



PLANNING BUDGETS AND THEIR ROLE IN CONTROLLING COSTS ELEMENTS APPLIED RESEARCH IN THE GENERAL COMPANY FOR FOOD PRODUCTS

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Article history:	Abstract:
<p>Received: 6th March 2022 Accepted: 6th April 2022 Published: 17th May 2022</p>	<p>Planning budgets are one of the methods used by the administration in controlling the elements of costs represented by (direct material costs, direct wage costs, and indirect manufacturing costs), and their importance lies in that they reflect what the activity of the economic unit should be in the future. In order to achieve the objectives of the economic unit and to solve this problem, the research was based on the following hypothesis (the role of planning budgets in controlling the elements of costs). , and thus the ability to reduce these costs and thus achieve profits by increasing sales and increasing market share, and the need to urge the state to support the company and the manufacturing sector, which helps and contributes to creating new marketing and sales outlets, and to focus on conducting courses, workshops and scientific seminars for employees in developing the professional and applied aspect for cost accounting.</p>

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INTRODUCTION

The planning budgets is one of the methods used by the administration in controlling the cost elements, if not the most important. Its importance lies in the fact that the planning budgets are a tool that helps the administration to achieve the main and subsidiary goals in addition to achieving a balance between the goals and the available capabilities. The planning process includes serious attempts by the administration to predict problems Which may coincide with the achievement of certain goals, as they reflect what the activity of the economic unit should be in the future. This research came to help in solving the problem of the lack of understanding and awareness of economic units of the importance of planning budgets and their role in controlling the elements of costs represented in direct materials, direct wages and indirect industrial costs, which can help these budgets economic unit and decision makers to control and benefit from them in addressing deviations and errors. What happened in the past and thus helps management and decision makers in reducing costs

and improving the competitiveness of the economic unit in the future.

The first axis

Research methodology and previous studies

1-1 Research Methodology

1-1-1 Research Problem

The problem of the research ends with the adoption of most economic units in evaluating performance on the basis of the actual results of profit and without relying on planning budgets established in advance in order to reach the deviations that determine in the light of which the nature of performance efficiency.

1-1-2 Search objective

The research aims to develop practical formulas that benefit economic units, whether industrial or service, in evaluating their performance through actual achievement and pre-prepared plans according to their planning budgets, and thus benefit from planning



budgets in controlling the cost elements of the economic unit.

1-1-3 The importance of research

The importance of the research can be summarized through the points listed below:

- Introducing the importance of planning budgets in knowing and determining the costs of products or services.
- Creating an organizational culture for the senior management and workers in the economic unit about the importance of providing a specialized department for costs.
- Defining the importance of costs and thus knowing and determining the cost components of products in the economic unit.

1-1-4 Research Hypothesis

In light of the research problem and in order to achieve its objectives, the following hypothesis was formulated:

The role of planning budgets in controlling costs elements.

1-1-5 Research Limits

The temporal and spatial boundaries of the research were determined, as shown below:

- Time limits: The financial and cost data for the year 2018 have been relied upon.
- Spatial limits: the financial and cost data of the General Company for Food Products were relied upon.

1-1-6 Research Method

The research focuses on adopting the inductive approach based on the relevant literature on the theoretical side, and on the descriptive analytical method based on the financial and cost data of the Food Products Company for the year 2018 in the practical aspect.

1-2 previous studies

1-2-1 Study Sufyan Ibrahim Haj Ibrahim,(2021)

The impact of the application of standard costs in controlling the elements of costs in industrial establishments

The research sought to apply the standard costing system in order to reduce the cost of the product in the industrial establishments, and this can only be done through the control and oversight of the elements of costs, as the

control over the elements of costs represented by "direct materials, direct wages and indirect industrial costs" helps to reduce the cost of products, which leads to this To achieve the objectives of the establishments by increasing their profitability and the competition of their products in the market.

The aim of the research is to know the standard costs and know their objectives, as well as to determine the impact of these costs in controlling the elements of costs represented in direct material costs, direct wage costs and indirect industrial costs, in addition to providing recommendations that contribute to this control.

The research found:

A- Industrial establishments should make the most of the standard costing system due to the advantages provided by this system that allow optimal utilization of the available resources, which leads to maximizing profitability and reducing the costs of industrial establishments.

B - The administrations of industrial establishments must rely on modern control methods in addition to the standard costing system in order to provide products at a competitive and acceptable cost to customers.

1-2-2 Study (Prof. Dr. Qassem Mohsen Al-Habatiyo, Waheed Mahmoud Ramo,(2008)

Preparation of planning budgets using the computer

The research sought to know planning budgets and use them as a control tool, as the importance of planning budgets lies in that they reflect what activity should be in the future and as a result of developments in the world of technology it is preferable to use the computer to shorten time and ensure accuracy in work and achievement as quickly as possible and maintain accuracy and objectivity in Work because the planning budget is a translation of the company's activity for the coming year, expressed in financial terms.

The importance of the research lies in knowing the role that planning budgets play in improving the company's performance through prior planning for its activities and financially .

The research found-:



1 - It is necessary for companies to use the computer in preparing the comprehensive budget to take advantage of the advantages provided by the computer and represented in accuracy and reduce waste in preparing budgets.

2 - Preparing the comprehensive budget using the computer leads to a reduction in the time and effort spent in preparing it, as this requires preparing equations and performing calculations annually, which takes most of the time used in preparing the budget.

second axis

Theoretical framework

2-1 Planning budgets

2-1-1 The concept and nature of planning budgets :

Planning budgets are closely related to the scientific concept of management, as planning budgets are one of the most important means that help the administration to carry out its functions of planning, coordination and control. This is why we find that planning budgets are one of the most important quantitative methods that administrative accounting relies on to help make decisions at various administrative levels.

The budget is called by several names, including "planning, discretionary, and control." Each of these names sheds light on one of the characteristics of the budget. The term planning indicates that the budget contains data on the plan on which the economic unit relied, and the term discretionary means that the data contained in the budget are Data that has not yet occurred and that it is expected and this term is used in service institutions and finally the adjective of control means that budget data is used to monitor and measure performance and measure actual performance. Therefore, these terms cover an aspect of the budget (Blocher, 2010, 366).

There are several definitions of the planning budget, including:

1 - The quantitative expression of a plan developed for management activities for a specific period and accordingly helps in identifying the needs to implement this plan (Horngren,2019,176).

2 - A detailed plan for obtaining and using resources and others during the coming period, which represents

a future plan expressed in quantitative and financial terms (Hilton, 2011, 355).

3 - A quantitative expression of the goals that the administration seeks to achieve. It is the work plan for the future. It shows in detail the revenues and expenses of the budget period, and the assets and liabilities expected to exist at the end of the budget period and the start of preparing the budget. The goals that the administration seeks to achieve must be determined, and then identify the various activities that can Do it to reach these goals and then use the budget to determine the revenues, expenses and the expected financial position during the plan period (Blocher, 2010, 366).

4 - A coordinated plan for all project operations during the budget period, as it provides the economic units with an estimate of the total profit and the profits achieved by each of the departments by compiling sales, indirect industrial expenses, selling and administrative expenses, and including all elements of revenue and expenses included in any sub-budget (Dury, 2012, 371) .

The preparation of planning budgets depends on performance standards, as they are considered the best planning and control means, as the budget's allowances are based on personal estimates or judgments. The budget is used in controlling and evaluating the actual performance of economic units by comparing the actual performance with the plan. And its impact on performance results (Horgren,2019,176).

2-1-2 The importance of preparing planning budgets

Some may claim that budgets are nothing but a waste of effort and money because they reflect what is expected to happen in the future and this future is not visible, which may lead the numbers contained in the budget to be far from the actual reality and this makes its performance unsuitable for administrative uses. This criticism of the budget can be accepted in The beginning of the process of preparing budgets, but as the experience of economic units advances in the field of planning, the degree of accuracy of the data contained in the budget increases. Therefore, the importance of the characteristics of the planning



budget becomes clear through: - (publications of the Arab Society of Certified Accountants, 2001, 1-2).

1 - Creating the habit of planning in the administration, and this makes it look to the future constantly, and this leads to reducing the number of surprises, and (Hornrgren) believes that prior thinking helps the administration to change conditions and circumstances for the better. For example, if the administration expects a cash deficit during the budget period, it can arrange financing Long before it is needed, and if this is the result of capital expansions, planning helps the administration to schedule these expansions to relieve pressure on them.

2 - The budget helps in directing the forms properly, because by using the budget, the administration learns what administrative units must be supported in terms of resources and what units do not need that support.

3 - It helps in the participation of the lower administrative levels in developing the project plan.

4 - The planning budget is one of the oversight means, as it is known that it contains the costs and revenues that are expected to occur during the budget period, and by comparing them with the actual figures achieved and contained in the budget, the oversight is carried out, thus deviations are identified, their causes are analyzed, and the report is reported to the higher administrative authorities.

5 - Coordination between the different departments and sections in the economic units. When the expected sales volume is known, the production department is asked to set the following production programs to meet the sales needs, and so on.

6 - The planning budget helps in determining the responsibility of the cost, profit and investment centers.

7 - Creating a spirit of cooperation between the various departments and departments.

8 - The budget can be a positive force to achieve the objectives of the project.

9 - The budget represents a plan that must be implemented and not a set of numbers that have been contributed, prepared by the managers and approved.

2-1-3 Objectives of the planning budget

Planning budgets are usually prepared in order to achieve a set of goals, and the most important of

these goals can be summarized as (Blocher, 2010, 370) :

1 - Planning the expected revenues with the expected expenses and translating this into balanced sub-lines for the departments and economic units in what is thought to achieve the goal in an efficient manner and at the lowest possible costs.

2 - Defining accurate criteria that will be the basis for performance evaluation and determining the responsibility of each individual for the activity assigned to him by comparing the actual implementation with what is planned.

3 - Rationalizing administrative decisions when facing circumstances that would affect any of the other plans, and the administrative and technical amendment procedures required for that.

4 - Directing capital in the most profitable or beneficial direction in reducing costs and thus achieving optimal use of production factors and available materials.

5 - Providing indicators and quantitative, value and qualitative data to the authorities responsible for planning and central follow-up.

6 - Ensuring the adequacy of working capital to effectively operate the current activity of the economic units.

7 - Creating a positive psychological atmosphere for employees to enhance confidence in themselves when observing their actual achievement by translating the efforts they made into clear quantitative indicators that give rise to satisfaction and motivation.

2-1-4 Functions of the planning budget

There is a set of functions that the budget performs, the most important of which are (Horgren,2019,202):

1 - Planning: Planning is what most people think about when the word "budget preparation" is mentioned, as it includes all stages of the budget, starting from being mere initial ideas, until being relied upon by the higher authorities and their approval. As most of the time and effort that goes into preparing the budget is often spent in the planning stage, because good and careful planning can achieve serious oversight as a second function of the budget.

2 - Coordination: It is the process of unifying efforts between the different sections of the project, as each section works towards achieving the set goal. Accordingly, no department in the economic unit



should do an action that has a negative impact on the rest of the departments in the facility. For example, there must be complete agreement between the sales and production department, as the sales department should not draw up a sales policy for quantities that exceed the quantities that can be produced. In the production department. The production policy should not be based on quantities that exceed the quantities that can be marketed, and so on for the rest of the various departments.

3 - Monitoring: Monitoring is meant to ensure that what was planned has actually been implemented. This control is carried out by comparing the results of the actual performance with the planned performance, which was previously determined in the budget. This comparison is made through the preparation of so-called performance evaluation reports, through which we can identify deviations from the actual implementation from what is planned, and then search for the causes of these deviations. And then take the necessary measures and corrective measures in order to hold accountable those responsible for the negative deviations, and consequently tighten the screws on them so that they do not happen again, and reward and develop those responsible for the positive deviations.

2-2 Elements of costs

2-2-1 The concept of cost accounting :

(Horgren) believes that cost accounting is one of the branches of accounting that provides information for financial accounting and management accounting, and that acts as a bridge between them. Management in monitoring the use of the factors of production available to it and planning for the future, which the cost accountant uses in tracking, recording and analyzing the factors of production costs for the purpose of using them with the maximum degree of efficiency. It was also defined as "one of the branches of the accounting department and an analytical tool governed by a set of accounting principles and principles for the proven total amounts in the financial accounting of cost elements and linking these elements with cost centers in order to determine the cost of the unit produced in each productive department" (Horgren, 2019, 5).

2-2-2 Cost Accounting Objectives (Hilton,2011,25) :-

1 - Determining the cost of the unit (or service) produced / which is the main objective of the cost accounting system so that the enterprise can determine the results of its work for a certain period of time and thus determine the financial position at the end of the period.

2 - Cost control / Cost control is intended to achieve efficiency in the use of materials, labor, machinery and other production factors, and to provide management with data on the various aspects of its activity. Cost control may be achieved by comparing the actual costs related to the current period with the costs of one or several previous periods. As a result of the failure of this comparison for several reasons, the comparison between the actual cost and the standard cost is relied upon under the surrounding circumstances.

3 - Assistance in deciding the pricing of products and services / establishments determine the prices of their products and services in order to ensure that they achieve a surplus after covering and recovering the costs incurred by them for the sake of production. The consumer is also willing to pay low prices to enable him to get the largest amount of products and services. The role of the cost accountant appears in providing data that helps the administration to determine prices on the basis of scientific rationalization. The costs of products and services are also affected by the prices of commodity supplies (materials) used in their production, the rates of wages paid to workers and the prices of other services.

4 - Rationalization of administrative decisions / The decision-making process is the backbone of management. In order for the decision to be rational, it is necessary that the alternative chosen be the best alternative that works to achieve the objectives of the facility at an economic cost.

5 - Planning for the future / The estimated budget is a detailed financial and in-kind plan that covers all aspects of activity in the facility for a specific future period. It is considered a tool that expresses the goals and policies that the senior management contributed to setting, whether for the establishment as a whole or for its administrative units. Hence, beside the general estimated budget of the facility, there are several sub-budgets for the various activities in it, departments or branches.



2-2-3 Analysis of the elements of costs :

Production processes, whether industrial or service, are characterized by the extraction, transformation, or formation of raw materials into final products or services. Therefore, the cost elements in most industries and services are limited to:

A- Direct materials: The direct materials cost component represents the main component of the industrial cost elements for products or services, as it constitutes a large proportion of the production cost and includes all direct materials involved in the production process (Hilton,2011,88) .

B - Direct wages (labour): The cost of direct wages is defined as all costs that contribute to converting the raw material into a final product, selling it and controlling it (Blocher, 2010, 66) .

C - Indirect manufacturing costs (services): Indirect industrial expenses represent the third component of costs, and are defined as all types of expenses incurred by the economic unit in order to obtain services or benefits, except for materials and wages (Horgren,2019,39) .

2-2-4 Budgets for cost components

First: Balance of raw materials used in production: This budget is prepared after completing the production budget. The purpose of preparing it is to clarify the quantity and cost of materials needed by the production process in order to meet the production quantities planned in the production budget.

The quantity and cost of raw materials can be determined by relying on the standards of raw materials approved in the standard costing system in the event that the establishment applies the standard costing system. The budget, and the amount of materials used in production is determined by the following equation (Horgren,2019,208) :-

$$\begin{aligned} & \text{production quantity} \\ & \times \text{Materials needed to produce one unit} \\ & \times \text{Purchase price per unit} \\ & = \text{Raw materials used in production} \end{aligned}$$

Second: direct wage balancing

This budget is prepared depending on the production budget, as it shows the hourly wage rate, and the hours of direct work needed by the production process, either based on the standard cost system, or based on actual data, which is modified in light of the

expected conditions during the budget period if the economic unit does not depend Standard costing system and direct labor cost is extracted through the following equation (Horgren,2019,209) :

$$\text{Direct wage cost} = \text{Planned production} \times \text{hours required to produce one unit} \times \text{hourly wage rate}$$

or as follows-:

$$\begin{aligned} & \text{Planned production} \\ & \times \text{Hours required to produce one unit} \\ & \times \text{Average hourly wage} \\ & = \text{direct wage cost} \end{aligned}$$

Third: balancing indirect manufacturing trial costs

This budget is prepared based on the production budget, and the responsibility for its preparation lies with the production departments in the economic unit, as these departments prepare their estimates for the elements of indirect materials, indirect wages, and indirect expenses. When preparing this budget, it is preferable to separate the cost elements into variable cost elements and fixed cost elements (Horgren,2019,211) .

The third axis
practical side

3-1 Introduction to the company

The company was established in 1970, and its place of management is in Baghdad / Camp Sarah, near Al-Rasheed Camp. The nature of the company's activity and specialization is the manufacturing industry for the production of oils, fats, soaps, liquid and solid detergents and cosmetics. There are several locations for the company, including: the company's headquarters, in addition to six factories (in Baghdad, the Al-Rasheed, Al-Mamoun, Al-Amin and Al-Farabi factories) (in Salah Al-Din Al-Mansour factory) (in Maysan, the Ali Al-Hadi factory) .

3-1-1 The nature of the company's work, the research sample

The company aims the research sample to manufacture oils, fats, soaps, liquid and solid detergents, and cosmetics

Note that the company's capital is 7,453,680,000 seven billion four hundred and fifty-three million six



hundred and eighty thousand dinars, and the price policy is based on the total direct cost and a profit margin of no more than 10%, and with regard to the quality of the products, the company sends a monthly report to the Ministry at the beginning Every month, explaining that the company's products conform to all Iraqi standard specifications through the statements made by the Central Organization for Standardization and Quality Control, in addition to matching contractual specifications with the Ministry of Commerce with regard to the products supplied to them.

3-1-2 The main objectives of the company Research sample

The company aims to contribute to the support and development of the national economy to produce moderately priced commodities in accordance with the industrialization policy and development plan objectives to meet the needs and provide sources of

financing and foreign currencies to cover the needs of industrial activity.

1 - Developing and expanding existing factories and production lines, and establishing projects and complementary lines to them

2 - Importing and purchasing production requirements or any high quality materials that fall within its production or needs.

3 - Marketing its products to meet the needs of the local market and export.

3-2 Planning budget for some of the company's products, the research sample

The company is working on the production of its products through two types, as the first type is typical production or continuous production, while the second type is represented by production on demand, whether this demand is by the state or private institutions, and the following is a table showing the planning budget for some of the company's products for the year 2018 compared With the year 2017, indicating the design and available capacities, the actual and planned production, and the percentages of completion.

Table (1)

The design, available and planned capacities and the actual production for the year 2018 compared to the year 2017

Products	Measuring Unit	Design energy	Available energy	Planned output	Actual output	Verified Percentage
Laurel Soap	Tons	34 650	12 000	9 000	4 650	% 51.67
Liquid Soap	Tons	10 665	6 750	6 750	5 850	% 86.67
Washing Machine Cleaner	Tons	85 200	54 600	2 450	1 000	% 40.82
Liquid Detergent	Tons	21 000	12 000	8 000	3 000	% 37.50

Source: Prepared by the researcher based on the financial and cost data from the company

It can be seen from the above table that the percentages of completion of liquid soap and laurel soap products increased by (86.67%, 51.67%), respectively, and the percentages of completion of washing machine and liquid detergent products decreased by (40.82%, 37.50%). We recommend the company to make efforts and search for marketing and sales outlets. To dispose of the company's products and to develop solutions to address the rates of production decline and to be careful in planning production, while working on improving products in terms of quality and prices

3-3cost components

3-3-1 Balancing the raw materials used in production: It means those materials that are used directly in the process of manufacturing the commodity. It is considered the basic material of the commodity and is clear in the final product. The company manufactures materials or purchases them from local markets according to production, availability of cash and the ability of stores to Inventory absorption where the inventory control department issues purchase orders. In light of the planning budget shown above, a budget is prepared for the materials used in production, as shown below.



table (2)

Balance the raw materials used in production

Details	Laurel Soap	Liquid Soap	washing Machine Cleaner	Liquid Detergent
Planned production quantity	9 000	6 750	2 450	8 000
Material needed to produce one unit×	4 ×	6 ×	5 ×	4 ×
purchase price per unit×	1 250 ×	1 500 ×	3 500 ×	4 000 ×
Raw material used in production	45 000 000	60 750 000	42 875 000	128 000 000

Source: Prepared by the researcher based on the financial and cost data from the company

It is noted from the above table an increase in the costs of the raw materials used in the production of some of the company's products, such as the liquid detergent product and liquid soap (128 000 000 000 750 000 60) respectively. We recommend the company to reduce costs and make efforts and search for marketing and sales outlets to dispose of the

company's products and develop solutions To address low costs and to be precise in production planning, while working to improve products in terms of quality and prices. Below, we explain the balance of the raw materials used in the actual production compared to the planned one to know the deviation in the balance of the raw materials used in production.

Table (3)

The deviation of the balance of the raw materials used in production

Details	Laurel Soap	Liquid Soap	washing Machine Cleaner	Liquid Detergent
Cost of planned raw materials used in production	45 000 000	60 750 000	42 875 000	128 000 000
Actual cost of raw material used in production	23 250 000	93 600 000	28 000 000	132 000 000
Deviation	21 750 000	(32 850 000)	14 875 000	(4 000 000)

Source: Prepared by the researcher based on the financial and cost data from the company

It is noted from the above table that the costs of the raw materials used in the actual production of the liquid detergent product and liquid soap have risen, as the deviation of the actual costs from the planned costs of these two products amounted to (4 000 000, 32 850 000) respectively. We recommend the company to increase the control over the elements of costs and work to reduce these costs.

3-3-2 Direct wages budget: This budget is prepared based on the production budget, as it shows the

hourly wage rate, and the direct work hours needed by the production process, either by relying on the standard cost system, or based on actual data. This budget includes salaries, wages, rewards, and benefits Which workers receive directly in the production of the commodity and is calculated for the cost of one worker in the factory. In light of the planning budget shown above, the direct wages budget is prepared, as shown below.

Table (4)

Direct wages balancing

Details	Laurel Soap	Liquid Soap	washing Machine Cleaner	Liquid Detergent
Planned production	9 000	6 750	2 450	8 000
Hours required to produce one unit ×	3 ×	3.5 ×	4 ×	3.5 ×
Average hourly wage ×	10 000 ×	13 000 ×	15 000 ×	14 000 ×
Direct Wages cost	270 000 000	307 125 000	147 000 000	392 000 000

Source: Prepared by the researcher based on the financial and cost data from the company



It is noted from the above table an increase in the costs of direct wages for some of the company's products, such as the product of liquid detergent and liquid soap (392 000 000, 307 125 000), respectively. We recommend the company to reduce costs and make efforts and search for marketing and sales outlets to dispose of the company's products and

develop solutions to address low costs Be careful in planning production, while working on improving products in terms of quality and prices. Below, we explain the actual direct wages budget compared to the planned one to know the deviation in the direct wages budget.

Table (5)
 Direct wage Budget Deviation

Details	Laurel Soap	Liquid Soap	washing Machine Cleaner	iquid Detergent
Cost of planned Direct wage	270 000 000	307 125 000	147 000 000	392 000 000
Actual cost of Direct wage	139 500 000	456 300 000	96 000 000	408 000 000
Deviation	130 500 000	(149 175 000)	51 000 000	(16 000 000)

Source: Prepared by the researcher based on the financial and cost data from the company

It is noted from the above table that the actual direct wage costs of the liquid detergent and liquid soap product have increased, as the deviation of the actual costs from the planned costs for these two products amounted to(16 000 000, 149 175 000), respectively costs.

3-3-3Budgeting of indirect industrial costs: This budget is prepared based on the production budget, and the responsibility for its preparation lies with the production departments in the economic unit, where

these departments prepare their estimates for the elements of indirect materials, indirect wages, and indirect expenses, and preferably When preparing this budget, the cost elements are separated into variable cost elements and fixed cost elements. These costs are represented by indirect materials, indirect wages, and indirect industrial expenses. In light of the planning budget shown above, the indirect industrial expenses budget is prepared, as shown below.

Table (6)
 Budgeting for manufacturing overheads

Details	Laurel Soap	Liquid Soap	washing Machine Cleaner	Liquid Detergent
Planned production quantity	9 000	6 750	2 450	8 000
<u>Variable indirect manufacturing overheads</u>				
indirect material	15 750 000	10 750 000	5 950 000	17 680 000
indirect wages	25 500 000	20 550 000	14 780 000	18 990 000
fuels and oils	3 350 000	7 288 000	5 590 000	3 500 000
<u>Fixed manufacturing overheads</u>				
Rent	50 000 000	50 000 000	50 000 000	50 000 000
Depreciation	66 780 000	66 780 000	66 780 000	66 780 000
Insurance	45 490 000	45 490 000	45 490 000	45 490 000
Total manufacturing overheads	203 870 000	200 858 000	188 590 000	202 440 000

Source: Prepared by the researcher based on the financial and cost data from the company



It is noted from the above table that there is an increase in the indirect manufacturing costs of some of the company's products, such as the laurel soap product and the liquid detergent (203 870 000 , 202 440 000) respectively. We recommend the company to reduce costs and make efforts and search for marketing and sales outlets to dispose of the

company's products and develop solutions to address the drop Costs and accuracy in production planning, while working on improving products in terms of quality and prices. Below, we explain the actual direct wages budget compared to the planned one to know the deviation in the manufacturing indirect costs budget.

Table (7)
 Deviation of the manufacturing overhead budget

Details	Laurel Soap	Liquid Soap	washing Machine Cleaner	Liquid Detergent
Planned manufacturing overheads	203 870 000	200 858 000	188 590 000	202 440 000
Actual manufacturing overheads	206 550 000	209 995 000	172 450 000	208 780 000
Deviation	2 680 000	(9 137 000)	16 140 000	(6 340 000)

Source: Prepared by the researcher based on the financial and cost data from the company

It is noted from the above table that the actual indirect industrial overhead costs for the product of liquid detergent and liquid soap have risen, as the deviation of the actual costs from the planned costs for these products amounted to (6, 340 000, 9 137 000) respectively. reduce these costs.

CONCLUSIONS

- 1 - The lack of support from the state for the manufacturing sector, by supporting the national product and opening new marketing and sales outlets, in addition to opening border crossings with neighboring countries, which led to the entry of low-priced and low-quality products compared to local products of high quality.
- 2 - Weak advertising and promotion of the products produced by the company, which requires increased advertising and promotion of the company's products, in addition to increasing the marketing and sales outlets in densely populated areas.
- 3 - Absence of cost information and the use of .estimated percentages in some cases

RECOMMENDATIONS

1. The need for the company to use planning budgets, which helps it in being able to know the costs in a real and realistic way, and thus the

ability to reduce these costs and thus achieve profits by increasing sales and increasing the market share.

2. The need to urge the state to support the company and the industrial sector, which helps and contributes to creating new marketing and sales outlets.
3. The need for the company's management to conduct courses, workshops and scientific seminars for employees in developing the professional and applied aspect of cost accounting.

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