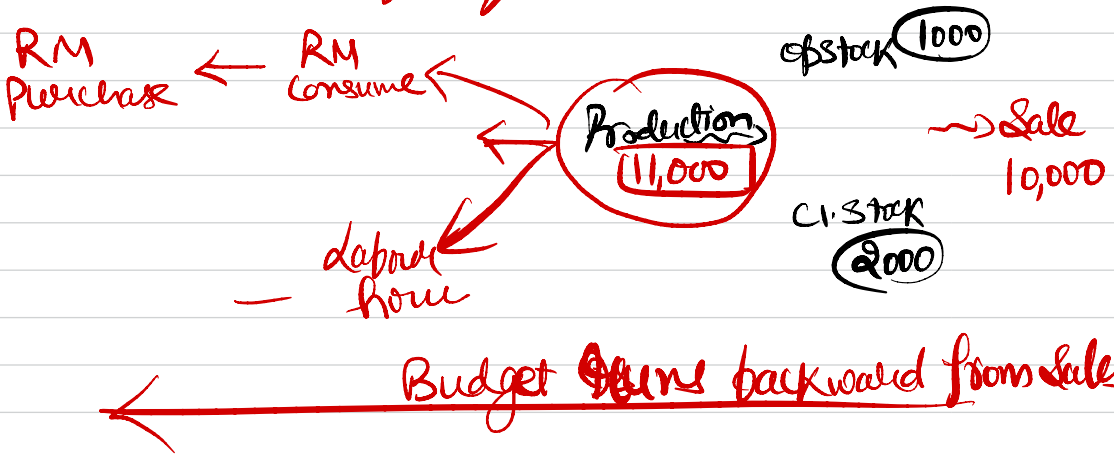


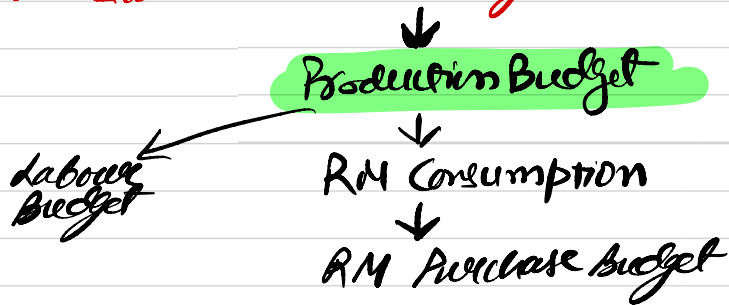
upto maximum units of Rank 1 are produced
then Rank 2, then Rank 3.

Budgetary Control



In Budgetary Control we seen backward.

⇒ First decides Sales → Sales Budget



$$opF_4 + Prod^M - clF_4 = \text{dold}$$

$$Prod^M = \text{dold} + clF_4 - opF_4$$

①

Sales Budget

	Chair	Table
units sold	1000	2000
x Selling Price	x x	x y
<u>Sales Value</u>	✓	✓

②

Production Budget

12 weeks
x 5 days
60 days

Pasticulars	Chair	Table
old units	1000	2000
+ closing stock	$(\frac{1000 \times 10}{60}) = +$	+
- opening stock	-	-
<u>units Produced</u>	1200	1500

③

Raw material Consumption Budget

Pasticulars	wood (cu feet)	Plastic (kg)	metel (grams)
Consumption for			
→ Chair 1200 chairs	$1200 \times 3 = 3600$	$1200 \times 1 = 1200$	$1200 \times 10 = 12000$
→ Table 1500 Tables	✓	✓	✓
<u>RM Consumption units</u>	1 cu feet	1 kg	1 grams
x Price	x £100/-	x £50/kg	x £10/gram
<u>RM Consumption (£)</u>	✓	✓	✓

(IV)

RM Purchase Budget

Particulars	wood	Plastic	Metal
Units Consumed	✓	✓	✓
+ cl Stock			
- of Stock			
RM Purchase (units)			
x Price	✓	✓	✓
RM purchase (£)			

(V)

Labor Budget

Particulars	Type A workers (carpenters)	Type B workers (carpenters)
Hours required for		
• chair 1200	$1200 \times \frac{10}{60} =$ ✓	$1200 \times \frac{30}{60} =$ ✓
• Table 1500	$1500 \times \frac{15}{60} =$ ✓	$1500 \times \frac{60}{60} =$ ✓
Productive Time required	850 hrs	1200 hrs
Time paid for	$\frac{850}{85} \times 100 =$ 1000	$\frac{1200}{80} \times 100 =$ 1500
x wage rate	x £100/-	x £160/-
wages paid	✓	✓

VI

Overhead Budget

Dept A

Dept B

Hours Taken

• Chairs 1200

• Table 1500

$1200 \times 5 \text{ hrs} = \checkmark$

$1500 \times 7 \text{ hrs} = \checkmark$

$1200 \times 10 \text{ hrs} = \checkmark$

$1500 \times 3 \text{ hrs} = \checkmark$

Hours

X OH RA

OH Exp

\checkmark

\checkmark

\checkmark

\checkmark

~~*~~ Capacity Ratio \times Efficiency Ratio = Activity Ratio

$$\frac{\text{Actual}}{\text{Budgeted}} \times \frac{\text{Standard}}{\text{Actual}} = \frac{\text{Standard}}{\text{Budgeted}}$$

$$\textcircled{1} \text{ Efficiency Ratio} = \frac{\text{Standard Hours for Actual output}}{\text{Actual Hours for Actual output}} \times 100$$

$$\textcircled{2} \text{ Activity Ratio} = \frac{\text{Standard Hours for Actual output}}{\text{Budgeted Hours}} \times 100$$

$$\textcircled{3} \text{ Calendar Ratio} = \frac{\text{Available working days}}{\text{Budgeted working days}} \times 100$$

$$\textcircled{4} \text{ Standard Capacity usage Ratio} = \frac{\text{Budgeted Hours}}{\text{Minimum Possible hours in Budgeted Period}} \times 100$$

$$\textcircled{5} \text{ Actual Capacity usage Ratio} = \frac{\text{Actual Hours}}{\text{Minimum Possible hours in Budgeted Period}} \times 100$$

$$\textcircled{6} \text{ Actual usage of Budgeted Capacity Ratio} = \frac{\text{Actual working hours}}{\text{Budgeted Hours}} \times 100$$

$$\ast \text{ Capacity Ratio} = \frac{\text{Actual Hours}}{\text{Budgeted Hours}}$$