

SIGNIFICANCE OF BUDGETING AND BUDGETARY CONTROL WITH REFERENCE TO PICASTRA LOGISTICS PRIVATE LIMITED

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

by

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Register No.41410039



SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

**Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE
JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119**

May 2023



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **G ASHOK KUMAR** who carried out the project entitled "**Significance of Budgeting And Budgetary Control With Reference To Picastra Logistics Private Limited**" under my supervision from January 2023 to March 2023.

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DECLARATION

I **G ASHOK KUMAR (41410039)** hereby declare that the Project Report entitled **“Significance of Budgeting And Budgetary Control With Reference To Picastra Logistics Private Limited”** done by me under the guidance of **Dr. John Paul .M** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE: 05/05/2023



PLACE: Chennai

G ASHOK KUMAR

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ABSTRACT

The key function of the financial management is the selection of the most profitable assortment of asset investment and it is the most important area of decision making of the financial manager because any action taken by the manager in this area affects the working and the profitability of the firm for many years to come.

The objective of the research is to study on budgetary control through which to stress the importance of asset budgeting in an organization and to analyse the asset budgeting process to be adopted by the company in order to take better investment decisions for various business projects.

Further, it caters information about cash inflows and outflows of various years. Thus the comparison provides clear idea about investments and return on the same which can be helpful for the years to come.

The analyses have been done by the data collected from income and expenditure statements and balance sheet report. Asset budgeting techniques like Net Present Value method, Rate of Return method and Payback Period method and forecasting tools like Variance analysis, trend analysis and time series are used in this project.

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CHAPTER 1

INTRODUCTION

1.1 Budgetary control:

Budget is an instrument used by an organization in the achievement of its purpose of matching plans with resources available. The primary function of budget is to provide management with a projection of the activities necessary to reach the established goals. Budget also serves as a control device. A budget is a detailed plan for acquiring and using financial and other resources over a specified period. It represents a plan expressed in formal quantitative terms. The act of preparing a budget is called budgeting. The use of budgeting to control a firm's activities is called budgetary control.

Budget requires coordination throughout the organization. Each department or unit within the organization is responsible to prepare its part of the budget, which is then coordinated with the overall company budget. Budget assigns responsibility to the management in each unit. Budgeting is an integral part of planning process. Successful companies plan for their futures through the discipline of preparing an annual business plan, stipulating their financial and quantitative goals and strategies.

Budgetary control is a useful management control device.

It performs the following important functions:

1. Budgets present the objectives, plans and programmes of the enterprise and express them in financial and/or quantitative terms in the organisation.
2. Budgets serve as job descriptions. They define the tasks, which have to be performed at various levels in the organisation.
3. Budgetary control involves continuous comparison of actual results with the planned ones and taking corrective actions in the organisation.

Budgets are not only a means of control; they also help the managers in performing other functions of management. Budgeting is closely associated with planning, organising and directing. It also helps in pointing deviations from the planned results. When these deviations are reported to manager, he can control them in time in the organisation.

Objectives of Budgetary Control:

The main purpose of budgetary control is to enable the management to conduct the business in the most efficient manner in the organisation.

According to John Blocker, **“Budgetary control is planned to assist the management the allocation of responsibilities and authority, to aid in making estimates and plans for future, to assist in analysis of various between estimated and actual results and to develop basis of measurement or standards with which to evaluate the efficiency of operations.”**

In other words, the budgetary control device in the organisation encompasses practically the whole range of management activities right from planning and policy formulation to the final function of control over various activities of the manufacturing enterprise.

Budgetary control has the following specific objectives:

1. Planning:

Budgets are the plans to be pursued during the designed period of time to attain certain objectives in the organisation. Budgetary control will force the management at all levels to plan various activities well in advance in the organisation.

Budgets are generally drawn on the basis of forecasts made about market forces, supply conditions and consumer's preferences in the organisation. This help in making and revising business policies in the organisation.

2. Control:

Budgetary control is an important instrument of managerial control in any enterprise. Budgetary control helps in comparing the performance of various individuals and departments with the predetermined standards laid down in various budgets.

Budgetary control reports the significant variations from the budgets to the top management in the organisation. Since separate budgets are prepared for each department becomes easier to determine the weak points and the sources of waste of time, money and resources.

3. Coordination:

Budgetary control involves the participation of a master budget, which helps in bringing effective coordination among different departments of a business enterprise in the organisation. It forces the executive to make plans as a group in the organisation. Delays involved in the red tapism and discussing matters with one another sets procedural wrangles aside.

4. Increase in Efficiency:

Budgetary controls lay down the standards of production, sales, costs and overheads taking into consideration various internal and external factors. This compels and stimulates every department to attain maximum efficiency over the use of men, machine, material, methods and money

5. Financial Planning:

Budgets are generally expressed in financial terms in the organisation. They provide the estimates of expenditures and revenues in the organisation. This helps the management to make plans about the flow of cash in such a way that it would never run short of working asset in the organization. Cash budget is also useful to convince the financial institution that their loans will be paid back in time.

Benefits of Budgetary Control:

Business enterprises can obtain the following advantages from efficient system of budgetary control:

1. Budgeting is an all-inclusive management tool. It integrates and ties together various organisational activities in the organization right from planning to control.
2. Budgets provide standards against which actual performance can be measured. This helps in taking corrective action, which is an important part of controlling.

3. Budgets are an important tool to coordination in the organisation. In preparation of various budgets, knowledge, skill and experience of many executives are combined and business plans are reduced into concrete numerical terms in the organisation. This leads to proper coordination of the efforts of various departments of the enterprise in the organisation.
4. Budgeting in the organisation helps in reducing unproductive operations by minimizing waste of resources. Budgets are prepared after considerable thought and are directed towards certain aims and objectives.
5. Budgeting in the organisation makes financial planning and control easy. The ultimate effect of budgeting is the thorough examination and scrutinizing the financial aspect of the business enterprise. This helps in optimum use of financial resources of the enterprise.
6. Budgetary control in the organisation facilitates 'control by exception'. It helps in focusing the time and effort of the managers upon areas, which are most important for the survival of the organisation.
7. Budgeting in the organisation is an important device for fixing the responsibility of various positions. The persons occupying various positions can be made to understand their responsibilities with the help of budgets.

Limitations of Budgetary Control:

1. Too much emphasis on budgeting in the organization may bring about rigidity in the enterprise. It may deprive the managers of the flexibility they require in managing their departments.
2. Budgeted estimates in the organisation are generally based on the price level at a particular period of time. These estimates may become useless when there is either inflation or depression in the market.
3. Sometimes budgets in the organization are treated as an end in themselves. Some people may be extra cautious to function within the boundaries of budget figures rather than achieving the enterprise objectives.

4. A budget, which allows liberal expenditure, may be used to hide inefficiency. For instance, a department may be inefficient even though its expenses are within the budget limits in the organisation.

5. Budgetary control in itself does not prevent deviation from appearing. It neither ensures satisfactory results nor control automatically in the organisation. A deliberate effort has to be made in this direction in the organisation.

6. Budgetary control in the organisation requires expenditure of time, money and effort. Moreover, it is not easy to prepare various kinds of budgets in the organisation because of obvious difficulties in forecasting to be used in budgeting.

Essential of Effective Budgetary Control:

Following are requirements of a good system of budgetary control: in the organisation

1. Quick Reporting:

A good system of budgetary control in the organisation requires the establishment of such procedures, which will provide reports on the performance of various operations. The reports should reach the persons concerned with the implementation of budgets without any delay so that quick actions may be taken wherever necessary in the organization.

2. Detailed Organization Structure:

There should be a detailed organization structure with precisely designed authorities, responsibilities and lines of communication so that everybody in the organisation understands the significance of objectives in detail.

3. Frequent Comparison:

There should be frequent comparison between budget estimates and operating results in the organisation. Alford and Beatty are of opinion that careful analysis of both operating results and budget estimates is the essence of budgetary control in the organisation.

4. Definite Plan:

There should be comprehensive planning in the enterprise. All the operations in the organisation should be planned in clear terms. The administration of the budgets should also be properly planned in the organisation. It must be pre-determined who is to be held responsible for the implementation of budget in the organisation.

5. Responsibility Matched by the Authority:

Those assigned with the responsibility to implement the budgets should also be given the necessary authority to achieve the budgeted targets in the organisation. Lack of sufficient authority will make the implementation of budgets ineffective in the organisation.

6. Participation:

The purpose of budgetary control is to achieve coordination of various functions of the business in the organisation. Therefore, it is essential that participation up to the lowest level in the enterprise be ensured to make the people committed to the budgets. Everybody in the organisation should understand his role in achieving the budgeted targets.

7. Support of the Management:

The top management in the organisation supports a good system of budgetary control. Top management in the organisation should take the preparation of budgets and their implementation seriously in order to achieve the objectives of the enterprise.

8. Flexibility:

Budgets should not be rigid, but flexible enough to allow altering or remodelling in the light of any change in circumstances in the organization. Budgets are a means to an end. They must be flexible to achieve the desired objectives in the organisation. A good system of budgetary control allows sufficient flexibility to the persons concerned with the implementation of budgets in the organisation.

Precautions in the Use of Budgets:

Following precautions could be taken while preparing and using budgets for the purpose of managerial planning and control:

1. Estimates are not too high to be attained in the organisation.
2. Budgets are not prepared and installed hurriedly in the organization.
3. Administration and supervision of the operations are not insufficient in the organisation.
4. Organisational structure is not defective in the organisation.
5. Accounting and cost systems are not inadequate in the organisation.
6. Statistics of past operations are not inadequate and unreliable in the organisation.
7. Results are not expected in too short period in the organisation.

Control through Costing:

Costing is concerned with cost determination and indicates what is the approximate cost of a process or a product under existing conditions in the organisation. Control through costing involves the control over costs in the light of certain predetermined costs usually known as standard costs in the organisation. Standard costs are predetermined operation costs computed to reflect quantities, prices and level of operations in the organisation.

Control through standard costing involves the following steps:

1. The standards are fixed for different components of cost separately in the organisation.
2. Determining the actual costs to make a comparative study in the organisation.
3. A comparison between standard costs and actual costs is made in order to find out the variation between the two in the organization.
4. If the variation is beyond the specified limit, an attempt is made to locate the reasons for such a variation in the organisation.
5. In the light of the reasons identified, further course of action is planned so that in future there is no such variation in the organisation.

1.2 INDSTRY PROFILE

The purpose of logistics industry is to enable an effective transportation or timely movement of goods from one place to another. This could be for the purpose of industrial transportation or even private purposes.

Different mediums of Logistics services in India

There are three mediums of logistics services in India. These can be categorized in the following way:

- **Air freight** – this is a modern and the safest mode to ensure a fast delivery of goods. A chosen one by many because of the swiftness of the system there are many companies that are now even providing super fast deliveries by airways even on the same day.
- **Land transport** – this is a means of logistics support that has withstood the test of time through the extensive network of roads in India. It has been the popularly used method and used especially in the shipments of heavy articles like machinery and vehicles. This is also a chosen method in case of household packers and movers.
- **Railways** – this is also an age old method of shipments and transport. Though most used in case of domestic services this is very effective in the availability of cost effective logistics support in India.
- **Waterways** – an essential part of this industry this is also one of the oldest methods. Shipments and transportation of goods is done on an international basis through this way. It is apt in case of shipments of oil, highly sensitive or volatile articles like Uranium.

Key players of the Logistics industry in India

Among the key players of the Indian logistics industry there are certain international names along with national companies that are not only world leaders in the field but

are also part of the Indian industry for a long time now.

- **DHL** – a very commonly known name in the Indian logistics industry, DHL has been part of the industry for a long time now. Established in San Francisco in the 1969 DHL has grown across 220 countries with over 300,000 employees. It has built a reputation over the years as a responsible logistics support air, ocean, express freight and overland transport, contract logistics solutions.
- **TNT** – this is an international brand that has been a part of the Indian market also. Established at Netherlands, TNT is a reliable name in the arena of international transportation and distribution business. Spread across 200 countries it has an estimated revenue turnover of \$ 3,500 billion US dollars.
- **AFL** – this is one of well-known international players in the logistics industry of India. The main areas of service by the company are in the area of logistics and warehousing along with Courier Company and custom consultant.
- **BLUE DART** – this is one of the premier companies in the field of logistics. The company has a huge network linked with the most advanced communication systems. Blue Dart handles large and oversized packages and stands for an overnight delivery of such goods.
- **GATI** – one of the pioneering companies in the field of logistics. This is one the companies that have taken several initiatives to implement modernization in the area of logistics. With a turnover of ` 576 cores this company believes in setting new standards of customer service.
- **DTDC** – this company spreads over 3700 locations within India and 240 international places. The company is a leading name in low cost shipments along with timely delivery.
- **ASHOK LEYLAND** – this is an established name in the manufacture of trailer trucks and heavy vehicles in India. It has come up with a new venture in Ashley Transport Services Ltd. in the area of information exchanges and the business of freight contractors along with integrated logistics services.

- **FIRST FLIGHT** – this is an Indian company that has domestic, international and many other programs of multi tracking technologies.
- **AGARWAL PACKERS AND MOVERS** – this is a popular name in the field of logistics companies of India. Services like shifting, transport of cars, and all other forms of quality packing and transportation this is a name that has over the years become synonymous with quality and assurance.

Logistics industry in India is an industry that has not achieved its much deserved attention or recognition. It is an area that is ripe with potential and yet the resources are far from complete utilizations. There is however a huge demand for logistic services in India especially with the growth of the Indian economy along with the influx of new companies in sectors that was otherwise unknown. Estimated at a value of \$14 billion US dollars this industry is slated for another 9% to 10% growth in the years to come.

CRISIL Research's report on the Indian logistics industry provides an overview of the various modes and infrastructure segments, in addition to an assessment of the supply-chain cost structure in nine non-bulk segments and third-party logistics (3PL) opportunities in India. The report will present a segment-by-segment view of the state of the industry in terms of its size, growth drivers and future outlook, business models, nature of the industry, and Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis for the segment.

Highlights:

- Analyse the various logistics segments (modes, infrastructure and 3PL) in terms of their current market size, growth drivers, future prospects and SWOT analysis.
- Analyse the logistics chain and the corresponding costs across a sample of industries in the manufacturing sector.
- Identify (on a best effort basis) the commodity mix across modes and infrastructure components.
- Analyze the 3PL market in India, its growth prospects, opportunities and threats.

- Analyze key 3PL providers in terms of their strengths and weaknesses, asset base, services offered, industries served, coverage etc.

The growth prospects of the logistics sector are closely linked to economic growth and foreign trade. Booming retail trade was expected to provide a fillip to the growth of the logistics industry. While growth of organized retail trade has slowed down, the sector has not lost steam.

India has a vast territory and hence, implementing a smooth supply chain model poses a challenge. Consider the case of food products in India. The Indian supply chain for food products is characterized by extensive wastage and poor handling. The wastage occurs because of multiple points of manual handling, inadequate packaging and cold storage facilities. The physical wastage is one component of the inefficiency in the supply chain. There are other problems as well, in terms of the deterioration in quality and the cost of intermediation in the food chain. To avoid all this, there is need to have appropriate infrastructure for storage and transportation.

Thus, logistics plays an important role in any economy. As per the CII 2012 report, the US\$ 90 bn (2017) industry is expected to reach a size of US\$ 125 bn by 2022 on account of expanding domestic economy. This translates into a growth of nearly 12% per annum.

The logistics segment can be broadly categorized into three segments—transportation, warehousing and value add services.

In this article, we will briefly touch upon each of these segments and in subsequent articles, discuss in detail the scope and prospects of the same.

Transportation: By providing transport facilities one earns freight as revenues. Transportation can take place through surface that is by road and rail, or one can use air or water transport depending upon urgency and cost feasibility. Transportation accounts for almost 40% of the logistics cost.

- Road freight industry is highly fragmented with single truck owners accounting for over 75% of trucking companies.

- Rails are operated by Indian Railways, a government undertaking. Till 2012, Container Corporation was the only player who operated container trains. But in 2012, container rail freight services were privatized but still Concor, a government undertaking, is the dominant player.
- Ocean or Sea freight has recently been witnessing robust growth with increase in foreign trade. Olympics and booming emerging economies like China and India supported growth of this segment with increase in transportation of iron ore, coking coal, steel etc.
- Air freight segment accounts for a small pie of India's freight market but is growing at a fast pace. Liberalisation and globalization has given a fillip to the growth of this segment. Sophisticated machinery components, pharmaceutical dyes, fruits, vegetables, flowers, fish and meat form part of air cargo.

Warehousing: Warehousing is nothing but storage of product and goods to be transported whether inbound or outbound. The size of the segment in 2011 was estimated at Rs 1.2 trillion. Warehousing facility needs do change depending upon the mode of transport.. Privatisation of container rail transport is expected to drive growth of Container Freight Stations (CFS) and Inland Container Depots (ICD). Such warehouses are used for transshipments. There are different types of warehouses such as multimodal, port based, air cargo transshipments etc to cater to the needs of different modes of transport.

Warehousing has also been dominated by small players who lack scale, handling and stacking technologies. In general, warehousing and packing losses account for little over 25% of total logistics costs.

Value added services: Apart from transportation and warehousing, logistics industry comprises of other related services such as packaging, labeling and assembling, express services, tracking and tracing, cold chain, third party logistics etc. Again, depending upon mode of transport, service requirements differ. In case of rail transport, service such as stuffing, de-stuffing, rail container services are required. On the other hand, in case of water and air transport, services such as custom clearances, freight forwarding is provided.

To conclude...

India fares poorly on the logistics front as compared to developed and developing economies. The distribution costs not only increase on account of several layers in supply chain but also due to poor infrastructural facilities. In developed countries like the US, logistics costs comprising transportation costs account for 7% to 9% of the cost of the final product, warehousing cost accounts for about 1% to 2% and inventory holding costs account for about 3% to 5%. In developing countries, logistics costs are estimated to be higher at around 15% to 25% of the final cost of the product due to lack of adequate logistics system. In India, logistics cost is around 13%, comparatively higher than the developed countries. (Source: Indo-Italian Chamber of Commerce). To stay competitive, companies need to cater to the consumers' demand on timely basis without compromising on quality. The growth of this sector is not just driven by the need to transport goods and services efficiently but also on account of companies increased focus on core competencies, which has resulted in outsourcing functions like logistics to third parties.

1.3 COMPANY PROFILE

Picasta logistics is your one stop shop - solution and your cargo to be delivered in a timely manner. Logistic Companies have successfully revolutionized the freight services in India. The company's team of experienced logistics experts will give updates during the product movement process. The company will complete the long paper-work, follow up with the crew to find out the present position of the item and then going through the tedious system of the respective port after reaching the destination.

Once the clients have contacted the team of freight professionals will get the privilege of selecting the most efficient cargo delivery option to experience Shipping Project work India at an affordable rate. Clients can comfortably choose between the air or ship freight and get the products delivered as early as possible. Team is known for helping the ship your product at any place in the world. The best thing about the services is that, clients will get continuous update about the product position. This Project Movement India service will help in timely customs clearance and then delivers the merchandise within the deadline. The staffs are well trained and they offer a myriad of services from which you may select the most suited one.

The freight option allows to select from the list of services, namely door to door services, Air freight, import & export services, documentation handling & processing, insurance, local air freight, cartage and delivery. Client may even check out the customized ship freight services and transfer the good to any major international ports around the world. Contact us as we are reliable and with years of experience ensures safe delivery of the products within time.

Company believes that business is not measured purely in financial terms. It also believe that the way they go about achieving their success is as important as success itself.

The Logistics division has strategically located facilities in all asset city ports and provides road and rail container transport, customs and quarantine services, container parks, intermodal terminals, warehousing and international freight forwarding.

Detailed information on these services, facility locations and contacts are contained under the divisional tabs above.

Vision & Values

They believe that their primary purpose is to connect people and products. Their vision guides in the efforts to achieve this. And their values articulate what they stand for and how they will act. Together they keep us focused on what is important: our people , their customers, our shareholders and their wider community .

It also provides the framework for our mission: to harness our significant resources, know-how and passion to deliver the optimal logistics solutions for our customers.

Our Vision

Our vision is to be:

- able to provide an unrivalled set of supply chain capabilities
- an integral component of their customer's success
- a group of businesses that are individually excellent and collectively unbeatable
- creating sustainable value for our shareholders

Our Values

We value:

- integrity and trust
- safety
- continuous improvement
- teamwork
- being open and transparent

Our Core Beliefs

We believe that:

- all injuries are preventable and everyone has a right to go home safely
- people perform best when they are empowered, accountable and recognized
- if they show other people respect, they will be respected
- they will not always get things right and learning from our mistakes is part of their progress
- how they go about achieving success is as important as success itself
- they must act ethically and within the law
- Their customer's success creates our success.

CORPORATE RESPONSIBILITY

They know the role of logistics within local communities is far-reaching - they understand that the use of human and natural resources in meeting the business needs impacts the people they work with, the communities we work in and the planet they inhabit.

While they're committed to creating sustainable value for their shareholders, they're also committed to expanding their business sustainably, with integrity and with respect for the communities they work in.

SERVICES

PICASTRA Logistics invented the idea of connecting like port services into one operating group and as the only Indian company to offer all international and land logistics services in-house they retain control over the entire process.

At the top of their game, our highly-trained and experienced personnel are experts in their own right. Competent and of high integrity, they constantly provide creative, innovative and smart solutions to any shipping request.

Together their individual strengths have helped create a power-packed team who are always on their toes. They live by the philosophy that the customer comes first, no matter how demanding the request or how challenging the deadline.

1. Air freight Forwarding
2. Ocean Freight Forwarding
3. Contract Logistics
4. Supply chain logistics
5. Warehousing & Distribution
6. Transport
7. Multi-Modal Transportation

AIR FREIGHT FORWARDING

We provide special handling services for sensitive freight - high value items, precision equipment, dangerous goods and temperature controlled transportation.

Air Freight Import

PICASTRA Logistics offers a comprehensive, worldwide airfreight service, including coordination of customer's orders with overseas suppliers, consolidation, confirmation of dispatch, pre-alert and arrival notices, Customs clearance & delivery.

Air Freight Export

Our team of experienced operators are trained in all aspects of export handling requirements, including Customs Declaration, Quarantine Permit & Consular document processing.

OCEAN FREIGHT FORWARDING

Frequent sailing services enable greater flexibility in managing the supply chain.

They offer a wide range of sea freight services, including Full Container Load (FCL) and Less than Container Load (LCL) consolidation services and project cargo movement, throughout their global network.

Sea Freight Import

PICASTRA Logistics offers a comprehensive, worldwide sea freight service, including coordination of customer's orders with suppliers, confirmation of dispatch, pre-alert and arrival notices, Customs clearance & delivery.

Sea Freight Export

Our experienced export team is well versed in all aspects of export sea freight shipping, including specialised freight, temperature controlled items, dangerous goods and project shipments.

CONTRACT LOGISTICS

They combine the skills and experience of our operations managers and supply chain designers, to design, implement and operate logistics solutions that improve availability while reducing inventory.

SUPPLY CHAIN LOGISTICS

PICASTRA Logistics' precise planning, execution and reporting skills set the industry standard for supply chain logistics solutions. Their team will ascertain your business goals and challenges and create innovative and cost-effective solutions in line with your business strategies.

TRANSPORT

PICASTRA Logistics' 16+ prime movers and extensive range of trailers across all Chennai's key ports quickly and effectively move cargo from port to warehouses, retail stores, or directly to your customer. Plus our outstanding IT capabilities capture and record every freight movement.



WAREHOUSING AND DISTRIBUTION

PICASTRA Logistics is a well-being supplier of Chennai-wide warehousing and distribution solutions. They offer complete warehousing services including all modes of distributions, FMCG import specialist services, customs services and an IT system for end-to-end visibility. Most of their warehouses are located either on the port or at an inland port location. By location alone, the ports-to-warehouse synergies are the best in the business.



MULTI- MODAL TRANSPORTATION

This is a service provided under the Supply Chain Management solution tailored to the specific customers, using a combination of road and rail transportation providing them with the most cost effective way of moving their raw materials or finished goods. Currently they are transporting plastic resin, steel billet, feldspar, clinker and gypsum board.

To support the inter-modal transportation services, Infinity operates a number of terminals and yards at strategic locations for loading/unloading activities as well as container storage, servicing and cleaning.

LIQUID BULK PACKAGING

At the PICASTRA Logistics Group, they realise the need for highly specialised tanks for liquid bulk packaging. Liquids such as food-based or non-hazardous chemicals and even solids require a packaging that is durable, convenient and cost-effective.

In a nutshell, our services include:

- Dedicated services, door-to-door shipments, JIT deliveries
- Short and long-term storage
- Providing Spacekraft IBC with both domestic and export shipments of a wide variety of solid and liquid product

FACILITIES

All PICASTRA Logistics assets are located to maximise efficiencies for their clients. PICASTRA Logistics' multi-user terminals are all strategically located for port shuttles, interstate and regional rail services. This allows a seamless connection to warehousing, depot and container park facilities as well as all import and export movements.

And by operating 24/7 in our largest ports they can offer our clients unparalleled synergies. This comprehensive network of owned facilities.

VALUE ADDED SERVICES

LEAD LOGISTICS PROVIDER

As a Lead Logistics Provider we rely on our superior Information and Communication Technology and our specialized resources to handle the extended supply chain and the challenges of multiple suppliers and service providers across the globe.

ADVISORY AND CONSULTATION

They provide expert Advisory and Consultation in matters related to Customs formalities, Certifications and Approvals by Other Governmental Agencies in all Export and Import shipments. Together with their partners, they are able to do consultation on Project Shipment, Cargo handling and transportation.

END TO END

Our End to End service provide peace of mind to the customers knowing that their cargo would be picked up at their premises and delivered right up to their customers doorsteps. They ensure the security and the integrity of the cargo and take care of the Customs formalities from point of origin to the point of destination.

INTEGRATION

They believe in Integration to integrate their 8 core business effortlessly to serve and meet the specific requirements of the customers. Customers should be able to enjoy a seamless service through a single window from the rather than having to run around communicating with various channels just to find out the status of the delivery.

TECHNOLOGY

Our state-of-the-art technology system provides unparalleled real-time, 24/7 tracking and status. The technology we offer includes:

- GPS-based Geofence technology
- Transport and warehouse visibility system
- Global track and trace system

PICASTRA Logistics operates one national system for all landside business operations. It is updated in real time for 24/7 online tracking. Freight is tracked in real time with status messages sent automatically based on Geofences and without driver activation. Any customer can enjoy B2B interfaces on their operating systems with real-time data updates.

SMART IN MOTION

Exceeding expectations by delivering extraordinary results

Picasta Logistics has a formidable track record in developing Smart supply chain solutions for local and global clients across a multitude of industries. And by Smart a mean sustainable, measurable, adaptable, resourceful and transformational solutions. Solutions that drive performance, productivity and profitability.

They do this by forming powerful partnerships with their clients. By aligning their supply chain to their business strategy. They identify hidden problems by knowing what to look for and where to find them. They then integrate and harness the

collective capabilities of their supply chain, transforming them into profitable business opportunities.

By thinking and working smart, they've developed a new breed of sustainable supply chains that are more efficient, effective, flexible and responsive to ever changing market needs.

1.4 NEED FOR THE STUDY

The process of allocating budget for fixed investment opportunities is crucial because they are generally long lived and not easily reversed once they are made. So we can say that this is a strategic asset allocation process and management needs to use asset budgeting techniques to determine which project will yield more return over a period of time.

Budgeting or investment appraisal is the planning process used to determine whether an organization's long term investments such as new machinery, replacement machinery, new plants, new products, and research development projects are worth pursuing.

It is budget for major asset, or investment, expenditures. It is a process used to determine whether a firm's proposed investments or projects are worth undertaking or not. The process of allocating budget for fixed investment opportunities is crucial because they are generally long lived and not easily reversed once they are made. So we can say that this is a strategic asset allocation process and management needs to use asset budgeting techniques to determine which project will yield more return over a period of time.

Companies are in a situation to invest a huge amount of money in order to take their firm to a greater extends of growth. In this case, they have to take a sound investment decision among various alternatives. If the investment decision taken up on a project is not worth undertaking, the amount invested on a particular project would not generate profit or value rather it creates loss to the firm. Hence, to increase wealth and profit of the firm or to avoid loss, a sound procedure is needed. Thus, the need of asset budgeting arises.

1.5 OBJECTIVES

Primary Objective

To evaluate the asset budgeting techniques and budgetary control towards the Picastra Logistics Private Limited.

Secondary Objective

- To understand the budget and budgetary control system of Picastra Logistics Private Limited.
- To study variations of components of revenue budget and components of operational expenditure budget.
- To analyze and compare the variation of revenue budget and operational budget.
- To suggest the effective budgetary mechanism for Picastra

1.6 SCOPE OF THE STUDY

Duty of a financial manager is to choose investments with satisfactory cash flows and rates of return. Therefore, a financial manager must be able to decide whether an investment is worth undertaking and be able to choose intelligently between two or more alternatives. To do this, a sound procedure to evaluate, compare, and select projects is needed. This procedure is called Asset Budgeting.

Budgets are formal quantitative statements of the resources set aside for carrying out planned activities over given periods of time. As much, they are widely used means for planning and controlling activities at every level of the organization. Thus, various analysis are been analyzed to find out the company's budgetary position.

The study has been undertaken to understand the significance of budgeting:

- The study can help the organization to take investment decision in forth coming years
- It can be used as reference
- It will be helpful for fund allocation
- It will help in forecasting the future profits, trends etc.

CHAPTER 2: REVIEW OF LITERATURE

Susan F. Haka, Michigan State University, USA (2018) has studied “Asset budgeting and investment appraisal” and historical appraisal of the development of current asset budgeting practices and reviews asset budgeting academic research. He has explained modern asset budgeting and its processes. In the late eighteenth and early nineteenth centuries, the industrial revolution was instrumental in creating demand for asset budgeting processes and techniques. Academic research, beginning in the late 1940s and early 1950s, is categorized by its focus on appraisal techniques, individual decision-maker effects, organizational issues, and environmental factors. Experimental, analytical, agency-based, survey-based, and case-based research is reviewed. His study concluded with a compilation of issues identified by academic research and a set of questions that have not yet been addressed.

Davina F. Jacobs (2019) is a senior economist in the Fiscal Affairs Department has done a research on asset budgeting practices. His study argues that the key challenge in government budgeting is to define an appropriate balance between current and asset expenditures. Budgeting for government asset investment also remains not well integrated into the formal budget preparation process in many countries. Hence, the research has been prepared with an aim to provide an overview of past and current budgeting practices for public investment. The study will also provide a comparison between the budget practices between low-income countries and developed countries and make a series of recommendations for how to ensure efficient integration of asset planning and budget management in low-income countries.

Niels Hermes, Peter Smid and Lu Yao (2011) Faculty of Management and Organization, University of Groningen and Faculty of Economics, University of Groningen, The Netherlands, have made a study on “Asset budgeting practices: A comparative study of the Netherlands and China”. The paper compares the use of asset budgeting techniques of Dutch and Chinese firms, using data obtained from a survey among 250 Dutch and 300 Chinese companies. It aims to analyze the use

of asset budgeting techniques by companies in both countries from a comparative perspective to see whether economic development matters.

The empirical analysis provides evidence that Dutch Chief Financial Officers on average use more sophisticated asset budgeting techniques than Chinese CFOs do. At the same, however, the result suggests that the difference between Dutch and Chinese firms is smaller than expected based upon the differences in the level of economic development between both countries, at least with respect to the use of methods of estimating the cost of asset and the use of CAPM as the method of estimating the cost of equity.

Journals and Articles:

1. International Journal of Innovative Research in Information Security (IJIRIS)

Title: THE ROLE OF BUDGET AND BUDGETARY CONTROL ON ORGANISATIONAL PERFORMANCE: A CASE STUDY OF TAHIR GUEST HOUSE, KANO STATE, NIGERIA

Budgeting is an indispensable tool in the hospitality industry-which has profit maximization as its goal and this can only be realized when resources are properly planned and controlled with the required commitment and expertise. Hotel accommodation in Nigeria is facilitated mostly by the corporate sector, with booking for conferences and meetings demand being highest. Whilst there has been rapid growth in the Nigerian hotel industry in the last decade, it is still in its infancy as the National Bureau for Statistics (2019) posited that the hotels and restaurant sub-sector contributes a mere 0.55 per cent to the Gross Domestic product (GDP). However, the major reason for this insignificant contribution to the GDP has been linked to poor budgeting process and internal control within the players in the industry. This paper therefore researched into the role of budget and budgetary control on organizational performance: a case study of Tahir Guest Palace, Kano. The study made use of both the primary and the secondary data. The instrument for the collection of the primary data was the questionnaire administered, while the secondary data was obtained via the financial statements of Tahir Guest Palace from 2018-2021. A total of 278 staff was sampled using the purposive sampling technique, and data obtained was subjected to regression analysis. Result revealed

that budget administration, budget target setting and budget process all have significant impact on organizational performance. The research work therefore, recommend that;

- (i) the top level management of Tahir guest palace should maintain appropriate standard on budget administration and preparation, and budget process. Specifically, the use of the current budget process on previous budget performance should be emphasized in measuring performance year in year out, as this will enable the management to monitor the organizational growth and or performance as budgeted;
- (ii) (ii) the staff of various cadres at Tahir guest palace should also be allowed to participate in the budget target setting and process to further enhance the organizational performance. If the above recommendations are implemented it will not only increase the organizational performance of Tahir Guest Palace but will also lead to increase in subordinates efforts and task performance.

CONCLUSION AND RECOMMENDATIONS

Based on the findings of this research work, this study therefore recommends:

1. That the top-level management of Tahir Guest Palace should maintain appropriate standard on budget administration, preparation, and budget process. Specifically, the use of the current budget process on previous budget performance should be emphasized in measuring performance year in year out, as this will enable the management to monitor its growth and or performance as budgeted;
2. The staff of various cadres at Tahir Guest Palace should also be allowed to participate in the budget target setting and process to further enhance its organizational performance. If the above recommendations are implemented, it will not only increase the organizational performance of Tahir Guest Palace but will also lead to increase in subordinates' efforts and task performance.

**3. Journal of Business Management & Social Sciences Research
(JBM&SSR) ISSN No: 2319-5614 Volume 2, No.12, December 2019**

**The Impact of Budgeting And Budgetary Control On The Performance Of
Manufacturing Company In Nigeria**

This study, the impact of budgeting and budgetary control on the performance of manufacturing company in Nigeria, was conducted using Cadbury Nigeria Plc, as case study. Since wants are plenty while resources are limited, every organisation tends to find means by which it can get what it wants with the limited resources at its disposal. Therefore, firms seek to adopt the concept of budgeting and budgetary control to satisfy their needs at the least possible cost and at the same time fulfill their stewardship obligations to the numerous stakeholders. We adopted a descriptive research design with data gathered through questionnaire administered to respondents. Non-parametric tool of chi square was employed to analyse the data. Hypotheses were tested and analyzed on a 5% level of significance and it was revealed that budgeting is a useful tool that guides firms to evaluate whether their goals and objectives are actualized. Considering the changing environment in which firms now operate, it can be concluded that budget, which is a continuous management activity, should adapt to changes in the dynamic business environment.

Recommendations From the above findings and for the manufacturing companies to operate profitably, they must take the following critical steps:

- a) Adopt a budgetary system of adequate planning with strict adherence to implementation, that cuts across the finance, production, administration, marketing etc.;
- b) The finance department should review all existing standards and introduce measures that will tighten the internal control system to prevent leakages of financial resources;
- c) Only judicious and profitable investments should be undertaken;
- d) Top executives of Cadbury Plc, who presently have firm grip on the beverages and confectionary market in the country, should assess the current marketing and distribution policies as well as economic, political, technological and other socio-economic factors that affect the company;
- e) Budgeting and budgetary control system should not be too complex for the people to understand;
- f) To enhance the attainability of budgets, resources

Conclusions

The relevant research questions raised above has been examined in the light of mode of operation of manufacturing companies. In the operation of manufacturing companies, it has been discovered that quite a number of the employees know the budgetary system of the company and there exist considerable participation of lower level employees in planning and budgeting. It was also discovered that the work force is well motivated and competent enough to propel the company to a greater height. Finally, it can be said that dedicated work force, improved technology and effective policies (budgeting inclusive) has helped the manufacturing companies to remain effective and efficient in fulfilling their stewardship obligations to the stakeholders.

3. Journal of Finance and Accounting

Volume 3, Issue 5, September 2021, Pages: 159-163

Budgets and Budgetary Control as a Management Tool for Ghana

Metropolitan Assemblies

The study examined the budgeting and budgetary control as a management tool in Ghanaian Metropolitan Assemblies with the view to find out the importance attached by metropolitan, municipal and district assemblies in Ghana to how budgets are prepared and implemented, benefits and problems associated with budgeting and the extent at which budget variance reports are used as a performance measure. The survey instrument was questionnaire. Statistical Package for Social Sciences (SPSS 16) software was used to analyze the data. The findings of the study revealed that, metropolitan assemblies prepare budgets and plans to guide their activities and operations and that there is generally a high level of budget participation. The major conclusion was that metropolitan assemblies use a rigorous budgetary control practices in its operations and attaches much importance to budgets and budgetary control as vital tool to aid them in effective and efficient management of their operations. It is recommended, among other things, that appropriate measures should be put in place to enable all the assemblies in Ghana prepare plans and budgets since the practices lead to effective utilization of state resources.

Conclusion

Budgeting is one of the fundamental decision-making processes in organizations as they serve numerous useful purposes in those organizations. The findings in Kumasi Metropolitan Assembly reveals a practical use of budgets and rigorous budgetary

control practices in its operations in spite of a few challenges. But effective budget and budgetary control is determined by proper monitoring, adequate information, regulatory and legislative framework and information technology. It could therefore be concluded that district, municipal and metropolitan assemblies generally do attach much importance to budgets and budgetary control as vital tools to aid them in effective and efficient management of their operations.

4. Research Journal of Finance and Accounting www.iiste.org ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)

Budgeting and budgetary control entails the establishment of goals by the management of an organization and designing a process which serves as a framework within which an organization effectively articulates overall planned activities. The quantification of these planned activities in financial terms is known as budgeting, while the establishment of an effective mechanism to guarantee desired result is known as budgetary control. This study therefore seeks to undertake a systematic review of budgeting and budgetary control in Government owned organizations and given the importance of the foregoing, attention was focused on the Nigerian National petroleum Cooperation (NNPC). To achieve the objective of the study, primary data were obtained through the use of a well structured questionnaire administered to the respondents, while the secondary data were obtained from the annual financial statements, files, memos, tax laws and gazette of the NNPC. The findings revealed that a necessary and sufficient condition for achieving effective budgeting and budgetary control is the involvement of all relevant stakeholders in the preparation of the budget, given the established processes in government circles, while emphasizing a deliberate and faithful implementation, by all responsible officers. This rests on the existence of a mental picture of the present state of affairs, vis-à-vis the future expected state of affairs, within the organization. It therefore recommended that since budgeting and budgetary control contributes to management efficiency and high productivity of an organization, all relevant stakeholders must be involved in the budget process, from preparation to implementation, in order to guarantee overall goal attainment. Keywords: Budgeting, Budgetary Control, Effective, Efficient, Management, Performance.

Lambe (2018) writing on Budgeting and Planning aptly defines budgeting as a comprehensive and coordinated plan which is packaged by the management of an organization, and expressed in financial terms for the operations and resources of an enterprise for some specific period in the future.

Having undertaken a systematic review of budgeting and budgetary control in Government owned organizations and roles they play towards determining the corporate objectives and profit making, it is imperative to conclude that budgeting and budgetary control is an indispensable tool to any organization. When matters relating to budget and budgetary control are carefully planned and implemented by any organization (most especially government owned organizations), it can lead to decrease in cost and increase in revenue, which in turn leads to maximization of profit. Though budgeting and budgetary control could enhance the efficiency of the organization's performance, it should be noted that it is not a "magic stick" that can replace effective management or ensuring the going concern of an organization and sustainability of operations. The finding of the research shows that when budgets are effectively utilized most especially within the framework of predetermined and effective control, it serves as a means of achieving and coordinating organizational plans and actions.

Zero base budgeting provides a framework that enables the evaluation of each function from the beginning. Every item of the budgeted expenditure must be examined critically and justified before it is allowed to form part of the budget. This makes the estimates or budgets more realistic as it is based on current conditions. Zero base approach tries to uncover the current position of things in organization, why it is being done, what better ways might be available and which activities are really important and determines the cost-benefit analysis. This in turn would enable the organization to utilize such an approach as an effective tool to manage and allocate its resources and in so doing, achieve its objective. Based on the fact that actual budget preparation, co-ordination and implementation are almost exclusively the responsibilities of both top level management.

It is therefore recommended that heads of units and departments should be more involved in the preparation of budgets and not just the implementation. This of course is with due regards to organizational policy and considering the fact that the individuals saddled with tactical and operational activities of an organization are in a vantage position to make budget estimates that will be more reliable and accurate.

It is equally recommend that operating performances report, which is occasionally prepared, should be done at more regular intervals (such as bi-weekly). This is recommended in recognition of the complexities of the budgetary system and it is envisaged that if the more regular reporting approach is adopted, it will in no small measure enhance the budgetary control system, since the shorter the period, the more effective the control.

Consequently, since budgeting and budgetary control contribute to the improvement of management efficiency and high productivity; the budget committee should be educated in the implementation of budget. This would enable them to understand the importance of adhering to actual budget provisions thereby minimizing loses. Thus budget education should be conducted at regular intervals for all principal officers of the organization, by reputable firms, as the usefulness of such an exercise cannot be overemphasized.

5. BUDGET AND BUDGETARY CONTROL: A TOOL FOR ENHANCED PERFORMANCE IN NIGERIA ORGANIZATIONS

The slow space of organizational performance in Nigeria has been attributed in part to inadequacy in the process and implementation of budget and budgetary control. This paper aims at filling the gap as a means of educating managers and operators of businesses who are capable of reversing the current low organizational performance to an improved one. This study examines how budget and budgetary control can impact on the performance of some selected manufacturing companies listed in the Nigerian Stock Exchange through a judgmental sampling technique. An investigative study was undertaken, using the sampling techniques correlation analytic techniques specifically the Pearson Product Movement Correlation Coefficient (PPMCC). The result indicates that there is a strong relationship between turnover as a variable of budget and performance indicators Earning Per Share (EPS). Divided Per Share (DPS) and Net Asset Per Share (NAS). Following our findings, we advise managers and business operators to appreciate the more their budgetary control systems, those without existing budgetary control system should be courageous enough to put one in place while those with dummy or passive one should re-establish a resultoriented budgetary control system. It is

evident that budgetary control system will reposition the manufacturing industry, if properly implemented, from its creeping performance level to an improved high capacity utilization point. Business environment in Nigeria today is tinted with high level of uncertainties and risk. To this end, Managers and Stakeholders must be ready and prepared to compete positively and favourably under these rapidly changing conditions. To secure survival under these environmental challenges, trials, complexities and vagueness, managers and stakeholders of the manufacturing sector must be armed with sharp tools, tested and trusted management techniques to forecast the tremendous changes which are likely to impact on the business, while future direction and dimension is chosen regarding resources required to attain selected goals.

Conclusion

This study examines the relationship between budget, budgetary control and performance of selected companies in the manufacturing sector. We reviewed related literature and contributions to this study, the problems associated with budget and budgetary control, performance of the Nigeria manufacturing industry in previous and recent times, among other salient issues relevant to the subject of study. It came to the fore that a strong relationship existed between turnover as a budget variable and EPS, DPS and NAS as performance indicators. Infrastructural decay, inadequacy or total lack of it, coupled with over-dependence on crude oil is great impediments to improved performance in the manufacturing sector.

CHAPTER – 3

RESEARCH METHODOLOGY

Research comprises defining and redefining problems, formulated hypothesis or suggested solution, collections, organizing and evaluating data, making deductions, and searching for conclusions and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis.

3.1 RESEARCH DESIGN:

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. The research design is the arrangement o conditions for collections and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

3.2 SOURCE OF DATA

There are two types of data to be collected

- Primary data
- Secondary data

Primary data are those which are collected afresh and for the first time and thus happen to the original in character.

Secondary data, the data that are already available, it refers to the data which have already been collected and analysed by someone else. The secondary data are collected from company profile and website. Mostly the data used for the project are secondary data.

3.3 Method for Analysis

3.3.1 Revenue Budget

A revenue budget is a financial plan that outlines the expected income or revenue for a particular period, such as a fiscal year or a quarter. It is an essential component of a company's overall budgeting process and is typically prepared by the finance department in collaboration with other departments, such as sales and marketing. The revenue budget includes estimates of all sources of revenue,

including sales, investments, and other income streams. It considers factors such as market trends, economic conditions, and changes in customer demand, among others, to project future revenue levels accurately.

3.3.2 Operational Expenditure Budget

An operational expenditure (OPEX) budget is a financial plan that outlines the expected costs associated with running a business or organization. It typically includes expenses such as salaries, wages, rent, utilities, supplies, and maintenance, among others.

The OPEX budget is an essential component of a company's overall budgeting process, as it provides a detailed breakdown of the costs associated with the day-to-day operations of the business. It is typically prepared by the finance department in collaboration with other departments, such as human resources, facilities management, and procurement.

The OPEX budget is used to plan for and control expenses, ensuring that the business operates within its means and meets its financial objectives. It is also used to evaluate the financial performance of the business, as actual expenses are compared to the budgeted amounts on a regular basis. Any variances are investigated, and corrective actions are taken as necessary.

Overall, the OPEX budget is a critical tool for managing a business's finances and ensuring its long-term success.

3.3.3 Variance Analysis

Variance analysis is a technique used in financial and management accounting to compare the actual performance of a business to its budgeted or expected performance. It involves identifying the differences or variances between the actual results and the budgeted or expected results and analyzing the causes of these variances.

Variance analysis is typically performed on both revenue and expense items in a budget to identify areas of performance that deviate from expectations. The purpose

of variance analysis is to determine whether the differences between the actual results and the budgeted or expected results are due to controllable or uncontrollable factors.

Controllable factors are those that can be managed or controlled by the business, such as changes in pricing or cost-cutting measures. Uncontrollable factors are those that are outside the control of the business, such as changes in market conditions or economic factors.

Once the variances have been identified, management can take appropriate action to address any negative variances and take advantage of positive variances. For example, if the actual revenue is lower than expected, management may review pricing strategies, marketing efforts, or customer acquisition and retention programs to identify opportunities for improvement.

Overall, variance analysis is an essential tool for businesses to monitor their financial performance, identify areas for improvement, and make informed decisions based on actual results.

3.4 Period of Study

The period for study is carried out for the last five years i.e., 2018-2022

3.5 Limitations of the Study

- The company's certain information is kept secret
- The period of study restricted only to five years.
- The study is based on the past records of the company.
- The study concentrates only on asset budgeting of the company

The whole study focuses on different kind of asset budgeting techniques. Though these methods have sound advantages there are some computational problems and disadvantages in adapting these techniques. Though NPV method is easy to use if forecasted cash flows are known, in practice, it is quite difficult to

obtain the estimates of cash flows due to uncertainty. Discount rate is also difficult in practice to precisely measure the discount rate. Further, caution needs to be applied in using the NPV method when alternative projects with unequal lives, or under funds constraint are evaluated. Ranking of investment projects as per the NPV rule is not independent of the discount rates.

Likewise, payback period method is not an appropriate method of measuring the profitability of an investment project as it does not consider all cash inflows yielded by the project. This method fails to consider the pattern of cash inflows. There is no rational basis for setting a maximum payback period. It is generally a subjective decision. Payback is not consistent with the objective of maximizing the market value of the firm's shares. Share values do not depend on payback periods of investment projects.

Average rate on return method uses accounting profits, not cash flows, in appraising the projects. Accounting profits are based on arbitrary assumptions and choices and include non-cash items. It is, therefore, inappropriate to rely on them for measuring the acceptability of the investment projects. The averaging of income ignores the time value of money; in fact, this procedure gives more weightage to the distant receipts. ARR method continues to be used as a performance evaluation and control measure in practice. But its use as an investment criterion is certainly undesirable. It may lead to unprofitable allocation of asset.

The variance analysis helps the company to know the difference between the budgeted and the actual cost. Income variance and expenditure variance analyses are been done in this project to know about the favorable and adverse position of the company.

The Trend analysis is used to find out the trend difference between the company's assets or investments. Thus, the forecasting techniques are been used to analyze the company's position.

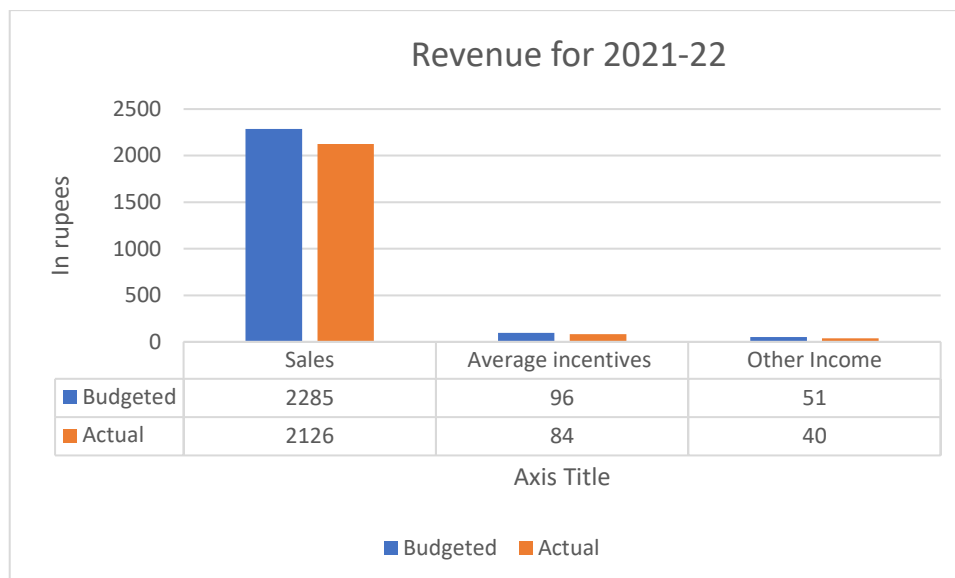
CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

REVENUE BUDGET FOR 2021-22
TABLE- 4.1

(Rs in crores)

Sl.no	Particular	Budgeted estimated for the 2021-22 (1)		Actual for the year 2021-22(2)		Variance (1)-(2) = (3)	Percentage (3)/ (1)
1	Sales	Amount	%	Amount	%		
	Fixed cost recovery	724	72.4	618	61.8	10.6	14.6
	Variable cost recovery	840	84.0	740	74.0	10	11.9
	Fuel price adjustment recovery	820	82.0	863	86.3	-4.3	-5.2
	Own consumption	132	13.2	148	14.8	-1.6	-12.1
	Total of 1	2516	251.6	2369	236.9	14.7	5.84
2	Average intensives	102	10.2	98	9.8	0.4	3.92
3	Other income	56	5.6	49	4.9	0.7	12
	GRAND TOTAL (1+2+3)	2674	267.4	2516	251.6	15.8	5.90



INTERPRETATION

The data pertaining to the generation and consumption have been obtained from the year 2021- 22 and represented in table -1. The aspect included are total generation in (crores Rs) and utilization for auxiliary consumption respectively.

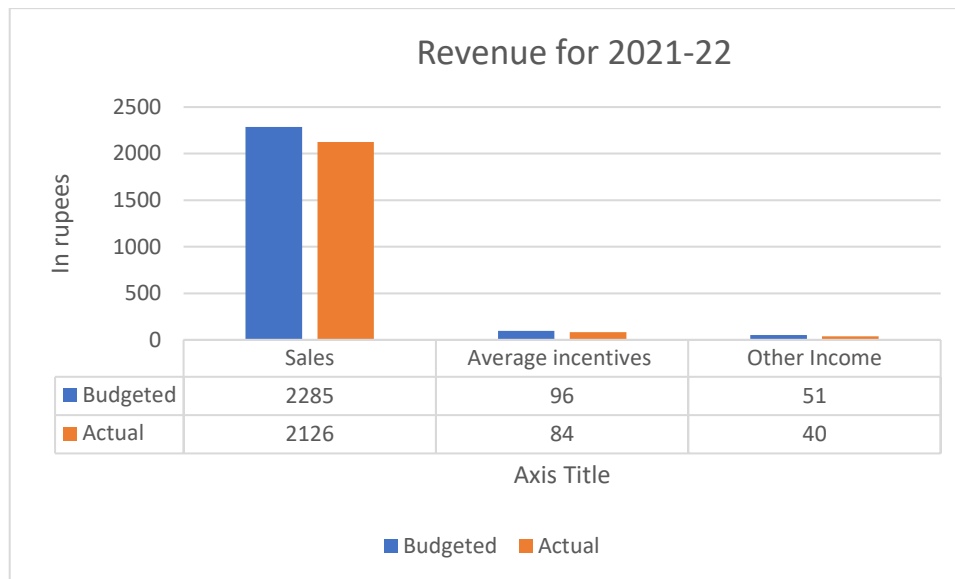
During the year 2021-22 the sales, fixed costs, variable cost, own Consumption was decreased. When the estimated budget so sales consumption is 267% respectively. During the year 2021-22 the average intensive is decreased 9.8%. The other income also decreased 7% respectively.

Finally, about the result in revenue budget of PICASTRA LOGISTICS PVT LTD totally decreased 251.6% in the year 2021-22 respectively.

REVENUE BUDGET FOR 2020-21
TABLE- 4.2

(Rs in crores)

Sl.no	Particular	Budgeted estimated for the 2020-21 (1)		Actual for the year 2020- 21(2)		Variance (1)-(2) = (3)	Percentage (3)/ (1)
1	Sales	Amount	%	Amount	%		
	Fixed cost recovery	702	70.2	598	59.8	10.4	14.81
	Variable cost recovery	802	80.2	680	68	12.2	15.21
	Fuel price adjustment recovery	790	79.0	852	85.2	-6.2	-7.8
	Own consumption	121	12.1	122	12.2	-.1	-0.82
	Total of 1	2398	239.8	2168	216.8	23	9.5
2	Average intensives	96	9.6	84	8.4	1.2	12.5
3	Other income	51	5.1	40	4.0	1.1	21.5
	GRAND TOTAL (1+2+3)	2545	254.5	2292	229.2	25.3	9.94



INTERPRETATION

The data pertaining to the generation and consumption have been obtained from the year 2021- 22 and represented in table -2. The aspect included are total generation in (crores Rs) and utilization for auxiliary consumption respectively.

During the year 2021-22 the sales, fixed costs, variable cost , own Consumption was decreased. When the estimated budgeted of sales consumption is 254.5% respectively.

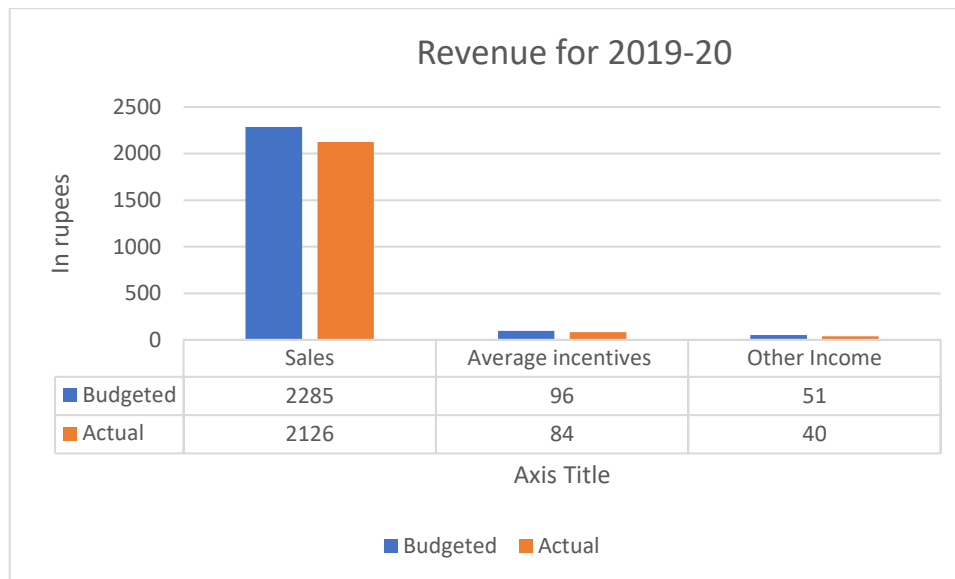
During the year 2021-22 the average intensive are decreased by 13%. The other income also decreased by 11% respectively.

Finally regarding the result in revenue budget of PICASTRA LOGISTICS PVT LTD totally decreased 229.2% in the year 2021-22 respectively.

REVENUE BUDGET FOR 2019-20
TABLE- 4.3

(Rs in crores)

Sl.no	Particular	Budgeted estimated for the 2019-20 (1)		Actual for the year 2019-20 (2)		Variance (1)-(2) = (3)	Percentage (3)/ (1)
1	Sales	Amount	%	Amount	%		
	Fixed cost recovery	657	65.7	565	56.5	9.2	14.0
	Variable cost recovery	762	76.2	563	56.3	19.9	26.11
	Fuel price adjustment recovery	750	75.0	798	79.8	-4.8	-6.4
	Own consumption	121	12.1	102	10.2	1.9	15.70
	Total of 1	2290	229.0	2028	202.8	26.2	11.44
2	Average intensives	89	8.9	84	8.4	.5	5.6
3	Other income	51	5.1	40	4.0	1.1	21.56
	GRAND TOTAL (1+2+3)	2430	243.0	2152	215.2	27.8	11.44



INTERPRETATION

The data pertaining to the generation and consumption have been obtained from the year 2019-20 and represented in table -3. The aspect included are total generation in (crores Rs) and utilization for auxiliary consumption respectively.

During the year 2019-20 the sales, fixed costs, variable cost, own Consumption was decreased. When the estimated budgeted for sales consumption is 243.0% respectively.

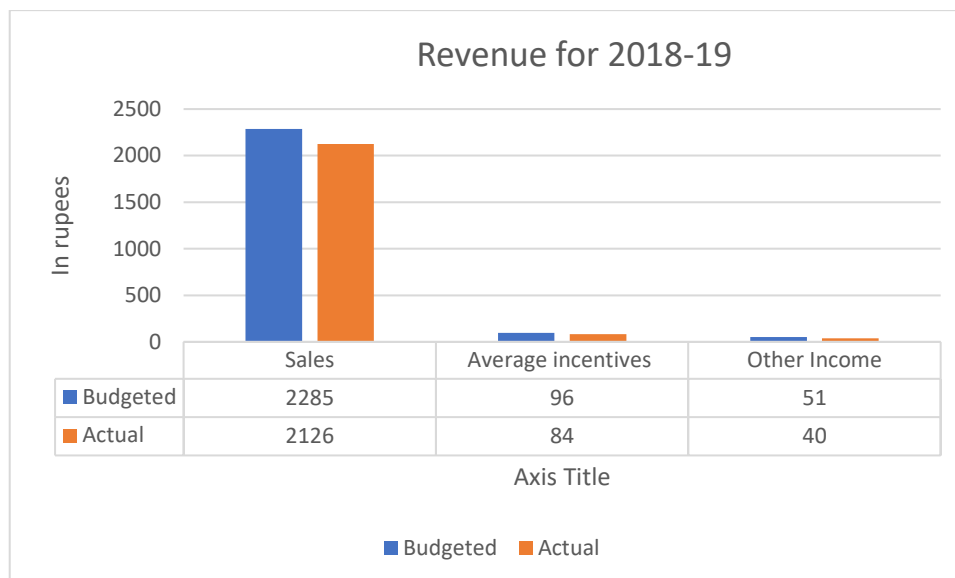
During the year 2019-20 the average intensive are decreased 5%. The other income also decreased 11% respectively.

Finally with regard to the result in revenue budget of PICASTRA LOGISTICS PVT LTD totally decreased 215.2% in the year 2019-20 respectively.

REVENUE BUDGET FOR 2018-19
TABLE- 4.4

(Rs in crores)

Sl.no	Particular	Budgeted estimated for the 2019-20 (1)		Actual for the year 2019-20 (2)		Variance (1)-(2) = (3)	Percentage (3)/ (1)
		Amount	%	Amount	%		
1	Sales						
	Fixed cost recovery	680	68.0	569	56.9	11.1	16.32
	Variable cost recovery	789	78.9	623	62.3	16.6	21.03
	Fuel price adjustment recovery	695	69.5	812	81.2	-11.7	-16.83
	Own consumption	121	12.1	122	12.2	-.1	-.82
	Total of 1	2285	228.5	2126	212.6	15.9	6.9
2	Average intensives	96	9.6	84	8.4	1.2	12.5
3	Other income	51	5.1	40	4.0	1.1	21.56
	GRAND TOTAL (1+2+3)	2432	243.2	2250	225.0	18.2	7.4



INTERPRETATION

The data pertaining to the generation and consumption have been obtained from the year 2018- 19 and represented in table -4. The aspect included are total generation in (crores Rs) and utilization for auxiliary consumption respectively.

During the year 2018-19 the sales, fixed costs, variable cost, own Consumption was decreased. When the estimated budgeted for sales consumption is 243.2% respectively.

During the year 2018-19 the average intensive is decreased 13% the other Income also decreased by 11% respectively.

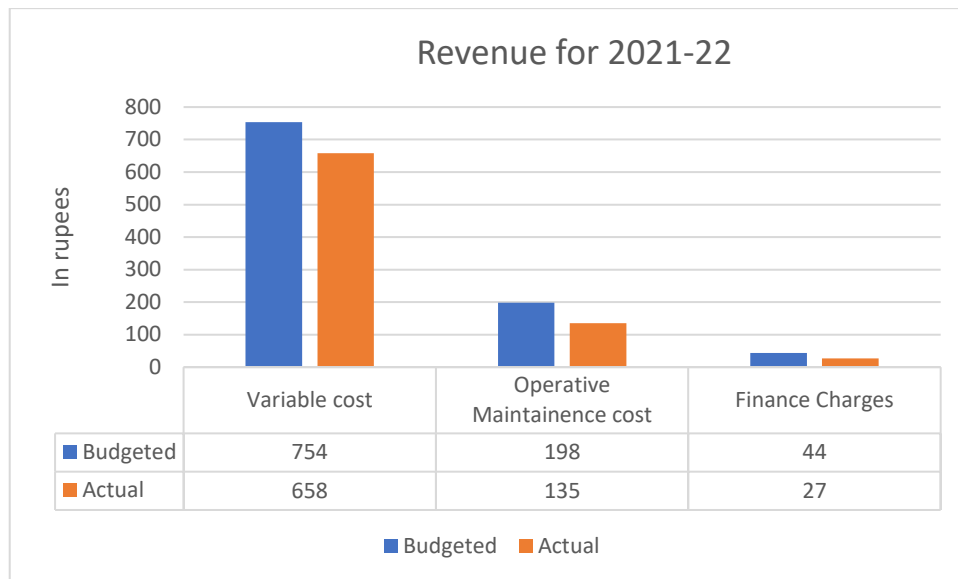
Finally, about the result in revenue budget of PICASTRA LOGISTICS PVT LTD totally decreased 225.0% in the year 2018-19 respectively.

PICASTRA LOGISTICS PVT LTD
Operational Expenditure Budget for the Year 2021-22

TABLE- 4.5

(Rs in crores)

Sl.no	Particular	Budgeted estimated for the 2021-22 (1)		Actual for the year 2021-22 (2)		Variance (1)-(2) = (3)	Percentage (3)/ (1)
		Amount	%	Amount	%		
1	VARIABLE COST	897	89.7	856	85.6	4.1	4.5
2	OPERATIVE MAINTENANCE COST	254	25.4	215	21.5	3.9	15.3
3	FINANCE CHARGES						
	Deprecation	42	4.2	15	1.5	2.7	64.2
	Interest on fixed capital	18	1.8	20	2.0	-.2	-11.11
	Total of – 3	60	6.0	35	3.5	2.5	41.66
	GRAND TOTAL (1+2+3)	1211	121.1	1106	110.6	10.5	806



INTERPRETATION

Observed from the above table is the operational expenditure budget of PICASTRA LOGISTICS PVT LTD for the year 2021-22.

Maintenance, employee cost, stationary & general expenses, rebate and share of other expenses is all are fluctuating with the expenses of the year 2021-22. However, the total operating maintenance costs are 25.4% decreasing respectively.

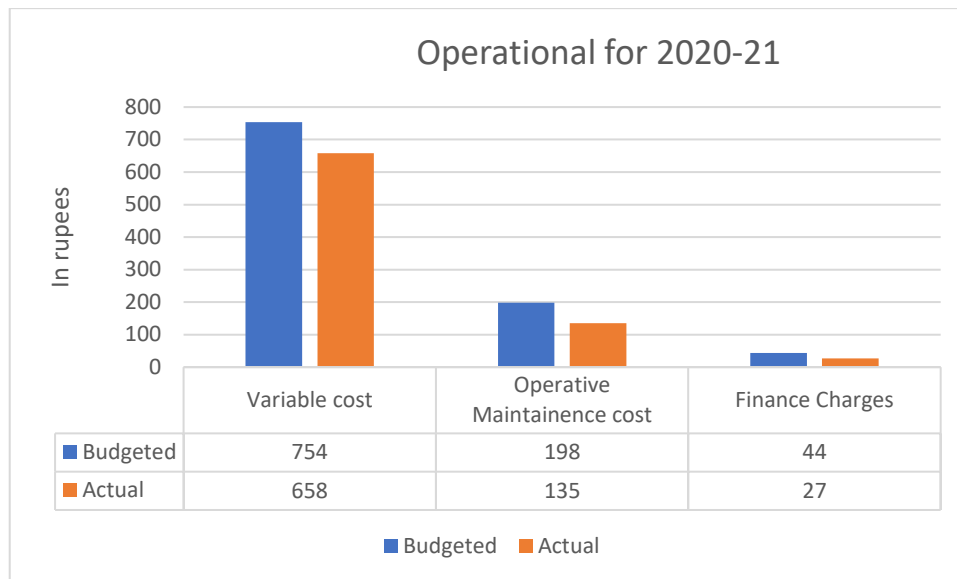
In finance charges depreciation and interest on fixed capital, has been included the total finance charges recording decreasing of 9.5% in the year 2021-22 respectively. The overall budgets results PICASTRA LOGISTICS PVT LTD is earning more profits.

PICASTRA LOGISTICS PVT LTD
Operational Expenditure Budget for the Year 2020-21

TABLE- 4.6

(Rs in crores)

Sl.no	Particular	Budgeted estimated for the 2020-21 (1)		Actual for the year 2020-21 (2)		Variance (1)-(2) = (3)	Percentage (3)/ (1)
		Amount	%	Amount	%		
1	VARIABLE COST	841	84.1	822	82.2	1.9	2.2
2	OPERATIVE MAINTENANCE COST	247	24.7	201	20.1	4.6	18.6
3	FINANCE CHARGES						
	Deprecation	39	3.9	12	1.2	2.7	69.7
	Interest on fixed capital	15	1.5	18	1.8	-.3	-.2
	Total of – 3	54	5.4	30	3.0	2.4	44.4
	GRAND TOTAL (1+2+3)	1142	114.2	1053	105.3	8.9	7.7



INTERPRETATION

Observed from the above table that the operational expenditure budget of PICASTRA LOGISTICS PVT LTD for the year 2020-21.

Maintenance, employee cost, stationary & general expenses, rebate and share of other expenses is all are fluctuating with the expenses of the year 2020-21. However, the total operating maintenance costs are 24.7% decreasing respectively.

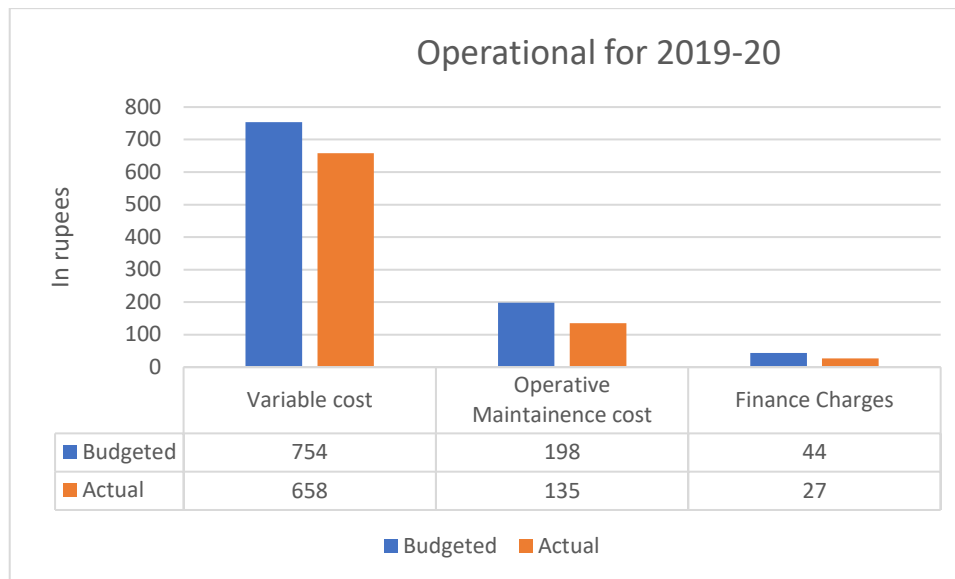
Maintenance, employee cost, stationary & general expenses, rebate and share of other expenses is all are fluctuating with the expenses of the year 2020-21. However, the total operating maintenance costs are 24.7% decreasing respectively. The overall budgets results of PICASTRA LOGISTICS PVT LTD are earning more profits.

PICASTRA LOGISTICS PVT LTD
Operational Expenditure Budget for the Year 2019-20

TABLE- 4.7

(Rs in crores)

Sl.no	Particular	Budgeted estimated for the 2019-20 (1)		Actual for the year 2019-20 (2)		Variance (1)-(2) = (3)	Percentage (3)/ (1)
		Amount	%	Amount	%		
1	VARIABLE COST	811	81.1	798	79.8	1.3	1.6
2	OPERATIVE MAINTENANCE COST	214	21.4	157	15.7	5.7	26.6
3	FINANCE CHARGES						
	Deprecation	36	3.6	11	1.1	2.5	69.4
	Interest on fixed capital	15	1.5	18	1.8	-.3	-.2
	Total of – 3	51	5.1	29	2.9	2.2	43.13
	GRAND TOTAL (1+2+3)	1076	107.6	984	98.4	9.2	8.5



INTERPRETATION

Observed from the above table that the operational expenditure budget of PICASTRA LOGISTICS PVT LTD. of the year 2019-20.

Maintenance, employee cost, stationary & general expenses, rebate and share of other expenses is all are fluctuating with the expenses of the year 2019-20.

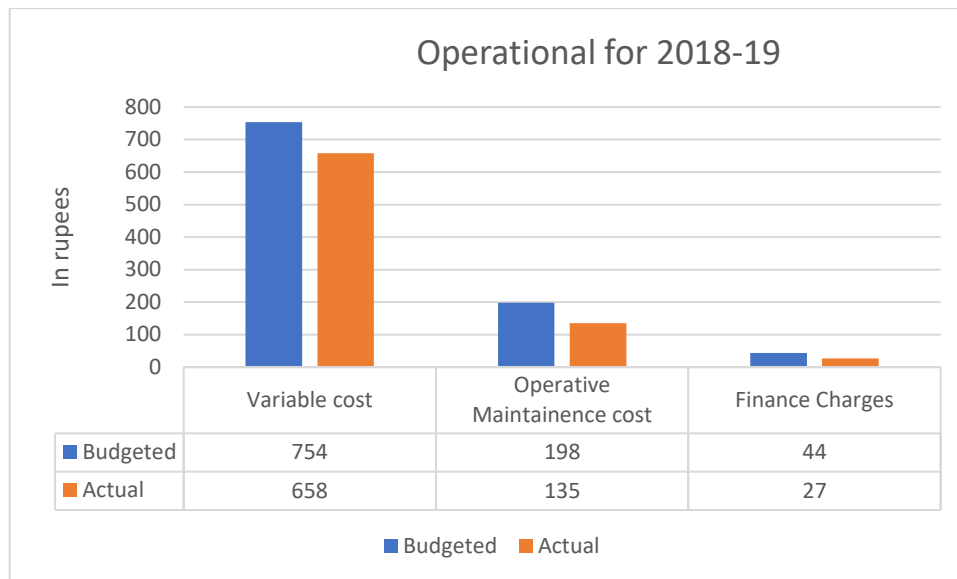
However, the total operating maintenance costs are 21.4% decreasing respectively In finance charges depreciation and interest on fixed capital, has been included the total finance charges recording decreasing of 2.2% in the year 2008-09 respectively. The overall budgets results of PICASTRA LOGISTICS PVT LTD are earning more profits.

PICASTRA LOGISTICS PVT LTD
Operational Expenditure Budget for the Year 2018-19

TABLE- 4.8

(Rs in crores)

Sl.no	Particular	Budgeted estimated for the 2018-19 (1)		Actual for the year 2018-19 (2)		Variance (1)-(2) = (3)	Percentage (3)/ (1)
		Amount	%	Amount	%		
1	VARIABLE COST	754	75.4	658	65.8	9.6	12.7
2	OPERATIVE MAINTENANCE COST	198	19.8	135	13.5	6.3	31.8
3	FINANCE CHARGES						
	Deprecation	29	2.9	9	0.9	2	68.9
	Interest on fixed capital	15	1.5	18	1.8	-.3	-.2
	Total of – 3	44	4.4	27	2.7	1.7	38.6
	GRAND TOTAL (1+2+3)	996	99.6	820	82.0	17.6	17.67



INTERPRETATION

Observed from the above table that the operational expenditure budget of PICASTRA LOGISTICS PVT LTD for the year 2018-19.

Maintenance, employee cost, stationary & general expenses, rebate and share of other expenses is all are fluctuating with the expenses of the year 2018-19.

However, the total operating maintenance costs are 19.8% decreasing respectively. In finance charges depreciation and interest on fixed capital, has been included. The total finance charges recording decreasing of 5.3% in the year 2018-19 respectively. The overall budgets results of PICASTRA LOGISTICS PVT LTD are earning more profit.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

1. The variance calculated in revenue budget during the year 2021-22 has decreased by 5.90% when the actual budget is compared with the estimated budget.
2. The variance calculated in revenue budget during the year 2020-21 has decreased by 9.94% when the actual budget is compared with the estimated budget.
3. The variance calculated in revenue budget during the year 2019-20 has decreased by 11.44% when the actual budget is compared with the estimated budget.
4. The variance calculated in revenue budget during the year 2018-19 has decreased by 7.48% when the actual budget is compared with the estimated budget.
5. The variance calculated in operational expenditure budget during the year 2021-22 has earned profit by 8.6% when actual expenditure budget is compared with estimated expenditure budget.
6. The variance calculated in operational expenditure budget during the year 2020-21 has earned profit by 7.7% when actual expenditure budget is compared with estimated expenditure budget.
7. The variance calculated in operational expenditure budget during the year 2019-20 has earned profit by 8.5% when actual expenditure budget is compared with estimated expenditure budget.
8. The variance calculated in operational expenditure budget during the year 2018-19 has earned profit by 17.76% when actual expenditure budget is compared with estimated expenditure budget.

5.2 SUGGESTIONS

Planning has become the primary function of management most of the planning relates to individual and individual proposals. Budgets are nothing but the expressions, largely in financial terms. Budgetary control has, therefore become an essential tool of management for controlling and maximizing profits.

- The company's objectives and how it can be achieved through budgetary control process.
- Time tables for all stages of budgeting should be followed regularly by all the departments.
- Reports, statements, forms, and other record should be maintained if any information is needed.
- Continuous comparison of actual performance with budgeted performance will result in knowing whether the company is in profit or loss.

5.3 CONCLUSION

Every organization has pre-determined set of objectives and goals, but reaching those objectives and goals only by proper planning and executing of the plans economically. The Picastra Logistics Pvt. Ltd is objectives of planning promoting and organizing an integrated development of Cement Company. The organization needs the capable personalities as management to lead the organization successfully, the management makes the plans and implement of these plans are expressed in terms of budget and budgetary control. The Picastra Logistics Pvt. Ltd have budget process in two stages. One is the capital expenditure budget and another is operating maintenance budget, the capital expenditure budget shows the list of capital projects selected for investment along with their estimated cost, operating & maintenance budget refers to the repairs & maintenance budgets, the special budgets are rarely used in the organization like long-term budgets, research & development budget, and budget for consultancy.

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ANNEXURE

Profit and Loss account for the year ended 31st March 2022 of Picastra
Logistics Pvt Ltd

Particulars	Amount
INCOME	
Operating Other	411,529.15
Income	7,023.47
	418,552.62
EXPENDITURE	
Material costs	329,936.68
Personnel cost	11,351.49
Manufacturing& other Expenses	28,370.17
Finance Charges	198.79
Depreciation	3,770.67
	1,045,012,871
Profit/(loss) before	
TaxDeferred Tax	22,753,712
(release) Fringe Benefit	10,801,602
Tax Profit after Tax	-
Profit brought forward from	11,952,110
PreviousYear Profit availablefor	180,225,485
appropriation.	
APPROPRIATION	
Surplus carried to	
Balance Sheet	168,273,375
Total	168,273,375

Balance sheet for the years on 2017-2018

	Note	As at 31 st March,2018
An EQUITY& LIABLITIES		
1 Shareholder's funds		
a) Share capital.	2	908.30
b) Reserves & surplus.	3	16458.81
2 Non – current liabilities		
a) long term borrowings		
b) Deferred tax liabilities(net)	4	1095.16
c) other long-term liabilities	5	143.48
3 Current liabilities	6	566.86
a) short term borrowings		
b) other current liabilities	7	4211.64
TOTAL – EQUITY & LIABILITIESB	8	15859.48
ASSETS		39243.73
1 Non – current assets		
a)fixed assets	9	8239.99
b) non– current investments	10	2848.54
c) long term loans & advances	11	313.10
d) other non – current assets	12	113.28
2 Current assets		
Current investments	13	502.11
b) inventories	14	19914.68
c) cash & bank balances	15	1371.10
d) other current assets	16	5948.93

TOTAL ASSETS		39243.73
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Balance sheet for the years on 2018-19

	Note	As on 31 st mar 2019
An EQUITY & LIABILITIES		
1 Shareholder's funds		
a) Share capital.	2	908.30
b) Reserves & surplus.	3	25096.50
2 Non – current liabilities		
a) long term borrowings	4	418.14
b) Deferred tax liabilities(net)	5	599.13
c) other long-term liabilities	6	678.20
3 Current liabilities		
a) short term borrowings	7	5058.59
b) other current liabilities	8	14773.66
TOTAL – EQUITY & LIABILITIESB		47532.62
ASSETS		
1 Non – current assets		
a) fixed assets	9	8956.56
b) non– current investments	10	2848.54
c) long term loans & advances	11	559.73
d) other non – current assets	12	97.34
2 Current assets		
a) Current investments	13	7645.92
b) inventories	14	22201.62
c) cash & bank balances	15	616.14
d) other current assets	16	4606.73
TOTAL ASSETS		47532

Balance sheet for the years on 2019-20

	Note	As on 31 st mar 2020
An EQUITY & LIABILITIES		
1 Shareholder's funds	2	908.30
a) Share capital	3	36796.49
2 b) Reserves& surplus	4	194.95
3 Non – current liabilities	5	463.57
a) long term borrowings	6	395.29
b) Deferred tax liabilities(net)		
c) other long-term liabilities	7	651.56
3 Current liabilities	8	21197.53
a) short term borrowings		60607.49
b) other current liabilities		
TOTAL – EQUITY & LIABILITIESB		
ASSETS		11400.77
1 Non – current assets	9	
a) fixed assets	10	11209.55
b) non– current investments	11	982.02
c) long term loans & advances	12	76.51
d) other non – current assets		
2 Current assets		
a)current investments	13	--
b)b) inventories		
c) cash & bank balances	14	22438.73
d) other current assets	15	7283.67
	16	7216.45

TOTAL ASSETS		60607.49
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Balance sheet for the years on 2020-21

	Note	As on 31st mar 2021
An EQUITY & LIABILITIES		
1 Shareholder's funds		
a) Sharecapital b) Reserves& surplus	2	908.30
2 Non – current liabilities	3	56329.94
a) long term borrowings	4	--
b) Deferred tax liabilities(net)	5	1000.53
c) other long-term liabilities	6	467.15
3 Current liabilities		
a) short term borrowings	7	131.16
b) other current liabilities	8	27076.54
TOTAL – EQUITY & LIABILITIESB		84913.62
ASSETS		
1 Non – current assets		
a) fixed assets	9	13371.63
b) non– current investments	10	11209.54
c) long term loans & advances	11	460.52
d) other non – current assets	12	16.58
2 Current assets		
a) current investments)	13	25686.30
b) inventories	14	22941.94
c) cash & bank balances	15	3570.28
d) other current assets	16	2356.84

TOTAL ASSETS	84913.62
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Balance sheet for the years on 2021-22

	Note	As on 31st mar 2022
An EQUITY & LIABILITIES		
1 Shareholder's funds	2	908.30
c) Share capital.		
d) Reserves & surplus.	3	92880.42
2 Non – current liabilities		
a) long term borrowings	4	--
b) Deferred tax liabilities(net)	5	1873.04
c) other long-term liabilities	6	694.96
3 Current liabilities		
a) shortterm borrowings	7	
c) other current liabilities		30464.82
TOTAL – EQUITY & LIABILITIES	8	-
BASSETS		126821.54
1 Non – current assets		
a) fixed assets		
b) non– current investments		
c) long term loans & advances	9	17144.66
d) other non – current assets	10	11211.82
2 Current assets	11	58.60
a) current investments	12	1213.45
b) inventories	13	54215.33
c) cash & bank balances	14	38792.84
d) other current assets	15	1344.56
	16	2840.28
TOTAL ASSETS		126821.54