

## **BUDGET STRUCTURING AS A MEANS OF REDUCING COSTS OF GOODS AND SERVICES**

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In the current conditions of globalization of market economies, cost is the determining economic category, it is an indicator that determines the results of activity. Thus, using effective cost management levers can prevent the occurrence of unjustified costs, which in turn affect the decline: profitability of the enterprise, the competitiveness of goods / services and the enterprise as a whole, indicators of financial stability of the organization.

From the above, we can conclude that the first task in correcting the previously mentioned range of issues is to choose a reliable mechanism for managing the factors of reducing the cost of goods and services. Economic studies of cost were performed by the following authors: King A., Atkinson EA, Kotler F., Foster J., Weizmann NR, others indicated that all enterprises have reserves of cost reduction, both in industry leaders and in outsiders. So theoretical and methodological issues of the study of budgeting was considered in the works of Van Horn JV, Vakhovich JM, Blanca AI, Sheremeta AD, Akkoff RL and other.

Cost information is used in the formation of the balance sheet, income statement. In addition, it is used in budgeting, which in turn affects the range of products / services produced, their pricing, changes in the formation of new markets. Thus, the indicator may vary depending on the purpose for external and internal factors of information users.

An important characteristic is how cost is used at all levels of the economy, from the analysis of each type of product

to the sectoral characteristics of the products / services produced. The use of resources, which according to economic theory is limited, in monetary terms gives an opportunity to analyze the efficiency of factors of production.

Budgeting is an opportunity to solve these problems. Thus, strategic budgeting is defined as the process of implementation of the financial strategy of the enterprise (budgetary), which makes it possible to achieve the set goal in the long term. However, it should be noted that this does not mean future action, the realization of the set goal occurs every moment in real time. It cannot be stated categorically that budgeting should only be used in large enterprises or vice versa within small firms. The issue is important for all market participants in goods and services, regardless of workload and staffing.

The main issue in budgeting is the concept of limited resources and their efficient allocation, as well as the focus on a specific quantified output. For this purpose, it is necessary to define what the budget is: the plan of development of the business entity for the year is expressed in cost form with the compliance with the strategic goal set by the enterprise with the established forms of financial statements. So control markers in this aspect can be: sales of goods/services, size and structure of capital, but in this case the object of research is the cost of goods and services. A clear, transparent and reasonably formed budgeting system enables the management of the enterprise to receive full operational information about the current financial state of the enterprise. This state of affairs can be analyzed in more detail with regard to the allocation of financial resources of the enterprise (important for cost and income planning), to evaluate the efficiency of production capacity utilization and more.

The budget has many types and forms. It is necessary to consider the main sets of budgets: fixed and mobile (flexible),

current and steady, complex, on the principle of «top-down» and «bottom-up», permanent and with fixed time.

The evaluation of the effectiveness of the budgeting system is performed in three stages: planning, execution and analysis. That is, in the general form of a budgeting system with the establishment of clear stated results is a process of budgeting and execution, which indicates the relationship between planned and executed budgeting results. The result indicates a relationship of expectation-planning-result, the main thing in forming these links of the process is to adhere to the established goal.

That is, if an enterprise decides to «set up» a budgeting system to reduce the cost of goods and services or other aspects of the enterprise should start with the formation of the purpose of the enterprise. In the future, in the light of the results obtained, determine what are the specific features of the subject and object, which are called the characteristics of the control system in this case. Traditionally, the budget is planned for the year (although long-term planning is possible with the establishment of long-term results), divided into six months, quarters, months (other options within the enterprise are possible). To determine the parameters that can be used should be given to the definition of cost and its reflection in the financial statements of the enterprise. Cost has an impact on the financial result before taxes (income or loss), in addition cost is determined as a component of the financial statements of an enterprise.

Thus, depending on the conditions and purpose of the enterprise, different methods of costs and cost accounting of products/services are used, which can be divided into full parameters. Therefore, for the sake of completeness of cost accounting, they will divide full costing and reduced costing. It is possible to use the detection of accounting for deviations from regulatory costs (if they are normalized at the enterprise),

grouping by reasons of increasing costs by types of products. This approach is not only a way to identify the causes of costs, but also to increase the profitability of facilities / units and the enterprise as a whole. It's not about finding ways to reduce costs, but optimizing them. An example is the increase in the cost of packaging, which in turn leads to an increase in profitability. At first glance, this phenomenon can be simply explained: the use of other packaging leads to higher costs, but also increases the cost of manufactured goods / services in the eyes of the consumer, resulting in increased sales of goods / services. The consequence is an increase in the utilization of production capacity of the equipment. To evaluate the effectiveness in this case will allow a financial analysis of the entire object under study and the enterprise as a whole. The ambiguity of this statement is not a unanimous endorsement of the increase in costs at the enterprise as a positive phenomenon, but it is a clear indication of the obligatory analysis of financial, accounting and management information at the enterprise, which is necessary for qualitative budgeting both in the enterprise as a whole and in the budgeting of individual of objects.

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