

report

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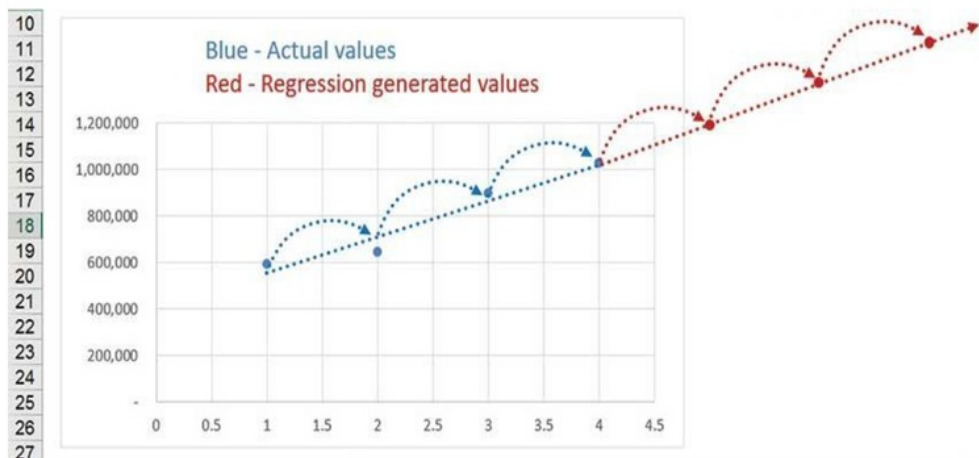
Budget preparation process

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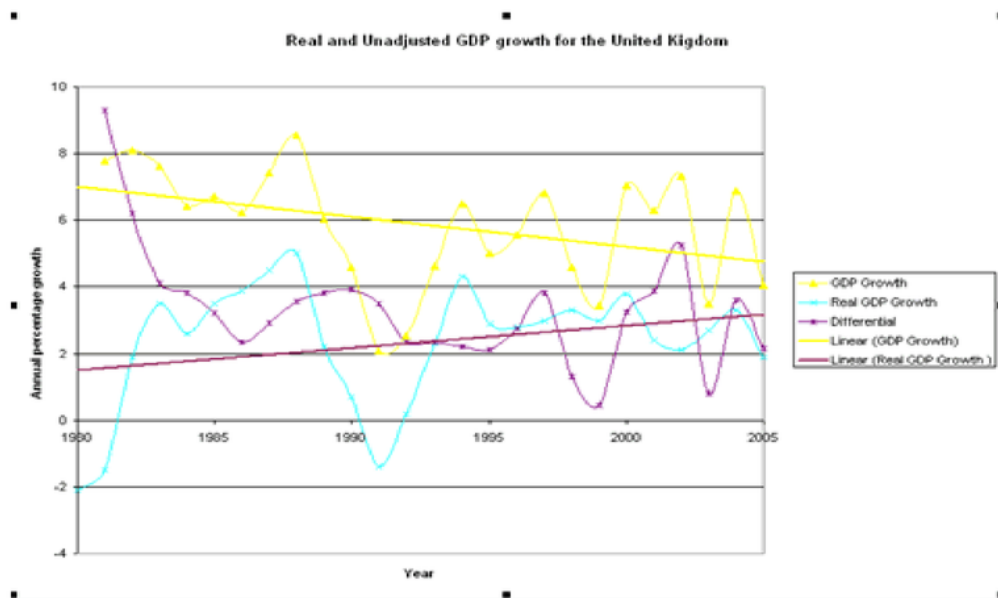
The budget preparation process is a technical process that requires proper planning to ensure the budget is prepared in a professional and detailed manner. Some policies and procedures are necessary to provide the preparation methods are critically and followed. There are different tools used in budget preparation; in this case, the Least-Squares statistical method will be used in budget preparation. The Least-Squares analytical approach is a technical process that ensures the budget is prepared professionally and accurately. In this study, the plan will be used in budget preparation. Below is an example of budget preparation using the Least-Squares for budget preparation?



Organizations have expenditures that run yearly; the expenses are used in preparing macro and micro trend lines. The trend lines indicate costs and company revenues; both provide an analyzed perspective of the organization's performance. We recognize these macroeconomic trends that are impacting individual lines. Substantial market share has changed out of captive business companies into primary corporations. It's becoming harder along with harder for agents to better at individual lines and especially to better in private lines as captive authorities. We've been providing our agents with chances for some years to broaden their income streams,

publishing more technical and business services. They get the right to employee benefits products that we provide to actually help them alter. And to be able to draw the talent that they want to grow in the future, we believe that individual framework is the best framework for them. The factors that are necessary for consideration for budget preparation include the gross domestic product (Schick and LoStracco, 2016).

Based on the gross domestic product linear lines of regression are prepared, the lines are a clear indication of the budget preparation method, the expected outcome, and the outcome that comes in the end. There is the variation between linear and logistic regression; in this way, logistic regression is applied when the effect quantity is unconditional in nature. Linear regression is used when the effect quantity is constant. It is important to note that unlike with statistics, at regression, there is the assumption of the single-way causal effect from the environment quantity and the effect quantity.



There are internal and external factors that influence the budget preparation process. The external factors that affect the budget preparation process include; social, political, and economic factors. Political factors are in play both at local and city level, city and county board used budgets to understand people and companies in operation (Bennatan, 2015). The government influences company budgets by providing budget subsidies and providing resources for budget preparation. Trend lines are prepared through statistical analysis; they provide a clear indication of the factors that influence the whole budget preparation process. The lines are a clear indication of the outcome in the budget preparation method.

Economic factors also affect budget preparation, certain economic factors directly influence the process of budget preparation, and for instance, economic cycles are significant contributors to budget preparation. There are numerous factors which are accordingly considered, whereas making long-term budgets, which include industry trends, development of the population, and economic factors, business output, expenditure structure, and general income, governments cost-effective, along with industrial strategy. Numerical sales will be budgeted for the three to the five years ending. After calculating sales, the budgeted profit also loss account will be made connecting probable sales to the equivalent price as well as therefore net operating income will be estimated. Also, the balance sheet for some time will be made to estimate a payment, accounts payable, inventory levels, accounts receivable obligations, etc. then the estimated profit, as well as loss account also balance sheet for the long-range, is extremely important tools in achieving the aims of the organization in general. Economic downtimes affect the economy; company revenues may decline; this includes income tax, receipts, and sales. Inflation is another financial factor that will influence the company budget (Bennatan, 2015).

Company expenditures may increase and government taxes. Higher costs of living, increased costs of life, both increased costs increase the company's expenses. The company tries to keep up with high wages, thereby increasing fees. Increased interest rate is another economic factor that contributes to poor budget preparation. Increased rates contributed to increased borrowing, thus creating a federal deficit. To see more significant their effect on expansion, let's get a look at how and why production prices will change. The company may want to increase salaries if laborers require higher wages (because of increasing costs and the cost of life) or if work grows more specific. If the price of work, the cause of industry, increases, the organization has to allocate more resources to spend on the existence of its goods or services. To sustain or increase profit margins, this corporation runs the increased prices of production on to the user, making retail costs higher. Along with increasing sales, increasing costs is the way for corporations to change their bottom lines and become.

Social factors also contribute to the budget preparation process; they include several employees, age distribution, and personal income. Increased number of employees increases the fixed costs; fixed costs increase economies of scale and unit costs as well. Company financial obligations increase expenditures, and the company is forced to prepare a higher budget. The age distribution is another crucial factor that determines the budget; the company has to make for money for training young stuff. Lastly, the personal income also affects company budget preparation. Skilled personnel demand for higher company incomes, salaries are part of company expenses (Ward, 2016).

The budget development process is technical and requires proper planning to ensure the budget is prepared professionally and accurately. Several issues surround the budget preparation

process, for instance, budget approximations. Budget approximations are necessary to ensure companies can make better budget approximations for the final budgets (Westhoff, 2016). Budget preparations tools are not accurate; the devices have been used in making budget preparations. Several solutions will ensure the budget preparation process is more technical and precise. Budget forecasting tools should be made pure; it should be easy to forecast the budget.

Communication ensures the sharing of information; it is necessary to share information to provide the ⁵ budget preparation process is efficient. The budget preparation team should share enough knowledge; information sharing will ensure relevant information is divided across the organization. The complete team must be involved in the budget preparation process; every team should have a role in budget preparation. Assigning team members' tasks will ensure the budget preparation process is more accurate.

The budget goals should be clear; the organization should have budget goals, budget goals will be easier to prepare and achieve through a well-developed process. Budgeting forces managers to believe ahead-to predict and make for changing circumstances. The budgeting process makes planning the unambiguous organization responsibility. To make the plan, the director should set goals and objectives, and establish policies to improve their action. These targets are the end levels, and budgets are the route maps leading us to those destinations. Without goals and objectives, company processes lack position, problems are not anticipated, and outcomes are difficult to understand later.

Furthermore, interest rates should be adjusted, and the rates can easily contribute to a high budget it is necessary to understand the expected outcome to identify potential changes in budget preparation. Budget constraints are another challenge for companies, and it is, therefore,

necessary to prioritize what expenses are necessary during budget preparation. Since in the corporation, there are different departments to take on various functions, and each one of them develops the plan, calculating the expenses and revenues estimated to receive. It includes budgeted financial statements, estimated cash flows, and business planning estimates given by this organization. Every organization has set objectives and goals for every year, and it is through these budgets that the organization develops this program of action to reach them (Westhoff, 2016).

From research and finding, ¹the budget preparation process is technical and requires proper planning. Proper execution ¹of the budget preparation process ensures the budget forecasting and preparation are professional. Social, political, and economic factors are necessary for consideration in ensuring the budget preparation process is effective as well as professional.

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