AN INVESTIGATION INTO THE EFFECTIVENESS OF BUDGETS AND
BUDGETARY CONTROL ON COMPANY PERFORMANCE.

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ABSTRACT

The study investigated the effectiveness of the budgets and budgetary control on company performance. The study used a case study of CMED (Pvt) Ltd. The study was guided by the following objectives: To analyze the impact of budgets and budgetary control on company performance, to identify the budgeting technique used at CMED (PVT) LTD, to assess the effectiveness of variance analysis to the overall performance of the company, and to recommend other budgeting strategies that can be implemented by CMED (PVT) LTD. A questionnaire was used to gather personal views from the respondents. The research was carried out using a sample of twenty accounting personnel. The results of this research are based on the findings from primary and secondary sources which are interviews, questionnaires, internet, journals and textbooks. Findings of the research indicated that the company uses incremental budgeting technique. The budgeting technique contributed positively to company performance. The researcher also found out that variance analysis ensured that management is held more accountable for the occurrence of variances. The researcher concluded that budgets were a useful tool to the company in planning, controlling, resource allocation, decision making and performance evaluation, monthly reviews of budgets improved the company profitability by carefully monitoring operational processes thereby drawing the attention of management to areas where planned activities differ from the planned outcomes. The researcher made the following recommendations; reports are meant to provide relevant information to assist in effective decision-making therefore they must be done in time especially regional offices who submit their reports to the Head Office which are further consolidated, the company should adopt a zero based budgeting technique and the company should also seek ways to reduce its expenditure to reduce budget deficits.