SECOND YEAR GOVERNMENT BUDGET : “ Second semester programme ”

LECTURE TWO

What does budget mean?

It is a collection of data and decisions that show estimates of the state’s expected revenues and expenditures during a specific upcoming fiscal year. That is, it is a detailed data set that shows estimates of the state’s revenues and expenditures, expressed in the form of monetary units that reflect in its content the state’s plan for a future fiscal year, and this statement is approved by the legislative authority in the state.

The main components of budget : assets, liabilities and equity

Assets: are everything the company owns.

Liabilities: These are the debts and obligations that the company has towards other people or organizations.

-Equity: It is what remains of the company after subtracting liabilities from assets. .

Budget principles:

1-/ The principle of unity: The budget includes the group’s total resources and responsibilities.

2-/ The annual principle: The budget covers one fiscal year beginning on January 1 and ending on December 31.

3/ The principle of balance: The budget must be balanced in its two parts.

4/ The principle of comprehensiveness: It is not permissible to allocate resources for specific expenses and not to set off incomes and expenses

Budget types:

***Fixed budget:** This budget is based on fixed financial goals and does not change as circumstances fluctuate.

***Flexible Budget:** This budget allows businesses to adjust expenses based on actual conditions and financial changes.

***Actual Budget**: This budget is based on the actual revenues and expenses generated during a specific period of time.