Unit 6: Budget

Task 1: Say if the following setences are true or false

1. Business is able to exist without accurate budgeting and planning.
2. A business budget represents one of the main benefits as the ability to restrict and limit how much money is spent on a given operation
3. Budgets normally count expense accounts to ensure that capital is not being wasted on unneeded goods
4. Limiting capital may force owners and managers to find new suppliers to acquire business inputs, thus saving money and meeting their budget.
5. Budgets are of no help to the companies in planning future growth and expansion.
6. It is only financial accounting that makes use of budgets.
7. Providing the budget is well-planned, the company may go ahead with its strategy without any surprises.
8. The importance of budgeting in accounting is the most visible in the public sector
9. Success can be measured in profit in the public sector
10. When it is impossible to eliminate mistakes entirely, every effort is taken to ensure that the budget is realistic and achievable

Task 2: Choose the best answer

1. Business could not exist if there were .... budgeting and planning.

A. no accurate B. accurate C. inaccurate D. accurancy

2. One of the most important tools that a financial department has at their disposal is...................

   A. planning B. budgeting C. budgets D. plan

3. The ability to restrict and limit the amount of money spent on a given operation is the .... of business budget

   A. good B. benefit C. advantage D. planning

4. Expense accounts should be counted in advance to make sure that ....is not being wasted on unneeded goods .

   A. capital B. budget C. money D. materials

5. Companies regularly ....budgets to plan future growth and expansion

   A. go across B. think C. plan D. examine

6. ....is designated to credit the amount of money saved on day-to-day business expenditures.

   A. Account payable B. Account receivable

   C. Reserve account D. Liability

7. Budgets were seen as a way to .... the forthcoming years' business activity

   A. forecast B. say C. foresee D. predict

8. Budgets prepared by accountants and senior mangement with limited knowledge are often .... compared to the actual results

A. exactly B. inaccurate C. accurate D. false

9. The margin of safety is often shown when .... are aware of possible marginal costs associated with production in any situation

   A. accountants B. management C. bookkeepers D. clerks

10. It is possible to observe cyclical patterns which are likely to happen again ...... with a higher degree of accuracy by comparing and contrasting the actual results with the budgeted results over the course of several years

    A. plan B. to plan C. buget D. to budget

11. In ...., these budgets act as a means of confirming assumptions and providing insight into strategic planning

    A. financial accounting B. management accounting

    B. tax accounting D. cost accounting

12. Success can be measured in profit in ....

    A. public sector B. private sector C. limited sector D. state sector

Task 3: Answer the follwing questions

1. What is one of the main benefits of a business budget?

2. What were budgets traditionally seen?