it is to be used for a specific duration. (April year to date) Good budgets are often prepared bearing in mind that they will be used to show the expenditures and revenues that a certain company, country or family will undergo for a particular period of time. [Sullivan 2003] Thus, by so stating, the period of the above budget has clearly been stated. It is also evident that it is accompanied with specific monetary terms. Good budgets often have specific monetary terms accompanied with them (Sullivan 2003). As for the viewed budget, terms like expenditure and revenue clearly show that it is a good budget. In addition, the expenditures are clearly indicated as well as the source of income or revenues. Fortunately, the expenditures have been included in the budget. The budget clearly includes expenditures in. This is clearly seen for example the expenditures seen are salaries and wages, janitorial supplies, legal advertising among others. Still concerning expenditure, the budget has clear tracking of expenditure. It clearly shows the amount of cash and for what purpose it will be used. This has helped greatly to prevent loss of cash from managing officials. Like in this case it clearly shows the amount of cash slotted for wages and salaries, legal advertisements among many others.

Another strength of the budget is that it has included the revenue collection of income. A good budget includes the sources of revenues in it (Arthur 2003). However, this might not be so evident in other types of budgets. In this type of budget, source of revenue has been included which can be seen as state appropriation, county appropriation, patient fees, insurance and Medicaid. The budget has also included the actual revenue receipts. A good budget should have evidence of the actual receipts of the expected revenue

or the already collected revenue (Sullivan 2003). This as a greater percentage will help reduce the loss of funds in a particular company or country.

However, despite all the strengths of the budget, it has several weaknesses.

To begin with, there is no summary of the budget. A good budget should have a summary of the incomes, average receipts, total costs, net drawings from revenues, total income, total outgoings or even if available the money for creditors in any case the company or country or family had Creditors (Sullivan 2003). Another weakness of the budget is that it has poor income or revenue

Projection. In the revenue projection, the approved budget of the expected revenue collection is

Higher than the actual receipts obtained from the previous revenue collection. The budget has no item showing savings. A good budget should have a line item showing savings from the previous revenue collected (Sullivan 2003). This could also help a particular organization to be aware of the amount of cash available as savings and may also help in pushing the budget through. Another evident weakness of the budget is that the available budget is less than the approved budget. A good budget should have the above named being at par. When the approved budget is higher than the available budget, this might be a great challenge. The company could not be able to solicit for the funds needed to make the approved budget to be implemented. In addition, there are no written goals accompanying the budget. A good budget should be accompanied by well written goals. This will make the budget to be strictly implemented as written.

Despite its preparation, unfortunately, there is something so surprising in this particular budget. The surprising thing in this budget is that the approved budget is higher than both the actual budget and the available budget. This will be a big disadvantage to the organization since they might not have enough revenue or income to implement the high approved budget. If I were preparing the budget, I would add a line item showing the savings from previous revenues. This cash would at some level help in implementing the approved budget. A would also add a summary of the whole budget properly listing the income, the available receipts from the income, total costs, totals of incomes, total expenditure or outgoings and if available, I would include money for creditors. I would also add a set of written goals which would help in proper implementation of the approved budget. However, I would delete all available data on approved budget and make a realistic and achievable approved budget in line or at par with both the available budget and the actual budget. To recap it all, a budget for this kind of program should have the approved budget being at par or same line with the available budget, should have a line item showing the savings, should have a summary of the whole budget and lastly, if possible should have well written goals.

References

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