

Budget & Budgetary Control

1. Types of budget

(A) Master Budget – Summary budget of entire organization

(B) Period – Wise Budget

Long term budget – Beyond 3 years

Short term budget – 1 to 3 years

Current budget – Upto 1 year

(C) Fixed Budget – Doesn't change with change in units or output

(D) Flexible Budget – Can be changed with change in units or output

Budget & Budgetary Control

(E) Function wise Budget

Sales Budget

Production Budget

Material Consumption Budget

Material Purchase Budget

Labour Budget

Overheads Budget

Capital budget

Cash Budget

Plant Utilization Budget

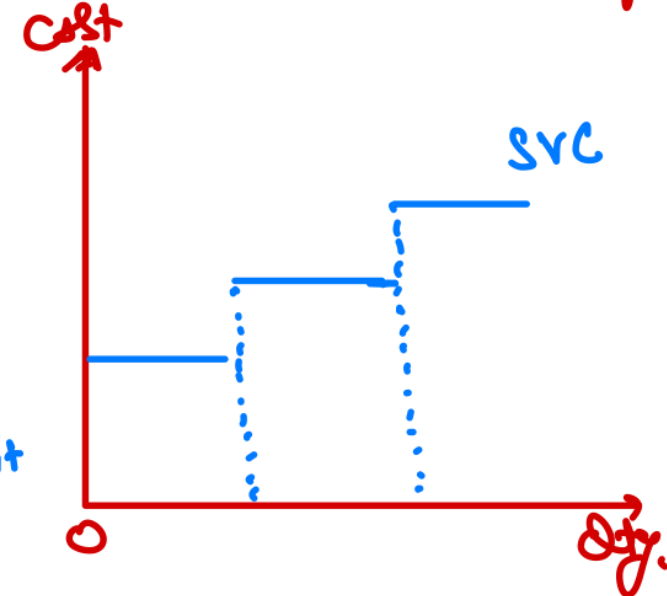
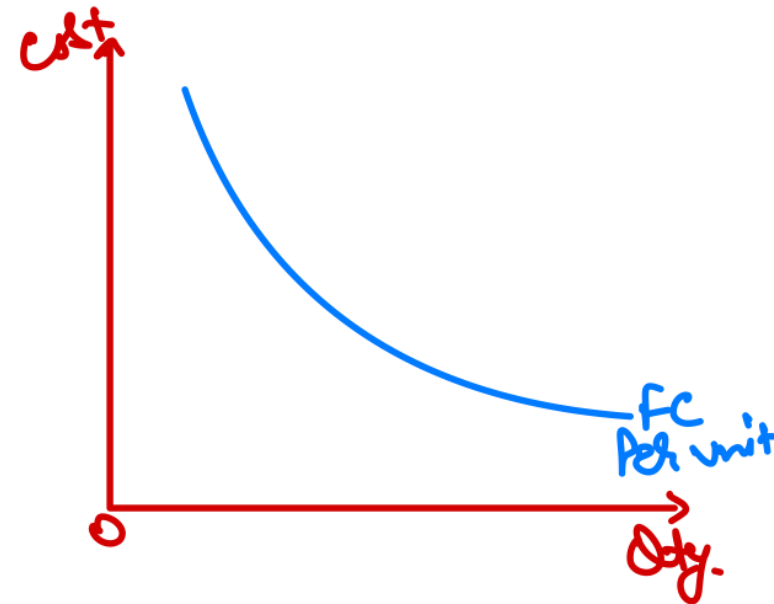
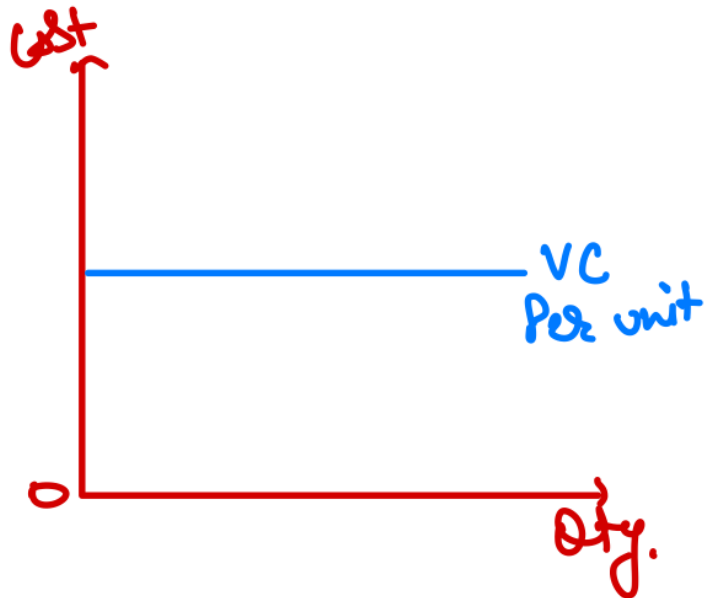
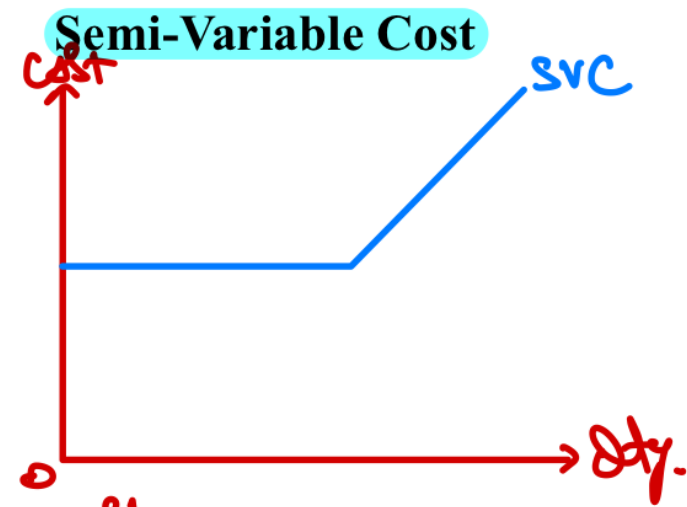
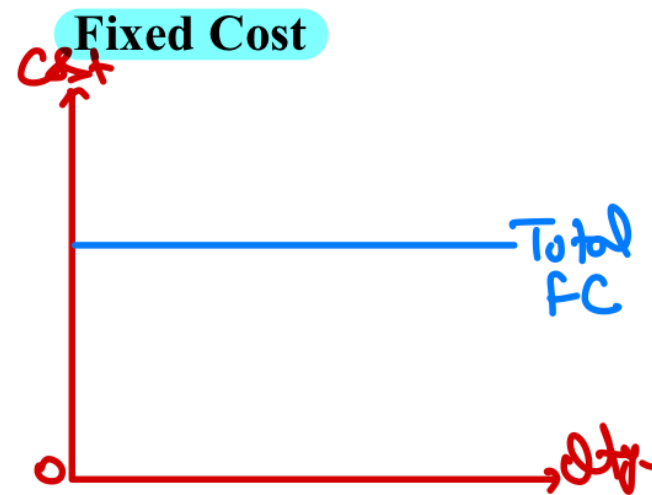
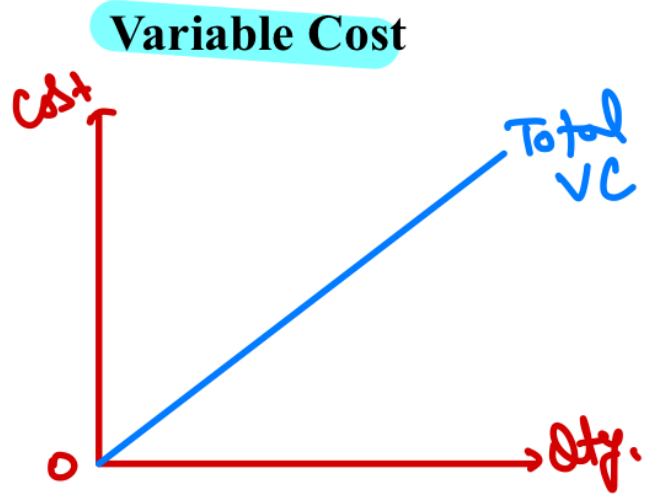
Research & Development Cost Budget

Budget & Budgetary Control

Particulars	Amount at 60%	Amount at 75%	Amount at 90%
Sales (A)	XX	XX	XX
Fixed Cost			
Wages and Salaries	XX	XX	XX
Administrative expenses etc.	XX	XX	XX
Total Fixed Cost (B)	XX	XX	XX
Semi-Variable Cost			
Maintenance and repairs	XX	XX	XX
Indirect labour etc.	XX	XX	XX
Total Semi-Variable Cost (C)	XX	XX	XX
Variable Cost			
Materials	XX	XX	XX
Other expenses etc.	XX	XX	XX
Total Variable Cost (D)	XX	XX	XX
Profit (A - B - C - D)	XX	XX	XX

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2. Type of Costs



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3. Change in Cost Effects

$$\text{Total Cost} = \underbrace{\text{No. Of units}}_{\substack{\text{Quantity} \\ \text{Effect}}} \times \underbrace{\text{Cost per unit}}_{\substack{\text{Price} \\ \text{Effect}}}$$

4. Quantity & Price Effect

	Total VC	Total FC
Quantity Effect	YES	NO
Price Effect	YES	YES

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5. Points to Remember (PTRs)

(A) Unless otherwise provided, following assumptions are to be taken

- VC per unit will remain same
- Total Fixed cost will remain same
- All direct cost are assumed to be variable
- All overheads are assumed to be fixed

(B) $\text{Wages} \propto \frac{1}{\text{Efficiency}}$ and $\text{Efficiency} \propto \text{Output}$

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6. Distribution of Semi-Variable Cost

$$\text{Variable cost per unit out of SVC} = \frac{\text{Difference in cost}}{\text{Difference in units}}$$

$$\text{Fixed cost out of SVC} = \text{Total cost} - \text{Total variable cost}$$

(Do at any 1 level)

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7. Sales Budget

Product	Units	Selling price per unit	Sales
A	-	-	-
B	-	-	-
C	-	-	-
Total	-		-

8. Production Budget

Particulars	Product A	Product B	Product C
Sales	-	-	-
(+) Closing Stock	-	-	-
(-) Opening Stock	-	-	-
Production units	-	-	-

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9. Raw Material Consumption Budget

Product	Prod. Quantity	RM consumption per unit	Total RM Consumption
A	-	-	-
B	-	-	-
C	-	-	-
	-	-	-

10. Raw Material Purchase Budget

Particulars	January	February	March
Raw Material Consumed	-	-	-
(+) Closing Stock	-	-	-
(-) Opening Stock	-	-	-
Raw Material Purchased	-	-	-

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11. Labour Budget

Particulars	Product A	Product B	Product C
Production Units	-	-	-
Direct labour hour per unit	-	-	-
Total Labour hours	-	-	-
Total Labour cost @ Rs. __ per hour	-	-	-