

Cost accounting: budgeting

Finance



Cost accounting: budgeting Budget situation Budget situation is defined as a where the income goes above expenditure. Individuals or businesses under such situations consider savings rather than spending. In governments or corporate businesses such situations imply efficiency in management and administration.

Model of either successful or unsuccessful budgeting

There are various models of budgeting that any firm can employ. In this respect, a successful budgeting should have a concrete long term goal, knowledge of expected returns, contains accurate data, have simple tools of budgeting, and must be realistic in nature.

Company

The company that requires a successful or unsuccessful budgeting is Luminarc glassware Company. The company is largely involved in the production of glass materials that are used for domestic purposes and outdoor activities. Their product range has various competitors across the entire globe. The problem therefore, is how to remain the major seller in global market, and how much would it cost to maintain such status through sales and marketing.

Problem and uncertainty

The problem or uncertainty faced by Luminarc glasses is how to appropriately budget for their marketing strategies and realize large sales. This requires a budget situation that will be efficient and favorable for their day to day managerial activities. The predicament, therefore, is based on returns on investment that would be realized if a particular budgeting strategy is implemented.

Information

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Through checking books of account and analyzing them, the firm is capable of identifying possible areas to adjust their budgeting plans. Similarly, marketing research would play a crucial role in gathering relevant information that is required for funds allocation for each activity in the firm. Information is treated as the most significant tool in budgeting since it provides relevant information that will assist in funds allocation for a particular project.

Predictions

Management of the firm are optimistic and predicts that they are capable of maintain the 14% operational margin that will see the Luminarc glasses realize doubled profits. By maintaining the predicted operational margin, the organization is capable of increasing sales volumes for the

Decisions

The decision of the firm is to use advertisement and other promotional mechanisms to increase awareness and sales volumes of their products and services in the market. Also, the firm has made a decision of rebranding and repackaging to enable them to penetrate the markets even more.

Implementation

The budgeting plan and decisions will be implemented in two major faces. Face one would concentrate on sales strategies that aim at capturing large customer base in the market. Face two on the other hand, will seek to compare returns and the expenditure in order to evaluate the budget.

Learning

Though data collection and general information gathered from different departments, managers are capable of comparing and contrasting projected budgets and the actual budget on their products and services. This will assist

Luminarc glasses to sell even more in different market platforms.

Work cited

Davis, E E, and Jack A. Coffland. Survival in a Down Economy: A Budget Reduction Process for Superintendents. Lanham, Md: Rowman & Littlefield Education, 2010. Print.