

## Budgetary Control



**GALGOTIAS**  
UNIVERSITY

## Budgetary control:

- The *establishment* to budgets relating the responsibilities of executives and the continuous comparison of *actual* with *budgeted results* to keep the current performance in line with the *predetermined targets*

## *Fundamental principles of Budgetary control:*

1. Establishing *plan & Target* performance to coordinate all activities of the business
2. Recording the *Actual performance*
3. *Continuous Comparison* of Actual performance with planned
4. Ascertainment of *variances* & analysis of reasons
5. Taking *remedial action*

## **Benefits of Budgetary control:**

1. Ensures economic working of an Enterprise:  
(Utilization of resources)
2. Establish coordination among Budget centers:  
(in consultation with all functional managers)
3. Points specific responsibilities:  
(Divisional targets are setup)
4. Ensures optimum utilization of resources:  
(In productive & Profitable way)
5. Base for installation of standard costing: (comparison of budget figure with standard is made)
6. Continuous evaluation of performance: ( of various budgets)
7. Forces management to plan ahead

## BUDGETARY CONTROL

Budgetary control is the process of preparing budgets for the future period, comparing the standards set by budget with the actual performance, finding out the reasons for the differences in performance and taking corrective actions.

### TYPES OF CONTROL

Operational Budget

Cash Flow Budget

Capital Expenditure Budget

### 3 STEPS PROCESS

PREPARE BUDGETS

COMPARE WITH ACTUALS

CORRECTIVE ACTIONS

#### ADVANTAGES

- Effective tool for measuring the performance
- Identify weak areas
- Improvement measures
- Brings efficiency
- Brings discipline
- Improve coordination
- Simple tool
- Performance on track

#### DISADVANTAGES

- Future uncertainty reduces the value of budget control
- It makes talented employees complacent and overburdens the less talented ones.
- Conflicting departmental goals.

# References

- **Hotel Front Office – R. Jatashankar Tewari – Oxford Publication—  
Core Textbook, Students & Faculty to follow this book.**
- Hotel Front Office – A Training Manual By Sudhir Andrews – Tata McGraw Hill
- Managing front office Operations by Michale L Kasavana (AHLEI - Books)
- Front Office Operations and Management by Ismail Ahmed ( Cengage Earning)
- Text book of front office operations and Management by Sudhir Andrews (Tata McGraw Hill)



**GALGOTIAS  
UNIVERSITY**

# School of Hospitality

Course Code : BSCH3003

Course Name Front Office Management



Name of the Faculty: Jyoti

Program Name: BSChm/BHM