

10-1954

Budgeting

June L. Cassada

Follow this and additional works at: <https://egrove.olemiss.edu/wcpa>



Part of the [Accounting Commons](#), and the [Women's Studies Commons](#)

Recommended Citation

Cassada, June L. (1954) "Budgeting," *Woman C.P.A.*: Vol. 16 : Iss. 6 , Article 2.

Available at: <https://egrove.olemiss.edu/wcpa/vol16/iss6/2>

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Woman C.P.A. by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

BUDGETING

By JUNE L. CASSADA, Muskegon Chapter ASWA

Budgeting
Usually
Determines
Good
Executives,
Technique to
Success

A budget is the blueprint of a financial or operating plan for a specific period of time. Its fundamental purpose is to chart a path along which the business may be directed. This plan coordinates activities of the selling, advertising, manufacturing, and financing functions. Its most important use is the comparison with actual performance.

In order to succeed, the budget must have the full support of all executives. This support is best obtained by requiring the executives to participate substantially in the preparation of the budget.

The budget must be sufficiently flexible to permit adjustment for unforeseen circumstances.

Fixed or variable, the plan should cover all phases of the business, including: sales, manufacturing costs, selling costs, warehousing costs, and general and administrative costs. The sum total of these becomes the over-all company budget.

These divisional budgets are then broken down into departmental budgets so that each department or section's operation is under control.

In addition to the above, there can be Cash Position Budgets, Capital Expenditure Budgets, Research and Development Budgets, all of which must fit into and be part of the over-all operating budget.

To be successful a budget must:

Be attainable

Follow organizational lines to pinpoint responsibility

Be built up in cooperation with individuals who are going to be required to operate within its limitations

Be accepted by and enforced by management

Be made only for the period necessary to make a reasonable forecast

Be easily adaptable to changing needs

An efficiently prepared budget, enforced by management, although it cannot control operations, is an instrument to help management in that it can coordinate the efforts of the entire organization; establish a measurement of operating efficiency; control current and future operations within a flexible framework for unforeseen circumstances; reveal operating weakness or failures; prevent waste; stabilize the use of labor and equipment; and forecast need for and extent of expansion or contraction of operations.

The basic principle of budgeting is applicable to all businesses, only the application of methods changes.

* * *

(Continued from page 3)

Elizabeth A. Sterling, C. P. A., 2nd Vice-President, has served AWSCPA as director, chairman of the Award Committee, and as secretary during the year just closed. She attended Oglethorpe University, and holds a BCS degree in accounting from the University of Georgia. She and her husband are partners in the firm of Sterling and Sterling. Mrs. Sterling and her husband were the first couple in the United States to pass the CPA examination at the same time, receive their certificates together, and practice together. Mrs. Sterling is serving her third term as Bulletin Editor and Trustee of the Georgia Society of CPA's.

Anne T. Long, C. P. A., Secretary, is a former president of Toledo Chapter of ASWA. She obtained her B. A. degree from Antioch College and holds a New Jersey CPA certificate. Anne is currently enrolled as a part-time student at Columbia University in the Graduate School of Business, and, upon finishing her course, is planning to combine full-time professional interests with her family life as the mother of two children.

Helen M. Seelmayer, C. P. A., Treasurer, served the society as 1953 Convention Chairman. She is a former president of the Chicago Chapter of ASWA. Helen studied accounting at Northwestern Uni-

(Continued on page 6)