Head of Purpose Structure Internal Control Methods: Office and Control of costs in order to budgeting (CIMA) key terms There are two types of control, namely budgetary and financial: This chapter will focus only on budget control. This is due to the fact that financial controls were covered in detail in chapter one and two. Budget control is defined as the foundation of Expenditure and Management Accountants (CIMA) as setting budgets related to management responsibilities in accordance with policy requirements, and consequently covering actual and budgetary results, either to ensure individual action or due to the purpose of the policy or to the guidelines for its revision. The goals of this chapter are designed to introduce students to the importance of budget control in marketing as a key to achieving organizational objectives. This is a review of the Pro and Cons of Budgeting and introduction to Budget Assessment Methods. The structure of this chapter is of five sections: Business budgeting is of the most important issues, therefore, requires detailed attention. This chapter explores the concept of accountability centers, as well as the advantages and disadvantages of budget controls. It then moves on to the detailed elements of budget control and the use of which budgets can be done. After all, managers focus on the need for detailed information if this method is used to the fullest. Budget Control Methods (b) Budget Officer Statement on Financial Resources allocated for specific activities over a period of time. (c) These budgetary procedures might include: (a) Cost control over the monthly surplus and the use of funds. (b) Profit centers, where indicators are measured by the difference between revenue (cost) and expenditures. (c) Sales and purchase of sales, both in cash and on credit. (d) Investment centers where cash is invested with those employed in their production. (e) Disposal of capital assets, and capital budgeting. (f) Sales management and planning. (g) Sales management and control systems. (h) Investment management and sale of assets. (i) Management costs, wherever detailed plans are to achieve goals for each department, operations and (a) budgeting, anticipate and guide the organization toward the direction and integration of sales and marketing. (b) Sales, production, administration. - Areas of responsibility are clearly defined. (c) Helps managers manage their responsibilities for pursuing the budget targets for operations in which they are personally involved. (d) Provides a basis for performance assessment (variance analysis). (e) Baseline for the budgetary procedure. (f) Balanced with actual results with the budget plan. You can then withdraw budget deviations, and the reason for the differences can be divided into controlled and uncontrolled factors. - Allows for minimal action as discrepancies arise. - Motivates employees by participating in budget setting. - Improves the distribution of scarce resources. - Saves management time using exception reporting. - Prevents misuse of funds in advance whenever there is a surplus or cash shortage to show the feasibility of management plans in monetary terms. - Consists of: Budget preparation, including the issuance of a guide to the managers responsible for preparing the budget. (b) Budget preparation: preparing the budget. (c) Budget review: reviewing the budget. (d) Budget preparation: preparing the budget. (e) Budget review: reviewing the budget. (f) Budget review: reviewing the budget. (g) Budget review: reviewing the budget. (h) Budget review: reviewing the budget. (i) Budget review: reviewing the budget. (j) Budget review: reviewing the budget. 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Year on a mobile basis, so that each sector makes a zero base budget every five years or so. Key Conditions Budget ... Action and Cost Control

Master Budget

Price and difference in number reposed centers

Zero based on budgeting budget

new strategy. The obvious problem with this zero-base budgeting process is the enormous amount of management time ... years, but this year the business can almost stop. So the alternative is to look in depth in one area of business each ... will record all actual expenditures (d) producing reports that will compare actual expenditures with budgets showing ... by analysing deviations in (d) above. The actions that can be taken when a significant variance has been detected

use are calculated as follows:

Price difference (budget price - actual price) X the actual discrepancy in the number of ... implement

4.2. Exercise 4.2 Calculating Labor Variances

Was in the budget that it would take 200 man-days at $10.00 per ... will result in excessive or insufficient absorption of ... lower than the amount specified in the budget, for example, a budget fertilizer of 350 kg per hectare can be increased or ... cost was $875.00, showing savings of $25.00. Further research may show that the work took 250 man-days at a daily rate of ... statement would be satisfactory. If actual production was much higher than in the budget, then these costs represent very ... statement: $27,775 versus $28,265 showing an increase of $490 while the cumulative figure for the year to date would show a loss of $615.

The budget was based on a 16,000-tonne cut in the third quarter and a 10,000-tonne cut in the fourth quarter of the year. In order to achieve this, the budget for the third quarter was set at $3,500, whereas for the fourth quarter it was set at $4,000. However, as Table 1 shows, the actual production for the third quarter was 8,500 tonnes, whereas the fourth quarter was 11,500 tonnes, resulting in a favorable variance of $500 for the third quarter and an unfavorable variance of $1,500 for the fourth quarter. The total production for the year was 20,000 tonnes, which was lower than the budgeted production of 22,000 tonnes.

The budget was based on an expected production of 22,000 tonnes, with a budget price of $150 per tonne. However, the actual production was 20,000 tonnes, resulting in a favorable variance of $300,000. The budgeted cost of transportation was $15,000, whereas the actual cost was $14,500, resulting in a favorable variance of $500. The budgeted cost of labor was $12,000, whereas the actual cost was $12,500, resulting in an unfavorable variance of $500. The budgeted cost of materials was $8,000, whereas the actual cost was $8,500, resulting in an unfavorable variance of $500.

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