OPERATIONAL BUDGETING SYSTEM IN TRADE COMPANIES

Drokina Yekaterina
2-year Master's Program
Narxoz University, Almaty

Abstract. The transition of the economy to market economic conditions has led to fundamental changes in the planning, accounting, control of financial and economic activities and in the entire management system of trading enterprises.

Key words: budgeting system, budget, trade enterprises, operational budget.

In modern market conditions, managers must have a reliable set of tools that allow them to plan financial flows, analyze the current financial condition of the organization and make informed economic decisions. One of the most effective tools of financial planning and budgeting system include control and management methods based on the formation of different types of budgets.

Budgeting techniques are in demand in the framework of managerial accounting at best for establishing cost levels for a separate structural unit or for business planning with its focus on marketing, forecasting market conditions, and also for assessing financial condition [1].

Budgeting techniques are especially relevant for enterprises operating in the wholesale and retail trade. On the one hand, they are obliged to flexibly adapt to changes in market conditions in order to ensure the optimal turnover of material resources, and on the other hand, they depend on the volume of financial resources, both their own and attracted, at their disposal [2]. All this requires compliance of the financial budgeting subsystem with current realities. The methodological component of budgeting determines what (with what objects) and how (based on what kind of principles) it is supposed to manage the enterprise.

In many cases, in practical activities, budgeting is reduced to a simplified methodology, as a result of which the soundness of budgets is significantly reduced. Therefore, a continuous improvement of methods of financial planning in trade and adaptation of budgeting procedures to changes in the external environment.

Budgeting in general terms can be represented as an information system of internal corporate governance using certain financial instruments called budgets. Most often, in economic literature, a budget is defined as a plan expressed in quantitative, usually in monetary form, for a certain period, usually for a year.

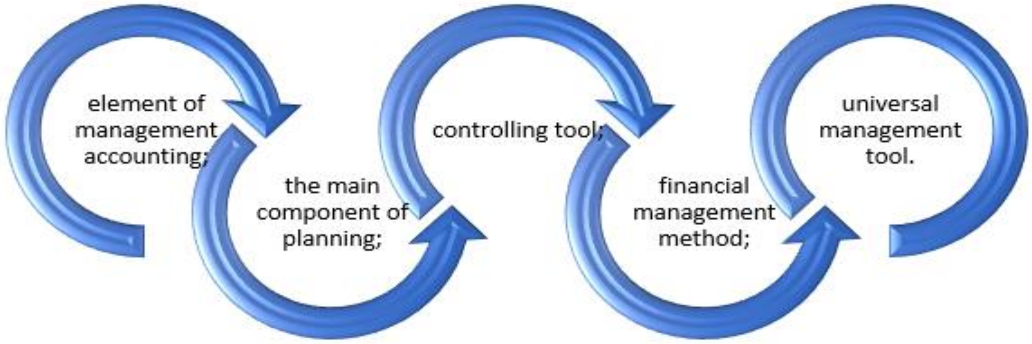
Summarizing the previous experience, it can be stated that the budget is an operational financial plan, drawn up, as a rule, within one year, reflecting the costs and revenues of the operating, investing and financing activities of the enterprise.

Budgeting is one of the enterprise management tools. However, in science there is no common understanding of the budgeting entity. Sometimes it is considered as a method associated with reporting, completing the sequence of operations "general accounting, analytical accounting, foresight and analytical control." For some economists, budgeting seems to be a technical method that uses reporting but serves to implement the general policy of the enterprise.

In economic literature, the lead point of view that links with budgeting, planning activities of the organization that makes it possible to coordinate the activities of departments within the company and to subordinate it to the overall strategic goals.

Some authors relate strictly budgeting to financial management, saying that budgeting - this is part of financial management. Others argue that budgeting implements all management functions, that is, it is a universal management tool. Still others consider forecasting to be the main thing in budgeting; the main goal of budgeting is to maximize cash flow, claiming that any forecast or budget is based on sales plans, and that is where you need to start.

Thus, we can distinguish five basic approaches to define the role and place of budgeting in the management system (picture 1).



Picture 1 - Five basic approaches to define the role and place of budgeting in the management system

At the same time, the very concept of "budgeting" is interpreted differently in economic science.

Firstly, it is a system of coordinated management of business units in a dynamically changing, diversified business, with the help of which managerial decisions are made related to future events, based on systematic data processing.

Secondly, this is the basis for the correct restructuring of the enterprise, the optimization of its capital structure (assets).

Thirdly, the development of specific budgets in accordance with the objectives of operational planning.

Thus, all these definitions are complementary to each other, the essence of which is as follows: budgeting - is the common name of financial planning techniques. Any management process in microeconomics begins with the formation of the system of the enterprise goals and objectives for a certain period, to be a logical continuation of the mission (purpose and values) of the enterprise. In order to plan the organization's activities for a certain period, it is necessary to determine the value of the target indicators, that is, to form an enterprise budget, or a financial plan in terms of the future state of the organization. Model budgetary and accounting mechanism - a defined structure of the principles of building control and management mechanism of financial and economic activities of the organization.

As techniques and methods that support the budget accounting model, there are a few basic techniques and methods of management accounting, which, in the opinion of the author, are techniques for filling the organization's budget system. These include: valuation and costing, accounts and double entry, internal reporting of the organization. Thus, budgeting is a technology for managing the financial and economic activities of an enterprise. Within this framework, planning, accounting, control, analysis and regulation of all types of activities carried out by the enterprise are carried out.

Economists often distinguish two methods: the budgetary process and budgetary management.

Budget process - a method of determining the limit financial performance predetermined pattern, providing not exceeding these parameters during its execution. An example of the application of such a technique is the state budget.

In western budgeting management practice is a component management method in the deviations. Management by exception is a periodic process of decision-making on the basis of the analysis of the causes of deviations of actual indicators from planned.

Budgetary management (management by exception, budget planning) as a three-stage management methodology the organization itself includes:

- determination of the plan (budget);
- determination of actual indicators;
- identification of deviations, analysis of their causes and the adoption on the basis of the analysis of the results of decisions.

Budgeting has its positive and negative sides.

Budgeting advantages:

- allows to coordinate the work of the enterprise as a whole;
- enables timely corrective make changes based on budget analysis;
- allows to learn from the experience of drawing up budgets of past periods;
- facilitates communication processes;
- helps managers understand their role in the organization;
- has a positive impact on the motivation and mood of the team;
- provides an opportunity to improve the process of resource allocation.

Budgeting disadvantages:

- cannot help solving current problems, does not always take into account changing conditions (for example, force majeure circumstances);

– the need for specialized knowledge for the analysis of financial information (not all of the company's managers have sufficient preparation for this);

– high complexity and cost budgeting system (automation control costs requires additional investments);

– the need to adjust the budget to the attention of each employee, otherwise they will have practically no effect on the motivation and the work (you must notify each employee, which requires extra time);

– the requirement of the employees work performance (must be open: Every employee should understand their role in the company);

– the presence of contradictions between the goals and their stimulating effect (need to encourage employees, such as bonuses).

The purpose of budgeting is that it serves as the basis for:

– planning and management decision-making in the organization;

– assessment of all aspects of the financial solvency of the organization;

– strengthen fiscal discipline and subordination to the interests of the individual structural units of the interests of the organization as a whole and the owners of its capital.

Thus, in a market environment, budgeting becomes the basis of planning and the most important tool for managing the income, expenses and liquidity of a trade organization.

In a crisis, the sequence of formation of operational budgets is undergoing some changes. During the crisis, there has been a decline in consumer loans, the economic pessimism of the population is growing, which affects the operation of the trading network. A large role in the justification of sales is assigned to the budgeting of test sales, because the risks during the crisis are great. The need for an initial procurement budget is important, with a focus on marketing, as consumer demand ultimately plays a big role in selling products.

Business planning is necessary in order to clearly understand where, when and for whom the company will produce and sell products or provide services, what resources and how much will be needed for this. Budgeting as the basis of planning is the most accurate expression of all planned indicators and resources in financial terms.

Among operating budgets at retailers usually distinguish the following:

– sales budget, which shows the monthly and quarterly sales by type of goods in general per enterprise in physical and cost terms over the budget period;

– budget for procurement of goods adjusts monthly and the quarterly volume of purchases of goods for subsequent sale;

– the budget of management expenses contains information on salary expenses for administrative, managerial, technical and auxiliary personnel of the organization, rental payments, utility and travel expenses, maintenance costs, the cost of a low-value wearing tool and other (mainly corporate) expenses throughout budget period;

– the budget of commercial expenses includes advertising costs, commissions to sales intermediaries, transportation and other expenses for the sale of goods;

– budget overheads give information about the other costs of the company (for example, depreciation, interest payments on the loan and other expenses for the budget period).

The main point of operational budgets is to more carefully prepare the source data for all major budgets, as well as to transfer the planned indicators from physical units to cost indicators. An important feature of the compilation of operating budgets is the reflection of costs of various kinds per unit cost of sales of goods. This allows for the separation of costs into variables and fixed ones in the main budgets. Another important aspect of the preparation of operational budgets is that they differ from the usual estimates in format and form.

Firstly, all expenses in the budget are presented in the form of schedules and have a clear link to the timing of their implementation, to individual periods within the entire budget period, i.e., a breakdown by weeks, months, etc.

Secondly, budgets are usually drawn up in the form of two tables (forms): costing schedules (their distribution in accordance with sales within the budget period); payment schedules, which reflect the order of receipts or write-offs of cash for delivered goods (schedule for repayment of receivables) or costs incurred (schedule for repayment of accounts payable) [3].

Operational budgets contain information in schedules that is directly reflected in the budget of revenues and expenses. On this basis, revenue schedules and payment schedules are compiled. The data in these graphs are used in the preparation of the cash flow budget and in the balance sheet. In this regard, operating budgets have the same periodization framework as the income and expense budget and cash flow budget. In addition, some operating budgets contain information on the status of resource stocks for individual items, which is necessary for the correct preparation of the balance sheet.

When developing operating budgets in trade organizations is important sequence of their preparation, as totals some operating budgets can serve as the starting point for other budgets. Under market conditions, the first index from which to start any planning is the sales forecast. Therefore, budgeting starts with a budget of sales, based on sales forecasts, reflecting the dynamics of the overall turnover of the undertaking in the forthcoming budget period [4].

Forecasting sales is an important preliminary step in preparing a budget for revenue and expenses. The forecast of sales becomes the budget if management believes that the projected sales can be achieved. The sales budget has a simple compilation form. For its preparation, the marketing department needs to do voluminous work to determine which product, at what price and in what quantity can be sold in the forecast period (year, quarter). You can use the data of sociological studies, for example, to find out which type of product acquires one or another age group of people.

The procurement budget contains information on financial and economic indicators characterizing the effectiveness of the procurement process. Depending on the complexity of the organization of this business process, the structure of the procurement budget is selected. It can be one budget, or maybe a whole set of budgets. If in organizations almost one procurement is engaged in all procurements, then the procurement budget can be one. If several units participate in procurement, then it can be divided into several budgets, which will speed up the preparation and approval of the procurement budget, since the components of this budget can be developed and agreed in parallel. Regardless of the organizational distribution of the process between units of a mandatory need to allocate budget for procurement of raw materials and supplies (for manufacturing companies), or budgets of procurement of goods (trade organizations).

Budget inventory directly related to the budget of sales and purchases of goods. Inventory levels should be optimal, since excessive commodity stocks is high probability of overstocking warehouses and correspondingly increased costs. In addition, to increase the procurement of goods will require additional funds for purchases.

Budget management costs - a planning document, which shows the costs of activities directly related to the production and marketing of products.

Budget revenue and expenditure determines the cost-effectiveness of the organization. It forms the main financial result of the enterprise, i.e., its profitability.

Budget cash flows associated with the planning and captures the real cash flows are relatively easy to produce, it determines the solvency of the company as the difference between earnings and cash flow for the period.

Budget balance sheet defines the economic potential and the financial condition of the enterprise, is the resultant budget, with proper financial accounting model. It is formed based on the balance of revenues and expenditures, cash flow budget [5].

Finally, the steady state and successful development of the enterprise largely depend on the possibility of expanding and improving the business. Planning investment policy, analysis and evaluation of investment projects are necessary tasks for the prediction and management of trade enterprise.

List of literature used:

1. Вахрушина М.А., Рассказова-Николаева С.А., Сидорова М. И. Управленческий учет: учеб. пособие. М.: БИНФА, 2008.
2. Karshalova A.D., Markhayeva B., Aitkazina M., Mukushev A., Improvement of Management Accounting in the Context of Uncertainty and Risks in the Food Retailing Sector in the Republic of Kazakhstan, Journal of Applied Economic Sciences, Volume XII, Issue 8(54) Winter 2018.
3. Лабынцев Н.Т., Управленческий учет и внутрифирменный контроль в условиях коммерческой деятельности / под ред. Н. Т. Лабынцева. М.: Финансы и статистика, 2009
4. Наумова Н. В. Бюджетирование в деятельности предприятия. Тамбов: ТГТУ, 2009.
5. Панчина В.А., Бюджетирование и ценообразование в торговой деятельности, Экономический анализ: теория и практика 28(193)-2010.

УДК 338.439:338.2 DOI