

## **Answer on Question #54565, Economics / Other**

Briefly describe what quantitative and qualitative data are in regard to budgeting.

Explanation:

The company that wants to succeed in the competition should be the strategic development plan. Successful companies create such a plan, which is not based on statistics and projections for the future, based on a vision of what should be the company over time. In the process of achieving these goals are possible deviations from the predetermined route, so the company has to calculate the various options for its future action. The tool for such calculations is budgeting.

The budget is a plan for a certain period in quantitative (usually monetary) figures compiled for the effective achievement of the strategic guidelines. Budgeting is a continuous process of drawing up and executing budgets.

The whole procedure of budgeting should be organized in such a way that at the last stage to get three main budget forms, budget revenues and expenditures, cash flow budget and the forecast balance. Some businesses find sufficient preparation only one budget, but for the efficient planning of the company at the output it is advisable to get all three budget forms.

The principles of effective budgeting based on common sense and quite simple. For comparison and analysis of different periods of the budgeting process must be constant and continuous. Periods should be the same and approved in advance: one week, ten days, month, quarter, year.

To understand the structure of qualitative and quantitative indicators in budgeting, we must specify the basic rules of its formation:

Continuity of the budgeting is expressed in the so-called slip. There is a strategic planning period, such as five years. During this period is the development budget, which should not be confused with a business plan. The business plan should contain not only quantitative data, but also the business idea, market research, plan for the organization of production, etc. The financial part of the business development plan is a budget.

All budget forms (table) should be the same for all centers accounting. This is especially true for the holdings, which include a variety of businesses. If every company will use its own forms, then the financial services management company of the main part of the time will spend on consolidating the data, rather than on planning and analysis of the results. It is a characteristic of the qualitative component of budgeting.

To eliminate the possibility of distortion of information and strengthen the monitoring of the implementation of the budget, a specialist analyzes the data summary budget forms, requires access to the budget of each accounting center, as well as to the operating budget under the registration centers themselves, down to the lower level. He must have information about at

what stage is the formation of budgets at all lower levels. Therefore, a constant monitoring of the budgeting process at all levels. It is a characteristic of the qualitative component of budgeting.

The quantitative component of the budgeting captures the essence and meaning of its process. Budgeting is the creation of a detailed list of items of income and expenditure for the coming period, including the elements of cost and operating expenses that are planned for this period. The budgeting process operates on cash flow, cash resources only because it is the presence and movement of funds determined by the ability to implement operational control of the results of financial and economic activity and the impact. The budget is a plan of the company, dealing with various aspects of the main activities in sales volumes, prices of materials and products, labor costs, taxes, profits, balances of goods and money.

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