

Management Accounting

Fall 2024
Practical class 17
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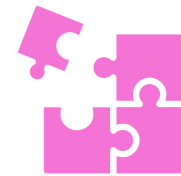


AGENDA



THEORETICAL RECAP

Planning & Control



CHAPTER 15 and 16

Problem 55

Theoretical Class Recap (or not)

Planning & Control – The Budgeting Process

Most businesses have more than one budget each relates to a specific area of the business
The individual budgets are summarized in a master budget

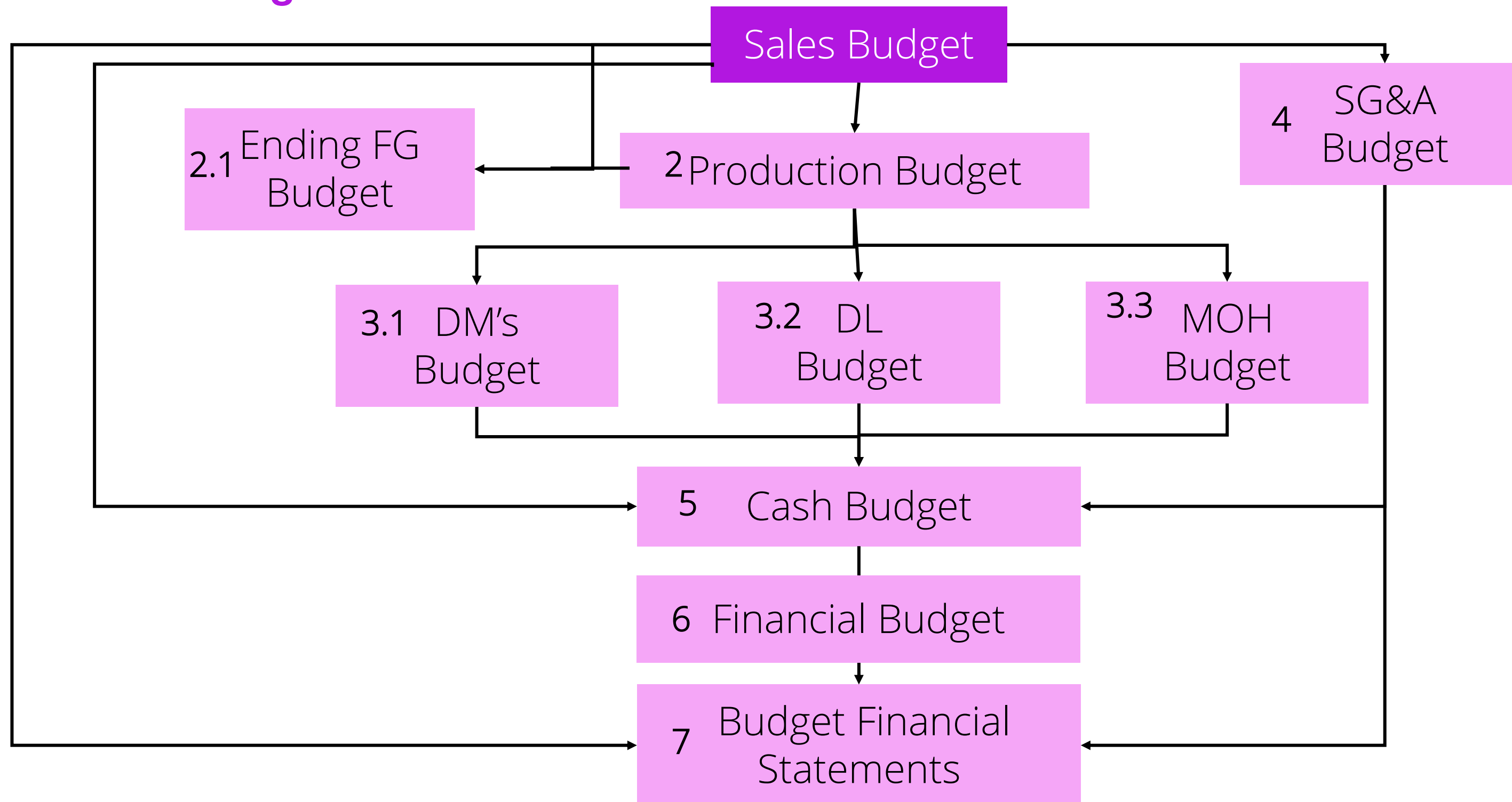
Master Budget

-● A detailed and comprehensive planning document for the entire organization. It incorporates the Budgeted P&L, Budgeted Balance Sheet and Cash Budget

Theoretical Class Recap (or not)

Planning & Control – The Budgeting Process

Master Budget



Theoretical Class Recap (or not)

Planning & Control – The Budgeting Process

Sales & Inventories

| Sales Budget <i>(regardless of payment)</i> |
|---|
| + Sales (units * SP) |
| + VAT (VAT rate * sales) |
| = Total |

| DM Purchases Budget <i>(regardless of payment)</i> |
|--|
| + Purchases (units * price) |
| + VAT (VAT rate * purchases) |
| = Total |

| Budgeted FG inventories |
|-------------------------|
| + Opening Inventory |
| + Production |
| - Sales |
| = Closing Inventory |

| DM Budget |
|---------------------|
| + Opening Inventory |
| + Purchases |
| - Consumption |
| = Closing Inventory |

Theoretical Class Recap (or not)

Planning & Control – The Budgeting Process

Production & Cash

COGM Budget

+ DM's

+ Variable Conversion Costs

+ MFC ** (🕵️ Depends on the Costing System)

= COGM

Cash Budget

Cash Inflows

+ Sales Collection

= Total Receipts

**Operating Cash Balance
= Total Receipts -
Payments**

Cash Outflows

+ Purchases DM

+ VAT Payable

+ Variable Costs

+ Fixed Costs

+ Other Payments

= Total Payments

Theoretical Class Recap (or not)

Planning & Control – The Budgeting Process

Financial Budget

| Sources of Funds |
|---|
| + Opening Cash |
| + Positive Cash Balance |
| + Loans (ST & LT) |
| + Interest Received on Financial Investment |
| + Sale of Financial Investments |
| + Sale of Equipment |
| = Total Sources of Funds |

| Uses of Funds |
|------------------------------------|
| + Closing Cash |
| + Negative Cash Balance |
| + Reimbursement of Loans (ST & LT) |
| + Financial Investments |
| + Interest Payments |
| + Purchase of Equipment |
| = Total Uses of Funds |

Total Sources of Funds = Total Uses of Funds

Theoretical Class Recap (or not)

Planning & Control – The Budgeting Process

Budget Balance Sheet

| Assets |
|---|
| + Plant, Property & Equipment – Depreciation Year N |
| + Inventories (DM + FG + WIP) |
| + Accounts Receivable |
| + Financial Investments |
| + Interest Receivable (Financial Investments) |
| + Cash & Cash Equivalents |

**ASSETS = EQUITY +
LIABILITIES**

| Liabilities |
|---|
| + Loans (ST & LT) |
| + Accounts Payable to Suppliers |
| + Other Accounts Payable (S&A Expenses) |
| + Accounts Payable to State (VAT) |
| + Interest Payable |

| Equity |
|-------------------------|
| + Equity N-1 |
| + Profit Before Taxes N |

Theoretical Class Recap (or not)

Planning & Control

Budgeted P&L

-● No VAT
-● Financial Costs = Interest Expense
-● UROH = Depends on the Costing System
-● Regardless of Payment

| P&L |
|------------------------|
| + Sales |
| - COGS |
| = Gross Profit |
| - URO |
| - Selling Costs |
| - Administrative Costs |
| = Operating Profit |
| - Financial Costs |
| + Financial Revenues |
| = Profit Before Taxes |