CA IPC Costing
Budgetary Control

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Chapter 15 → Budgetary Control

1] Types of Budget

Budget
- Capacity Wise
- Function Wise
- Master Budget
- Period Wise

2] Capacity Wise Budget / Flexibility Budget

- Fixed → Remains unchanged irrespective of the level of activity
- Flexible → Change with the level of activity

Vimp ⇒ VC → p.u ~~changes~~ Remains same
FC → ₹ remains same.
Always Standard ko Actuals pe lana padega So that you can compare

3] Function Wise Budget
- Sales Budget
- Production Budget
- RM Consumption Budget
- RM Purchase Budget
- Labour Cost Budget
- OH Budgets
- Cash Budget
- Other Specific Budget

Note :- Function Wise Budgets are many however those which are important are covered.

4] Calculations of Budget (Function Wise)

(a) Sales Budget [Qty and Value]

(b) Production Budget [Qty]

	Budgeted Sales	xx
(+)	Cl. Stk FG	xx
(–)	Op Stk FG	(xx)
	No of units to be produced	xx → Qty

(c) RM Consumption / Usage Budget [Qty and value]

	Budgeted No. of units to be produced	xx
(×)	RM Usage p.u of FG	xx
	RM (Qty)	xx → Qty
	RM (Qty)	xx
(×)	Price of RM pu	xx
	Cost of RM (₹)	xx → ₹

(d) RM Purchase Budget [Qty and Value]

	Total RM Required	xx
(+)	Cl Stk of RM	xx
(–)	Op. Stk of RM	(xx)
	RM Purchase Qty	xx → Qty
(×)	Price of RM pu	xx
	Cost of RM Purchased	xx → ₹

(e) Labour Cost Budget [Hours and Value]

	Budgeted Prod^n of FG	xx
(×)	DLH Reqd pu of FG	xx
	Total DLH Reqd	xx → Hours
(×)	Labour Hour Rate per hour	xx
	Direct Labour Cost	xx → ₹
	Total DLH Reqd	xx
(÷)	Effective Hours per worker	xx
	Manpower Required	xx → No.

(f) Overhead Budgets
- Fixed → Fixed OH, Variable OH, Semi Variable OH } At one level of Activity ⇓ One Amount Column
- Flexible → At different Level of Activity ⇓ Different Amt Column

Imp Notes :-

① When Sales qty is directly not given in question than find Contn p.u × Sales Mix Ratio = Total Weighted Contn

∴ Sales to Earn Desired Profit (Qty) = $\frac{FC + DP}{\text{Cont}^n\ pu}$

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