Budget and Budgetary Control

What is Budget ?

According to CIMA London, Budget is a **Financial** and / or **quantitative** Statement prepared **prior** to defined period of time, of the policy to be pursued for the **purpose** of Attaining the **given** objective.

⇒ Budget Statement jab Bhi Banai jayegi vo Amount (or) Figure mai hogi.

⇒ Budget homesha Advance Banaya jata hai ek Future period of time ke lie.

⇒ Budget Banane ka Purpose Given objective ko Pura Krna hota hai

In simple word,

Budget is Estimation of Future Expenses which related to a particular period.

What is Budgeting ?

The process of Preparing the Budget is known as Budgeting

[Budget Banane ke process ko Budgeting khete hai]

What is Budetary Control ?

Budgetary Contol is the System of CONTROLLING COST through the preparing of Budget

Kinds of Budget

- On the Basis FUNCTION
  - FUNCTIONAL BUDGET (V. Impt)
    - Jab Hum apne Business ke kisi ek Activity ka Budget Banate hai toh use Functional Budget khete hai.
  - MASTER BUDGET
    - Jab Hum apne Business ki saari Activity ka Budget ek sath Banate hai toh unko Master Budget khete hai
- on the Basis LEVEL
  - FIXED BUDGET
  - FLEXIBLE BUDGET (V Impt)
- ZERO-BASED BUDGET

Types of Functional Budget

1. Sale Budget
2. Production Budget
3. Direct Material Budget
4. Direct labour Budget
5. Production o/H Budget
6. Office & Adm. o/H Budget
7. Selling & Dist o/H Budget

Practical Question

8. Advertising Cost Budget
9. R & D Expenditure Budget
10. Capita Expenditure Budget

Theortical Part

11. Cash Budget → Practical Part = (V · Imbt)

SALE BUDGET

Sale Budget is a tools or technique used by the Business Organizations to Forecast / Plan SALE.

a) what product

b) what quantity

c) what price

It is used as a Base for planning other Activity of the Business.

Note :- Sale Budget are prepared on the Basis of PAST RECORDS

Types of Sale Budget

PRODUCT WISE

Sale of each Product is Estimated Separately

TERRITORY WISE

Sale of each territory or Region is Estimated Seperately like North Region, South Region West Region East Region

PERIOD WISE

Sale Budget is prepared according to the periods like a week, month, quarter etc

CUSTOMER WISE

Under these Sale are Estimated as per the Customers Requirement in which Customised goods are manufactured

SALESMEN WISE

Sales Budget is prepared according to the Regions Assigned to the different salesmen

Question 2

Sale Budget

for the period 6month ended 30/6/2022

Division		Budget (30/6/2022)			Budget (31/12/2021)			Actual (31/12/2021)		
	Product	Qty	Price	Value	Qty	Price	Value	Qty	Price	Value
I	X	1920	11	21,120	1600	10	16,000	2000	10	20,000
	Y	840	8	6720	800	9	7200	400	9	3600
	Total	2760		27,840	2400		23,200	2400		23,600
II	X	3120	11	34320	2400	10	24,000	3200	10	32000
	Y	5280	8	42,240	4800	9	43,200	4000	9	36000
	Total	8400		76,560	7200		67,200	7200		68000
III	X	2640	11	29040	2400	10	24,000	2800	10	28000
	Y	2160	8	17,280	2000	9	18,000	1600	9	14,400
	Total	4800		46,320	4400		42,000	4400		42,400
Grand Total		15,960		150,720	14000		132,400	14000		134000

Q14

Sale Budget

for the period 6month ended 30/6/2022

Product		January			February			Total		
	Area	Qty	Price	Value	Qty	Price	Value	Qty	Price	Value
X	A (60%)	720	24	17,280	1080	24	25920	1800	24	43,200
	B (40%)	480	24	11520	720	24	17,280	1200	24	28,800
		1200		28,800	1800		43,200	3000		72 000
Y	A (30%)	1080	30	32,400	1620	30	48600	2700	30	81000
	B (70%)	2520	30	75600	3780	30	113,400	6300	30	189000
		3600		108,000	5400		162,000	9000		270,000

Q24

Sale Budget for Product wise for 2022

Periods	Product A			Product B		
	Qty	Rate	Value	Qty	Rate	Value
1st Quater	1000	30	30,000	2000	40	80,000
2nd Quater	2360	30	70,800	1000	40	40,000
3rd Quater	2160	30	64,800	1250	40	50,000
4th Quater	2480	30	74,400	750	40	30,000
Total	8000		240,000	5000		200,000

Sale Budget for Area wise for 2022

Period / Area →	Product A				Product B			
	X (10%)	Y (20%)	Z (70%)	Total	X (70%)	Y (20%)	Z (10%)	Total
1st Quater	3000	6000	21000	30,000	56000	16000	8000	80,000
2nd Quater	7080	14,160	49560	70,800	28000	8000	4000	40,000
3rd Quater	6480	12960	45360	64,800	35000	10,000	5000	50,000
4th Quater	7440	14880	52080	74,400	21000	6000	3000	30,000
Total	24000	48000	168000	240,000	140,000	40,000	20,000	200,000

Q25.

Sale Budget

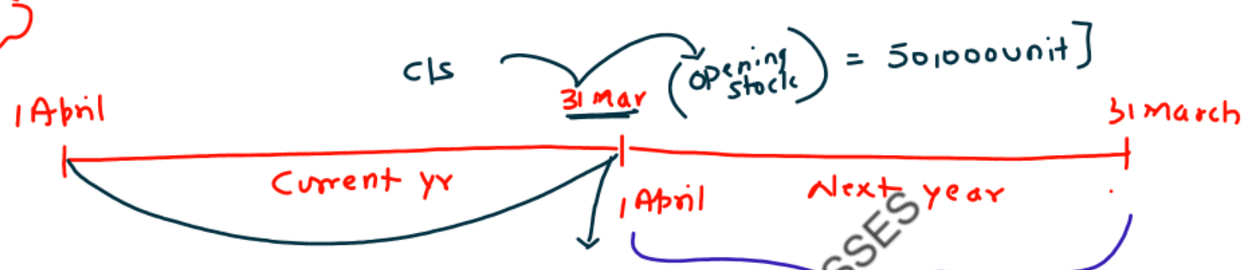
for the period 6month ended 30/6/2022

Division		Budget (Future)			Budget (Current yr)			Actual (Current yr)		
	Product	Qty	Price	Value	Qty	Price	Value	Qty	Price	Value
North	A	5000	10	50,000	4000	9	36000	5000	9	45000
	B	4000	20	80,000	3000	21	63000	2000	21	42000
	Total	9000		130,000	7000		99000	7000		87000
South	A	7000	10	70,000	6000	9	54000	7000	9	63000
	B	6000	20	120,000	5000	21	105000	4000	21	84000
	Total	13000		190,000	11000		159000	11000		147000
Total product wise sale	A	12000	10	120,000	10,000	9	90,000	12000	9	108000
	B	10,000	20	200,000	8000	21	168000	6000	21	126000
Grand Total		22000		3,20,000	18000		258000	18000		234000

Production Budget

Production Budget is prepared to FORECAST the production for the Budgeted period

Ex ABC Ltd



	Estimated sale	= 150,000 unit
Add:-	Desire closing Stock	= 40,000 unit
	Required units	190,000 unit
less:-	opening stock	(50,000 unit)
	Production (unit)	140,000 unit

Production Budget
Kisme is period ke lie Banani hogi. → Future Forecasting krte hai

FORMAT OF PRODUCTION BUDGET

Particulars	Amount
Estimated sale	XXXXX
Add:- Desire Closing stock	XXXX
	XXXX
Less:- Estimated opening stock	(XXXX)
PRODUCTION (UNIT)	XXXXX

Ques 3 -

Production Budget

Particulars	Product X	Product Y
Estimated sale	7500	9250
Add:- Desire closing stock	1650	2200
X = (1500 + 10%)		
Y = (2000 + 10%)		
	9150	11,450
Less:- Estimated opening stock	(1500)	(2000)
PRODUCTION (UNIT)	7650	9450

① If there is No loss in production

Unit to be produce

$X = 7650$

$Y = 9450$

② If there is Normal loss in production

Unit to be produce

$X = \frac{7650}{95} \times 100 =$ 8052.63 unit

$Y = \frac{9450}{90} \times 100 =$ 10,500 unit

Unit to be produce	=	100
less loss	=	(5)
		95

Ques 3 (Practical Question)

Production Budget

Particular's	A	B	C
Estimate sale	60,000	50,000	80,000
Add:- Desire closing stock	10,000	8000	17,500
	70,000	58000	97,500
less:- opening stock	(6000)	(9000)	(12000)
Net production	64000	49000	85,500
Add:- Normal Loss A - 4%, B - 2% C - 5%	2667	1000	4500
Gross Production	66,667	50,000	90,000

Ques 4

Production Budget (Quaterly)

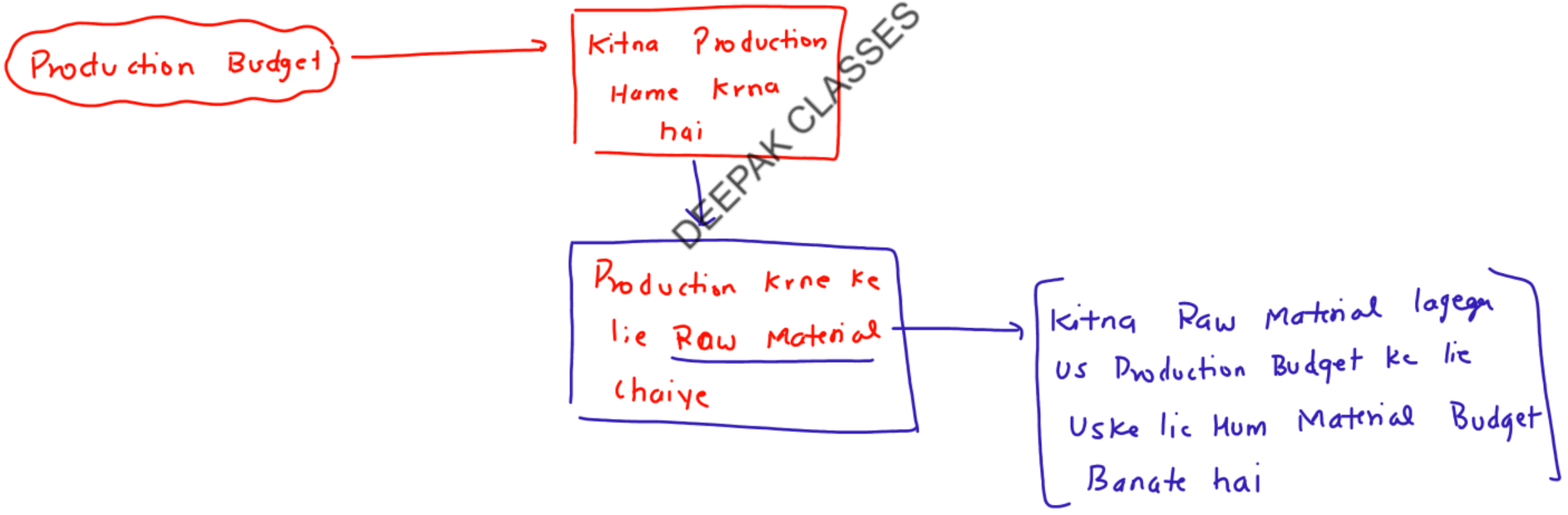
Particular's	Jan	Feb	March
Estimate sale	187,500	125,000	187,500
Add:- Desire closing stock	87,500	93000	95000
	275000	218000	282,500
less:- opening stock	(90,000)	(87,500)	(93000)
Net production	185000	130,500	189,500
Add:- Normal Loss	—	—	—
Gross Production	—	-	—

Material Purchase Budget / Direct Material Budget

① Direct Material Budget is prepared for Estimating the **RAW MATERIAL** for **Production Budget**

② This Budget is prepared on the Basis of **Production Budget**

Ex



Ques 4

Direct Material purchase Budget

Particular's	A	B	C	D	E	F	Total
Estimate Consumption	120,000	44000	132000	36000	88000	172,000	
Add:- Desire Closing stock	20,000	8000	28000	4000	16000	32000	
	140,000	52000	160,000	40,000	104,000	204,000	
less:- opening stock	(16000)	(6000)	(24000)	(2000)	(14000)	(28000)	
Net Mat. to be Purchase (unit)	124000	46000	136000	38000	90,000	176,000	6,10,000
(x) std price per unit	0.25	0.05	0.15	0.10	0.20	0.30	
Direct Material Purchased	31000	2300	20,400	3800	18000	52,800	128,300

Q18.

Production Budget

Particular's	Amount
Estimate sale	27000
Add:- Desire closing stock	7000
	34,000
less:- opening stock	5000
Net production (Unit to be produced)	29,000
Add:- Normal Loss	—
Gross Production	—

Material purchase Budget

Particular's	A	B
Estimate Consumption [A → 29000 × 4, B → 29000 × 6]	1,16,000	174000
Add:- Desire Closing stock	26000	32000
	142,000	206,000
less:- opening stock	(24000)	(30,000)
Raw Material unit to be purchase	1,18,000	176,000

Ques 5

Material Purchase Budget

Particulars	April	May	June
Estimate Consumption / usage	1500	2000	2500
Add :- Closing Raw Material [35% of Next month production]	700	875	980
	2200	2875	3480
Less :- opening Raw Material	Nil	(700)	(875)
Raw Material purchase (in unit)	2200	2175	2605
(x) Price per unit	20	20	20
Material purchase Budget	44,000	43,500	52,100

Q5

(ii) Material usage for production

1 unit FG Required 1 Unit D.M

So,

April = 1500

May = 2000

June = 2500

06

Production Budget

Particular's	Amount
Estimate sale	50,000
Add:- Desire closing stock	14,000
	64,000
less:- opening stock	(10,000)
Net production (Unit to be produced)	54,000
Add:- Normal Loss	—
Gross Production	—

Material purchase Budget

Particular's	A	B
Estimate Consumption [A → 54000 × 2, B → 54000 × 3]	108,000	162,000
Add:- Desire Closing stock	13000	10,000
	121,000	172,000
less:- opening stock	(12000)	(15000)
Raw Material unit to be purchase	109,000	157,000

Q9

Production Budget

Particulars	A	B
Estimate Sale	15000	75000
Add:- Closing Stock	1500	4500
	16 500	79,500
Less:- opening Stock	(3000)	(4000)
Net production	13,500	75,500

Material Purchase Budget

Particulars	P	Q	R	Total
Mat. Required for product A in ratio (3:5:2) P:Q:R	4050	6750	2700	13,500
Mat Required for product B in ratio (1:2) Q:R	–	25,167	50,333	75,500
Estimate Consumption	4050	31917	53,033	
Add:- Closing Raw Material	3000	6000	9000	
	7050	37,917	62,033	
Less:- opening Raw Material	(4000)	(3000)	(30,000)	
Raw Material purchase (in unit)	3050	34,917	32,033	
(X) Cost per unit	12	10	8	
Material purchase	36,600	349,170	256,264	642,034

Direct labour Budget / Man power Budget

Direct labour Budget is prepared for Estimating the time Required for meeting Budgeted production target.

→ The Number of Worker Required

→ The labour Rate

→ The labour Cost and

→ labour Recruitment plan

Q5

Manpower Budget showing labour Hour

	Dept P	Dept Q
Direct labour Hour		
Product A	20,000	10,000
Product B	4000	4000
	24,000	14,000

Manpower Budget showing No. of worker

	Dept P	Dept Q
Direct labour Hour (A)	24,000	14,000
(÷) labour Hour worked by a worker (B)	2000	2000
No. of worker (A ÷ B)	12	7

WN

labour Hour worked by a worker = [(8Hr x 6day) x 52week] − (12x4)

= 2496 Hr − 496 Hour

= 2000 Hour

Manpower Budget showing labour Cost

	Dept P			Dept Q		
	Hour	Rate	Amount	Hour	Rate	Amount
A	20,000	1	20,000	10,000	3	30,000
B	4000	2	8000	4000	3	12000
			28,000			42,000

Production overhed Budget

Production O|H Budget is prepared for Estimating the Indirect Material, Indirect labour and Indirect Expense for production.

Q6

(i) Indirect Material is a Variable Cost

$$\text{Per unit} = \frac{132,000}{60,000} = \boxed{2.2 \text{ unit}}$$

(ii) Indirect labour is a Variable Cost

$$\text{Per unit} = \frac{75000}{60000} = \boxed{1.25 \text{ unit}}$$

(iii) Maintence is Semi Variable Cost

$$\text{Variable Cost|unit} = \frac{9000}{15000} = \boxed{0.6 \text{ unit}}$$

$$\text{Fixed Cost} = 42000 - (60,000 \times 0.6)$$
$$= 42000 - 36000 = \boxed{6000}$$

(iv) Subervision is a Semi variable Cost

$$\text{Variable Cost|unit} = \frac{18000}{15000} = \boxed{1.2 \text{ unit}}$$

$$\text{Fixed} = 99000 - (60000 \times 1.2)$$
$$= 99000 - 72000 = \boxed{27000}$$

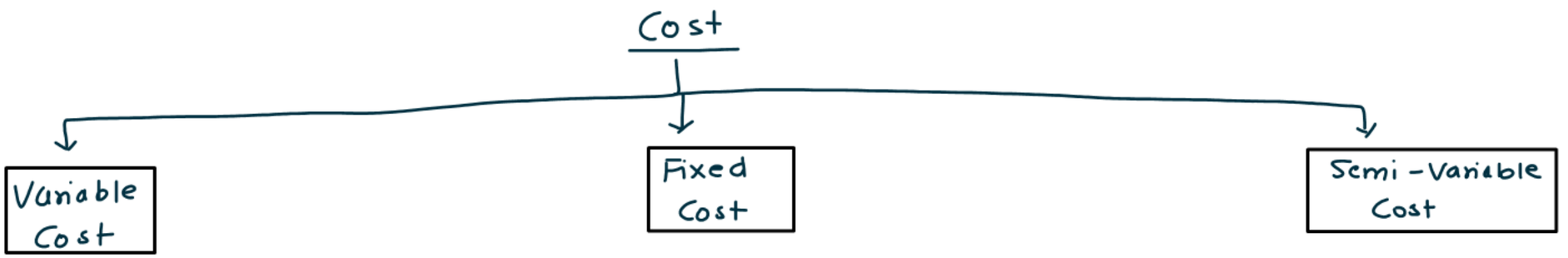
(v) Engineering Cost is a Fixed Cost

$$\boxed{FC = 47000}$$

Production o/H Budget

"80,000"

Particular			Amount
(i) Indirect Material	$\left[\frac{132,000}{60,000} \times 80,000\right]$		176,000
(ii) Indirect labour	$\left[\frac{75000}{60,000} \times 80,000\right]$		100,000
(iii) Maintence			
Variable	– (80,000 × 0.6)	48000	
Fixed	–	6000	54000
(iv) Supervision			
Variable	– (80,000 × 1.2/unit)	96000	
Fixed	–	27000	123,000
(V) Engineering Cost			47,000
			500,000



Variable Cost

Unit	100	150	200	50	20
Cost	500	750	1000	250	100
Per unit Cost	5	5	5	5	5

⇒ Unit ke Badne se Cost ka Badna aur Unit ghatne se cost ka ghatna

⇒ Variable Cost mai per unit Cost Same rheti hai

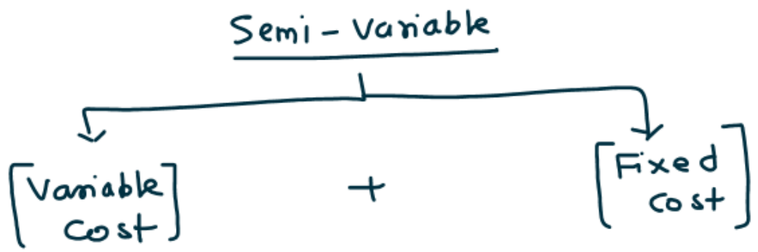
Fixed Cost

Unit	100	200	300	50	10
Cost	1000	1000	1000	1000	1000

⇒ Unit ke Badhane ya ghatne se Cost Cost mai farak Nhi aata. Cost Hamesha Fixed rheti hai

Semi – Variable Cost

Ashi Cost jisme kuch part Fixed hai aur kuch part Variable hai. (Electricity Bill)



Unit	100	200	300	50
Cost	1000	1250	1500	500
₹/unit	10	6·25	5	10

Calculating Variable Cost & Fixed Cost in Semi-variable

Unit	1000	1500
Cost	5000	6000
₹/unit	5	4

500

1000

It is Semi – Variable Cost

① Variable Cost per unit $= \frac{6000 - 5000}{1500 - 1000} = \frac{1000}{500} =$ 2/unit

$=$ Change in Cost / Change in unit

② Semi Variable = Variable + Fixed

(i) 5000 = (1000 × 2) + Fixed

Fixed = 3000

(ii) 6000 = (1500 × 2) + Fixed

Fixed = 3000

Selling and distribution O/H Budget

① Selling & distribution O/H are Based on Sale forecasting because these are directly related with sale.

② S & D O/H Budget is prepared by the Sale Manager / sale officer with the help Branch Manager, Regional Manage, Sale Agent etc

③ The Expense include S & D O/H may be further classified into Four Categories :-

① Direct Selling Expense – Salaries, Commission, Expense of Salesman etc

② Distribution Expense – Rent, wages, insurance etc of the warehouse

③ Cost of Sale office Expense – Salary, Rent, Rates, light & Heat etc of Sale office

④ Publicity Expenditure – Press, window Display, posters, Radio, Television etc

Q7

Selling o/H Budget

Particular	80,000	90,000	100,000
(A) Fixed overhead			
Advertisement	1000	1000	1000
Salary of sales dept	1000	1000	1000
Expense of sales dept	750	750	750
Salesmen Remuneration	3000	3000	3000
Total (A)	5750	5750	5750
(B) Variable overhead			
Commission	720 (72000 x 1%)	800 (80,000 x 1%)	895 (89,500 x 1%)
Carriage outward [Sale x 5%]	4000	4500	5000
Agent Commission [Agent sale x 7.5%]	600	750	788
Total (B)	5320	6050	6683
Grand Total (A + B)	11,070	11,800	12,433

Pending Question

illustration = 1, 8, 9, , , 12, 15, 16, 17, 18, , 20, 21, 22,

Pratical problem = 1, 10, , 12

Scanner = Full pending

To be discuss in Theory Part

Q19

S & D Cost Budget

Particular	Areas				
	North	South	East	west	Total
① Sale office Expense	10,000	8000	12000	15000	45 000
② Direct selling Expense [10% of sale]	30,500	19000	39000	23 500	1,12,000
③ Advertisement [2% of sale]	6100	3800	7800	4700	22,400
④ Distribution Expense [5% of sale)	15250	9500	19 500	11,750	56,000
Total	61,850	40,300	78,300	54950	235,400

	Mat 11kg	Mat 13kg	Mat 16kg	17kg	18kg
Material Consumption	1480	175	330	182	92
(+) Closing stock →	200	60	40	20	50
(−) opening stock	(180)	(25)	(90)	(22)	(12)
Mat. to be purchase	1500	210	280	180	130
Purchase price	90,000	12000	3000	10000	2500
Price per kg.	60	57.14	10.71	55.55	19.23

Cost & Profit Budget

Q10

Budget showing Cost & Profit for 2022

Particular	Amount
I SALE (60,000 unit)	150,000
II COST	
Raw Material $\left[\left(\frac{53000}{40,000} \times 60,000\right) + 5\%\right]$	(83,475)
Wages $\left[\left(\frac{11000}{40,000} \times 60,000\right) + 10\%\right] = [18150 + 5\%]$	(19,058)
Variable o/H $\left(\frac{16000}{40K} \times 60K\right)$	(24,000)
Fixed o/H $[10,000 + (31000 \times 10\%)] = 10,000 + 3700$	(13700)
PROFIT	9767

Production Cost Budget

Q11

Production cost Budget

Particular	₹
Direct Material [120,000 + 33.33%]	160,000
Direct wages (WN) (80,000 + 33.33%) = [106,666.66 / 0.80 × 0.75] = (100,000 / 95 × 100)	105,263
Production o/H	
Variable [60,000 + 33.33%]	80,000
Fixed	40,000
Production Cost	3,85,263

WN

$$\left[\frac{80,000}{0.80} \times 0.75\right] = [75000 + 33.33\%] = \left[\frac{100,000}{95} \times 100\right]$$

07

Selling O/H Budget

Particulars	Period I	Period II
Advertisement	2000	2000
Television	12000	12000
Salary to sale Adm staff	20,000	20,000
Expense for sale debtt	15000	15000
Rent of the Building	5000	5000
Carriage outward [5% on sale]	4000	5000
Commission at sale [2% on sale]	1600	2000
Agent Commission [6.5% on Agent sale]	520	683
	60,120	61,683

Q13 Statement showing Cost & profit Budget

Particulars			Amount
I. Sale			
Toughened glass		300,000	
Bent toughened glass		500,000	800,000
Less:- Cost			
Direct Material	[8L x 60%]		(480,000)
Direct wages	[20 x 150 x 12]		(36000)
workmanager	[500 x 12]		(6000)
Foremen	[400 x 12]		(4800)
Store & Spare	[2.5% on 8L]		(20,000)
Dep on Machine			(12000)
Light & power			(5600)
Repair & Maintance			(8000)
Sundry Exp	[10% of 36000]		(3600)
Adm. S & D Expense			(14000)
PROFIT			2,10,1000

Q2 statement showing Budgeted Cost per unit

Particular			100,000 unit	60,000 unit
Raw Material	[@ 2.52/unit]		252,000	151,200
Direct labour	[@ 0.75/unit]		75000	45000
Direct Expense	[@ 0.10/unit]		10,000	6000
Work overhead	Fixed – (60% x 2.5)		150,000	150,000
	Variable –		100,000	60,000
Adm. OIH	Fixed – 80%		32,000	32000
	Variable		8000	4800
S&D OIH	Fixed – 50%		10,000	10,000
	Variable		10,000	6000
			6,47,000	4,65,000
			6.47	7.75

Q8

Production Budget unit wise

Particular	101000	8000	6000
Material @ 70/unit	700,000	560,000	420,000
labour @ 25/unit	250,000	200,000	150,000
Variable o/H @ 20/unit	200,000	160,000	120,000
Fixed o/H	100,000	100,000	100,000
Direct Variable Expense @ 5/unit	50,000	40,000	30,000
Selling Expense			
Fixed – 10%	13000	13000	13000
Variable – 90%	1,17,000	93600	70,200
Distribution Expense			
Fixed – 20%	14000	14000	14000
variable – 80%	56000	44800	33600
Administration Expense	50,000	50,000	50,000
Total	15,50,000	12,75,400	10,00800
Cost per unit	155/unit	159.425/unit	166.8/unit

Q23

Production Budget unit wise

Particular	101000	9000	7000
Material @ 50/unit	5001000	450,000	350,000
labour @ 20/unit	200,000	180,000	140,000
Variable o/H @ 20/unit	200,000	180,000	140,000
Fixed o/H	100,000	100,000	100,000
Direct Variable Expense @ 5/unit	50,000	45000	35000
Selling Expense			
Fixed – 10%	10,000	10,000	10,000
Variable – 90%	90,000	81000	63000
Distribution Expense			
Fixed – 20%	10,000	10,000	10,000
variable – 80%	40,000	36000	28,000
Administration Expense	50,000	50,000	50,000
Total	12,50,000	11,42,000	9,26,000
Cost per unit	125/unit	126.88/unit	132.28/unit

Q11

Production Budget unit wise

Particular	101000	9000	7000
Material @ 48/unit	480,000	432000	336000
labour @ 24/unit	240,000	216,000	168,000
Variable o/H @ 20/unit	200,000	180,000	140,000
Fixed o/H	120,000	120,000	120,000
Direct Variable Expense @4/unit	40,000	36000	28000
Selling Expense			
Fixed – 10%	12000	12000	12000
Variable – 90%	108,000	97200	75600
Distribution Expense			
Fixed – 20%	8000	8000	8000
variable – 80%	32000	28800	22400
Administration Expense	40,000	40,000	40,000
Total	12, 80,000	11,70,000	950,000
Cost per unit	128/unit	130/unit	135.71/unit

Flexible Budget (V.V Imp)

According to CIMA, London, Flexible Budget is a Budget which is design to change in accordance with the level of Activity actually attained.

Format

	70% (or) 7000 unit	90% (or) 9000 unit	100% (or) 10000 unit
(A) Variable cost ₹6/unit			
(B) Fixed Cost – Fixed			
(C) Semi variable cost			
Fixed –			
Variable –			
Total	XXX	XXX	XXXX

Pending Question

Cash Budget

① illustration = ~~1~~, 8, ~~9~~, ~~12~~, ~~15~~, ~~16~~, 17, ~~18~~

② Practical problem = ~~1~~, ~~10~~, ~~12~~

③ Scanner = Full Scanner pending

Q1

Flexible Budget

Particulars	70%	80%	90%
A Variable O/H			
Indirect labour	10500	12000	13500
stores include spare	3500	4000	4500
B. Semi variable O/H			
Power — Fixed (30%)	6000	6000	6000
Variable (70%)	12250	14000	15,750
Repair — Fixed (60%)	1200	1200	1200
Variable (40%)	700	800	900
C. Fixed O/H			
Depreciation	11000	11000	11000
Insurance	3000	3000	3000
Salary	10,000	10,000	10,000
Total O/H Cost	58,150	62,000	65,850
÷ Direct labour Hour	108,500	124000	139,500
O/H Recovery Rate	0.5359	0.5	0.4720

09

Flexible Budget

Particulars	12000 unit (Budget) ①	16000 unit (Flexible) ②	14000 unit (Actual) ③	Variance (2 - 3)
Direct Material	48000	56000	53000	3000 (F)
Direct labour	24000	28000	29000	1000 A
Variable O/H	6000	7000	7200	200 A
Fixed O/H	4000	4000	4500	500 A
Total production Cost	82000	95000	93,700	1300 F

Q12

Production Budget

Particulars	60% [300 unit]	80% [400 unit]	100% [500 unit]
Material @ 100/unit	30,000	40,000	50,000
labour @ 40/unit	12000	16000	20,000
Expense @ 10/unit	3000	4000	5000
Factory Expense → Fixed - 40%	16000	16000	16000
Variable - 60%	24000	32000	40,000
Administration Expense → Fixed - 60%	18000	18000	18000
Variable - 40%	12000	16000	20,000
	1,15,000	142,000	169,000

Q15

Flexible Budget

Particulars	60%	80%	100%
Fixed Cost			
Mgt Salary	210,000	210,000	210,000
Rent & Taxes	140,000	140,000	140,000
Dep on Machinery	175,000	175,000	175,000
Sundry office Expense	222,500	222,500	222,500
Semi Variable Cost			
Plant & Machinery	62500	68,750	71,875
Indivect labour	247500	272,250	284,625
Salesmen salary	72500	79,750	83,375
Sundries	65000	71,500	74,750
Variable Cost			
Material	720,000	960,000	1200,000
labour	768,000	10,24,000	12,80,000
Salesmen Commission	1,14,000	152000	190,000
Total Cost	27,97,000	33,75,750	39,32,125
(+) Profit (Bal. Fig)	(247,000)	24,250	318,375
Sale	25,50,00	34,00,000	42,50,500

(Book mai mistake hai)

Q16

Flexible Budget

Particulars	60%	70%	90%
Fixed Cost			
Salary	50,000	50,000	50,000
Rent & Taxes	40,000	40,000	40,000
Depreciation	60,000	60,000	60,000
Administration Expense	70,000	70,000	70,000
Semi - Variable Cost			
Repair	100,000	1,10,000	1,15,000
Indirect labour	150,000	165000	172,500
others	90,000	99000	103,500
Variable Cost			
Material	240,000	280,000	360,000
labour	300,000	350,000	450,000
other	48000	56000	72000
Total Cost	11,48000	12,80,000	14,93,000
(+) Profit	(48000)	20,000	7000
Sale	11 00,000	13 00,000	15,00,000

Flexible Budget

Particulars	80%	100%
unit	8000 unit	10,000 unit
Raw Material @ 80/unit	640,000	800,000
Direct labour @ 50/unit	400,000	500,000
Direct Expense @ 15/unit	120,000	115,000
Factory O/H		
Fixed - 50% - 25000	25000	25000
Variable - 50% - 25000	40,000	50,000
Adm. O/H		
Fixed - 40% - 24000 (50%)	24000	24000
Variable - 60% - 36000 (50%)	57,600	72000
	13,06,600	15,86,000

Q12

Statement of profit

		₹
Sale		500,000
less:- Variable Cost		
D.M	250,000	
D.L	100,000	
Variable o/H	40,000	(3,90,000)
Contribution		1,10,000
(-) Fixed Cost (Bal. Fig)		(60,000)
Profit [4L x 12.5%]		50,000

proposal of Sale manager

Statement of profit

	₹
Sale [(500,000 + 10%) + 4%]	5,72,000
less:- Variable Cost	
D.M - (250,000 + 10%) - 2%	(269,500)
D.L - (100,000 + 10%) - 2%	(107,800)
Variable o/H - [40000 + 10%] - 2%	(43,120)
Contribution	151,580
(-) Fixed Cost [60,000 - 2%]	(58,800)
Profit [Above 23%]	92,780

$$\text{Profit} = \frac{92,780}{400,000} \times 100 = 23.192\%$$

Q10 (a) Statement showing Quaterly and annual purchase of Raw Material by Weight & value

	Q-1	Q-2	Q-3	Q-4	Total
Working Day	65	60	55	60	
Production (in unit)	6500 (65 x 100)	6600 (60 x 110)	6600 (55 x 120)	6300 (60 x 105)	26000
Raw Material Required [Production x 2kg/unit]	13000 kg	13200 kg	13200 kg	12600 kg	52000 kg
(+) Closing stock of R.M					2000 kg
					54000 kg
(-) opening stock of R.M					(4000 kg)
Quaterly purchase of Raw Material	15000 kg	25000 kg	10,000 kg	-	50,000 kg
Budgeted price	1	1.05	1.125	-	
Value of R.M Purchase	15000	26,250	11,250	—	52,500

(b) Statement showing closing quaterly stock by weight & value

store ledger (FIFO)

Quater	Receipt			Issue			Balance stock		
	Qty	Rate	Amount	Qty	Rate	Amount	Qty	Rate	Amount
Opening Balance							4000	1	4000
Q-1	15000	1	15000	4000	1	4000	6000	1	6000
				9000	1	9000			
Q-2	25000	1·05	26,250	6000	1	6000	17800	1·05	18,690
				7200	1·05				
Q-3	10,000	1·125	11,250	13200	1·05	13,860	4600	1·05	4830
							10,000	1·125	11250
Q-4	—	—	—	4600	1·05	4830	2000	1·125	2250
				8000	1·125	9000			

Cash Budget

① A Cash Budget is an estimation of the Cash Flow of a Business over a Specific period of time

② This could be for a weekly, monthly, quaterly or annual Budget.

③ This Budget is used to assess wheather the entity has sufficient Cash to Continue operating over the given time frame.

④ The Cash Budget provides a Company insight into its **Cash need** and help to determine an efficient allocation of Cash.

Highlight point

① Cash Flow → Inflow, Outflow → Specific period of time

② Sufficient Cash for operating a Business

③ Need of Cash in Business

④ Efficient Allocation of Cash.

FORMAT OF CASH BUDGET

Particular		April	May	June
Opening Cash Balance	(A)	xxx	xxx	xxx
Add :- Receipt	(B)	xxx	xxx	xxx
Total (A + B)		xxx	xxx	xxx
less :- Payments		(xxx)	(xxx)	(xxx)
Closing Cash Balance		XXXX	XXXX	XXXX

Q8

Cash Budget ending 30 June

Particular	April	May	June
Opening Cash & Bank Balance	6000	3950	3000
Add:- Receipt			
Cash sale	1600	1700	1800
Advance Received on sale of vehicle	–	–	9000
Dividend on investment			1000
Cash Collect from Debtor (WN-1)	13,050	13,950	14,850
TOTAL	20,650	19600	29,650
Less:- Payments			
Material (WN-2)	(9600)	(9000)	(9200)
Wages (WN-3)	(3150)	(3500)	(3900)
overhead (WN-4)	(1950)	(2100)	(2250)
Plant & Machinery	(2000)	(2000)	(2000)
Dividend paid on pref. [2L x 5%]	–	–	(10,000)
Closing Cash Balance	3950	3000	2300

WN-1 Cash Collection from Debtor

Month	Credit Sale	Feb	March	April	May	June
Feb	12,600	–	6300	6300		
March	13,500	–	–	6750	6750	
April	14,400	–	–	–	7200	7200
May	15,300	–	–	–	–	7650
June	16,200	–	–	–	–	
Total	—	—	—	13,050	13,950	14850

WN-2 Material

Month	Material	Feb	March	April	May	June
Feb	9600	–	–	9600		
March	9000	–	–	–	9000	
April	9200	–	–	–	–	9200
May	10,000	–	–	–	–	–
June	10,400	–	–	–	–	–
Total				9600	9000	9200

WN3 wages

Month	wages	Feb	March	April	May	June
Feb	3000	2250	750			
Mar	3000		2250	750		
Abril	3200			2400	800	
May	3600				2700	900
June	4000					3000
Total		—	—	3150	3500	3900

Overhead

WN-4

Month	wages	Feb	March	April	May	June
Feb	1700	850	850			
Mar	1900		950	950		
Abril	2000			1000	1000	
May	2200				1100	1100
June	2300					1150
Total	—	—	—	1950	2100	2250

Q17

Cash Budget ending 30 June

Particular	Aug	Sept	oct
opening Balance	25000	49,500	(65,750)
Add:- Receipts			
Collection from Debtor	186,000	150,000	141,000
Total	2,11,000	199,500	75,250
less:- Payments			
Purchase	(144,000)	(243,000)	(246,000)
wages	(11000)	(12000)	(15000)
Manf^{n} Expense	(3500)	(3750)	(4750)
office Exp	(1000)	(1500)	(2000)
Selling Exp	(2000)	(5000)	(4000)
	49,500	(65,750)	(196500)

Scanner Questions

①

Unit	30,000	33000
Cost	145,000	154000
Per unit Cost	4.83	4.66

It is Semi Variable Cost

Variable Cost per unit = $\frac{\text{Change in Cost}}{\text{Change in unit}}$

$= \frac{9000}{3000}$

$= \boxed{3 \text{ unit}}$

Fixed Cost = Semi variable Cost − Variable Cost

$= [145,000 - (30,000 \times 3)]$

$= 145,000 - 90,000$

$= \boxed{55000}$

At 35000 unit

Variable Cost (35000 × 3)	= 105000
(+) Fixed Cost	= 55000
R & M Cost	160,000

Q2

Calculating labour & Material Cost At 90% Capacity level

Sale = Total Cost + profit

Sale = Material + labour + Variable Exp + F.E + Semi Fixed Exp + Profit

15 lakh = (Material + labour) + 145000 + 300,500 + 97,500 + (10% of 15 L)
150,000

15L = (Mat + labour) + 693,000

Material + labour Cost = 807,000 → At 90%

At 100%

Mat & labour Cost = $\frac{807,000}{90} \times 100 = 896,667$

(a)

Statement showing differential Cost analysis

	At 90% Capacity 13 500 unit	At 100% Capacity 15000 unit
Mat & labour Cost	807,000	8,96,667
variable Expense	145,000	149,500
Fixed Expense	300,500	300,600
Semi - Fixed Exp	97,500	100,500
Total Cost	13,50,000	14,47,267

(1) Differential Cost = 14,47,267 − 13,50,000

if we increase 1500 unit from 13500 unit = **97,267**

(2) Per unit Cost = $\frac{97,267}{1500}$ = **64.84**

(b)

(1) At this price of ₹64.84/unit there is No Additional Revenue

(2) Any price above the 64.84/unit may be Accept

(3) It is assume that there is No Export charges.

Q3

Statement showing Expenditure Budget

	20,000 unit	15000 unit	18000 unit
Direct Material @ 50	10,00,000	750,000	900,000
Direct labour @ 20	400,000	300,000	360,000
Direct Expense @ 6	120,000	90,000	108,000
Variable o/H @ 15	300,000	225,000	270,000
Selling Expense			
Fixed (20%)	60,000	60,000	60,000
Variable (80%)	240,000	180,000	216000
Factory Expense (Fixed)	140,000	140,000	140,000
Admin. Expense (Fixed)	80,000	80,000	80,000
Distribution Expense			
Fixed (15%)	36000	36000	36000
Variable (85%)	204,000	153,000	183,600
	25,80,000	20,14,000	23,53,600

Q4 Flexible Budget

Particulars	At 80% Capacity	At 90% Capacity
Variable o/H		
Indirect labour	12000	13 500
Stores & spares	4000	4500
Semi Variable o/H		
Power — Fixed – 30%	6000	6000
Power — Variable – 70%	14000	15,750
Repair & Maint — Fixed – 60%	1200	1200
Repair & Maint — Variable – 40%	800	900
Fixed o/H		
Dep.	11000	11000
Insurance	3000	3000
Salary	10,000	10,000
Total cost (A)	62000	65,850
Direct labour Hour (B)	124000	139 500
o/H Recovery Rate (A/B)	0.5/Hour	0.4720/Hr

Q8

(a) Sale Budget for 2022

	A	B
Sale Qty (2021)	10,000	4000
(+/-) in sale Qty	(20%)	25%
Expected Sale Qty for 2022 (A)	8000	5000
(X) Sale price (New) (B)	30	40
Sale (A X B)	240,000	200,000

(b) Production Budget for 2022

Particular	A	B
Expected Sale	8000	5000
(+) Desire closing stock of F.G	2700	1100
	10,700	6100
(-) opening stock of FG	(1000)	(2300)
Unit in Hand	9700	3800
(+) Post production Rjection	(3%) 300	(5%) 200
Unit to be produce	10,000	4000

(c) Material usage Budget

	Mat. X	Mat. Y
Product A (10,000 unit)	19000 unit	10,800 unit
Product B (4000 unit)	15200 unit	6480 unit
Mat usage / Mat in Hand	34,200	17,280
(+) Material wastage	(5%) 1800	(4%) 720
Material to be Required / usage	36000	18000

(d) Material purchase Budget

	X	Y
Material Required	36000	18000
(+) Desire C/s of R.M	16000	4000
	52000	22000
(-) O/s of R.M	(11280)	(1640)
Material purchase (unit)	40,720	20,360
(X) Material price	3.3/unit	1.1/unit
Material purchase (Amt)	134,376	22,396

(e) Man power Budget

Particular	A	B	Total
Production in unit	10,000 unit	4000 unit	
Department P	16000 Hr	3200 Hr	19,200 Hr
Department Q	8000 Hr	3200 Hr	11200 Hr

WN efficiency of labour

	A	B
Dept P 25% ↑	1.6 Hr	0.8 Hr
Dept Q 25% ↑	0.8 Hr	0.8 Hr

WN No. of Hour worked by one worker

Total Hour in a year = [52 × 6 × 8 Hour]

= 2496 Hour

lost Hour = 124 Hour × 4

= 496 Hour

Net Hour worked by a labour = (2496 − 496) Hour

= 2000 Hr

Dept - P = $\frac{19,200 \text{ Hr}}{2000}$ = 9.6 (OY) 10 worker

Dept - Q = $\frac{11200 \text{ Hr}}{2000}$ = 5.6 (OY) 6 worker

(f) Direct labour Cost Budget

	Dept - A	Dept B
Product A	16000 Hr	8000 Hr
Product B	3200 Hr	3200 Hr
Total Hour	19200 Hr	11,200 Hr
(+) Rate / Hr (New)	1·3 / Hr	3·9 / Hr
Direct labour Cost	24,960	43,680

Concept of efficiency

At 100% efficency

1 unit = 5 Hour

(i) At 75% efficiency

Agar efficiency Reduce ho rhi hai toh iska matlab 1 unit ko Banane mai Ab jayada time lagega

$$1 \text{ unit} = \frac{5 \text{ Hour}}{75\%}$$

1 unit = 6.6 Hour

(ii) At 125% efficiency

Agar efficiency Increase ho rhi hai toh iska matlab 1 unit ko Banane mai Ab kam time lagega

$$1 \text{ unit} = \frac{5 \text{ Hour}}{125\%}$$

1 unit = 4 Hour

June 24 attempt

Q6 (a)

(i) Production Budget

Particular	Jan	Feb	March	April
Estimated Sale	5000	6000	7000	7500
(+) Desire c/s of F.G (25% of Next Month sale)	1500	1750	1875	2000
	6500	7750	8875	9500
(-) opening stock of FG	(1200)	(1500)	(1750)	(1875)
Unit to be produce	5300	6250	7125	7625

Q6 (a) (ii) Material Purchase Budget

Particular	Jan	Feb	March
Estimated Raw Material (Prod x 3)	10,600	12500	14,250
(+) Desire c/s of R.M [30% of Next month production	3750	4275	4575
	14350	16775	18,825
(-) opening stock of R.M	(3250)	(3750)	(4275)
Mat. Purchase	11,100	13025	14,550

Dec 2023

Q6 (b)

Production Budget

tons

Particular	AB+	CD+
Estimated Sale	60	200
(+) Desire closing stock of F.G	5	60
	65	260
(-) opening stock of F.G	(10)	(50)
Unit to be produce	55 tons	210 tons

Material Requirement Budget

Particulars	A	B	C	D
Product AB+	44	11	—	—
Product CD+			105	105

Material Purchase Budget

Particulars	A	B	C	D
Material Required	44	11	105	105
(+) Desire c/s of R.M	20	40	300	200
	64	51	405	305
(-) O/s of R.M	15	10	200	250
Material purchase	49	41	205	55
(X) Price / ton	500	400	100	200
Mat. Purchase Cost	24500	16400	20500	11000

→ 72400

Dec 23

Q5

Cash Budget for the period of 3 month ending 31 Mar 202

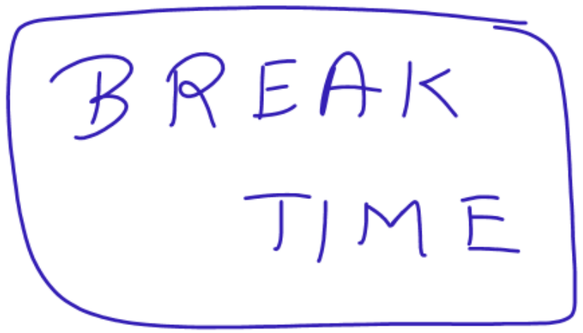
Particulars	Jan -24	Feb -24	March -24
Opening Balance of Cash	135,000	380,000	6,19,410
Add:- Receipts			
Cash sale (WN-1)	98470	126,760	140,680
Cash Collect from Debtor (WN-2)	439530	407,150	450460
Total Receipt	6,73,000	9,13,910	12,10,550
less:- Payments			
D. Material	(75000)	(65000)	(90,000)
D. Labour	(35000)	(30,000)	(45000)
D. Expense	(17000)	(14000)	(25000)
Factory Expense	(35000)	(42500)	(37500)
Adm. Expense	(56000)	(68000)	(53000)
Gratuity & Benevolent Fund	–	–	(800,000)
EMI for Bank loan	(75000)	(75000)	(75000)
	380,000	6,19,410	85,050

WIN Calculating Total Sale in Amount

Particular	oct	Nov	Dec	Jan	Feb	March
Lubricont oil						
Kolkata	90,000	108,000	99000	93000	130,200	148800
Delhi	108000	129600	118,800	1,11,600	120,900	139500
chennai	81000	97200	89,100	83700	120,900	130,200
Grease oil						
Kolkata	56,250	67500	61,875	57,750	69,300	92400
Delhi	67500	81000	74,250	69300	92400	61600
chennai	75,000	90,000	82,500	77000	100100	130,900
Total sale	477,750	5,73,300	5,25,525	492,350	633,800	703,400

WN-2 Collection from Debtor

	Dec	Jan	Feb	March
Nov	2 29,320	2 29,320		
Dec	—	2 10,210	210,210	
Jon	—	—	196940	196940
feb	—	—	—	2 5 3,520
	—	439530	407150	450460



June 24
Q5

Cash Budget for the period of 3month ending 31 Mar 202

Particulars	Abril-24	May-24	June 24
Opening Cash & Bank Balance	270,000	146,824	13,065
Add:- Receipt			
Cash Sale (WN-1)	168,069	150,370	241206
Cash Collect from Debtor (WN-2)	905,945	6,17,423	13136,490
Total	13,44,014	9,14,617	15,90,761
less: Payments			
Direct Material (WN-4)	(487,566)	(302,524)	(270 666)
Direct labour (WN-4)	(243,783)	(151,262)	(135,333)
Variable o/H (WN-5)	(65,841)	(47766)	(58,736)
Fixed Cost [50L - 2L / 12]	(400,000)	(400,000)	(400,000)
Closing Balance	146,824	13,065	726,026

WN-1 Calculating Total Sale Value

	Jan	feb	March	Abril	May	June
Product X						
East division	199500	219450	299250	249375	239400	299250
North East division	261250	282150	365750	250800	209000	355,300
Product Y						
East division	187000	280500	374000	187000	168300	299200
North East division	135150	225,250	315350	153170	135150	252,280
Total Sale Amount	7,82,900	10,07,350	13,54,350	840,345	751,850	1206,030

WN-2 Cash Collect from Debtor

Particulars	March	April	May	June
March	325,044	704,262	–	–
April	–	201,683	4,36,979	–
May	–	–	180,444	390,962
June [98% realized after deducting 2% commission]				945,528
	–	905,945	6,17,423	13,36,490

WN-3

P/v Ratio = 40%.

$$\text{P/v Ratio} = \frac{\text{Cont.}}{\text{Sale}} \times 100$$

Sale – Variable Cost = Contribution

Calculation V.C Ratio

Sale Ratio = V.C Ratio + P/V Ratio

100% = VC Ratio + 40%

V.C. Ratio = 100 − 40%

Variable Cost Ratio = 60% of sale

WN-4

	Mar	April	May	June
Sale	1354350	840,345	751850	1206,030
Variable Cost [60% of sale]	812,610	504,207	451,110	723,618
D. Material (60% VC)	487566	302,524	2,70,666	434,171
D. Labour (30% VC)	243783	151,262	135,333	2,17,085
variable o/H (10% VC)	81261	50,421	45,111	72,362

WN-5 Treatment of variable o/H

	Mar	April	May	June
Mar	40,631	40,630	–	–
April	–	25,211	25,210	–
May	–	–	22,556	22,555
June	–	–	–	36,181
	—	65,841	47,766	58,736