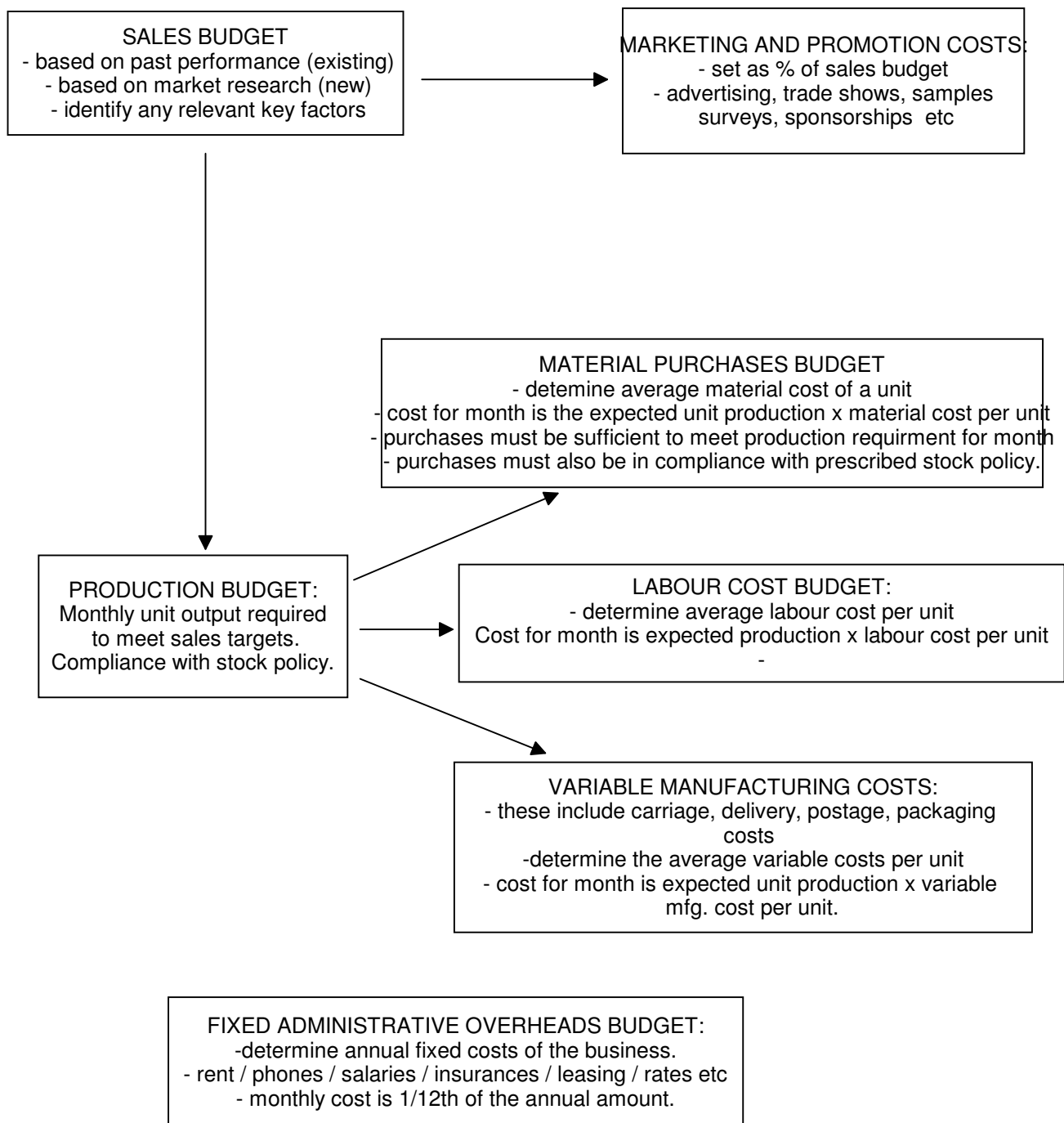


BUDGETARY CONTROL



Once cost and revenue budgets have been compiled, they are used to produce the master budget viz the Budgeted Profit and Loss Account and the Cash Flow Forecast.

As actual results become available for each month, there should be comparison of actual against budget amounts to determine if the actual results are consistent with budgeted amounts.

Any adverse deviation from plan should be identified and quickly rectified, particularly in the areas of:

- Sales and Gross Profit Margin
- Cost items
- Adverse cash flow trends, particularly from sales (impact of credit control procedures).

KEY FACTOR: is that factor which inhibits a business from achieving its financial targets. Generally this is sales. But can also be restricted availability of key products or raw materials. Also can be restricted or limited availability of key skills. In retail, the limiting factor can be restriction on opening hours in a retail shopping complex.