**Budgeting – Past paper question**

Graham opened the discussion: ‘Figures I have been examining indicate that there is an issue with the productivity of the delivery drivers over the last six months. There are too many errors made in relation to delivery to clients and in vehicle maintenance. The drivers and fitters, many of whom have been here for years and are very experienced, are very worried about what changes we might introduce. It is rumoured that they are reluctantly looking for jobs elsewhere’. Joshua also had concerns. ‘The finances are in a bit of a mess, frankly, but we knew this prior to the takeover. What I didn’t anticipate is the degree of incompetence amongst the departmental heads: half of them had a 40% plus overspend on their departmental budgets last financial year – and one actually underspent by 50%! When looking at their files, I noticed that not one of them had received any financial awareness training since being appointed’.

**To what extent do you agree that setting budgets is crucial to success when running a business such as Cross Roads Transport Ltd? [6]**