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BUDGETING IN STRATEGIC MANAGEMENT ACCOUNTING: ESSENCE AND BENEFITS

To achieve the goals of a company and to function effectively it is necessary to allocate and use resources rationally. In a resource shortage it is especially important to minimize costs of an enterprise. It causes the reasonability of planning. Resource planning is one of the stages of strategy formation. In order to implement strategic measures enough resources are needed. In the conditions of limited resources, it is necessary to choose among alternatives and consume resources on priority projects. Thus, managers should pay attention to budgeting, which is an essential component of the system of strategic management accounting.

A great number of scientists investigated the budgeting in their scientific works. Among them such researchers, as: N. Abdullah, T. Blumentritt, R. S. Kaplan, S. N. Maheshwari, A. M. Peterson, R. J. Votta, A. B. Wildavsky and others. Despite the existence of significant scientific works devoted to the theoretical and methodological basics of budgeting, the level of implementation of this instrument at enterprises remains insufficient. Therefore, investigation of the features and benefits of budgeting is of relevance and practical value.

The aim of this research is to determine the essence of budgeting as an instrument of strategic management accounting and to define its benefits.

Budgeting defers to the process of budget creation and is also one of the strategic management techniques. There are different approaches to define the terms "budgeting" and "budget" (Table).

Table Definition of the categories "budgeting" and "budget"

Definition/Reference	Author(s)/ Source
"Budgeting is translating financial resources into human purposes" [1, p. 7]	Wildavsky A. B. (1986)
"Budgeting is the process of allocating an organization's available financial resources to	
its units, activities and investments and to monitor the performance of managers and	Blumentritt T. (2006)
employees" [2]	
"Budgeting: refers to the process of preparation, implementation and operation of budg-	
ets decisions into specific projected financial plans" [3, p. 12].	
"Budget: refers to a comprehensive plan in writing, stated in monetary terms, that out-	Abdullah N. (2008)
line the expected financial consequences of management's plans and strategies for ac-	
complishing the organization's mission for the coming period" [3, p. 12]	
"Budgeting is the process of expressing the predicted costs and resources for a planned	
course of action over a specified time period. Budgets can be drawn up for business	
units, departments, products, teams or the entire organization" [4, p. 4].	CIMA (2008)
"Budget is a financial plan, but budgets can refer to non-cash resources, such as staff or	
time" [4, p. 4]	
"A necessary planning component is budgeting. Budgets outline the financial plan for	Walther L. M.,
an organization" [5, p. 16]	Skousen C. J. (2009)
"Budgeting is a process. This means budgeting is a number of activities performed in	
order to prepare a budget. A budget is a quantitative plan used as a tool for deciding	Averkamp H.
which activities will be chosen for a future time period" [6]	

Generalizing examined definitions of the researched categories, it can be argued, that *budgeting* is a managerial decision-making process regarding resource allocation, which results in budget formation. *Budget* is a financial plan, which reflects the amount of resources (cash and non-cash), required to implement strategic plans of a company over a certain time period.

Budgeting has a range of advantages and brings benefits for a company (Figure). This instrument allows to plan and to forecast the expenses, to display the strategic plan in specific summarized costs in cash, to choose the most rational way of the resource consumption.

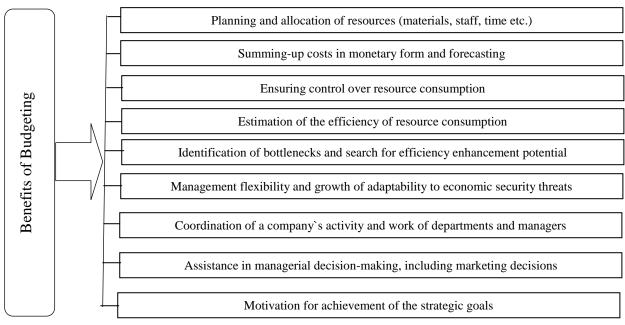


Fig. The key benefits of budgeting

Budgeting plays an important role in achievement of the company's strategic goals. When the strategy displays the directions of the company's future activities, the budget represents future costs. It allows to estimate and to forecast organization's expenses. The company's budget should be formed in view of the priority directions of its functioning, defined in the strategy. At the same time, the implementation of strategic measures should be preceded by the preparation of the financial plan (budget). It is important to control the availability of the necessary resources at each stage of the strategy's implementation, to compare actual costs with planned and to analyze the budget variance. Therefore, the process of budget generation should be integrated into the process of strategy formation.

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РОЛЬ ОБЛІКУ ТА АНАЛІЗУ В СИСТЕМІ УПРАВЛІННЯ ФІНАНСОВИМИ РЕЗУЛЬТАТАМИ ПІДПРИЄМСТВА

Ключові слова: фінансові результати, прибуток, управління, джерела інформації.

Кожне підприємство, здійснюючи фінансово-господарську діяльність, у кінці звітного періоду має узагальнений підсумок щодо всіх подій, які були здійснені протягом цього часу, тобто фінансовий результат. Формування такого підсумку свідчить про закінчення одного циклу діяльності господарюючого суб'єкта і ϵ джерелом та умовою формування наступного. Фінансовим результатом діяльності підприємства, здійснюваної протягом певного часу, ϵ прибуток, збиток або нульовий фінансовий результат. Безперечно, отримання прибутку ϵ го-