



Worksheet 4: Mini-conclusions

Look at the following question and part-response. The first analytical point has a **mini-conclusion** for the second paragraph.

Advise the directors whether or not the business should discontinue to use budgets. Justify your answer.

Budgets are important for a business as these help to improve coordination among different departments as one department feeds the information to another to prepare the budgets to achieve business objectives. These also help in controlling the business's costs as the actual results are compared with the budgeted ones to investigate the variances to take corrective actions.

Therefore, budgets are the life line of the business to achieve its objectives to maximise the profits by decreasing/controlling the costs. The use of the budgets should be continued as it not only helps the business to succeed but improves the morale of the staff when they achieve their targets which provides them with direction and motivates them to work harder to achieve the targets set.

Now write a mini-conclusion for the next analytical point by following the same structure as the mini-conclusion above.

Budgets increase costs as they are expensive to prepare as they need specialist skills. They are time consuming as they are complex to prepare. The information/data used in the budget preparation is only an estimate and may be inaccurate, which leads to increased costs rather than serving any real purpose. They also demotivate the staff when targets are set which are not achievable by the staff.