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Course Information

Course Title: *Budgeting: A Comprehensive Guide* #362223

Number of continuing education credit hours recommended for this course:

CPA: 14 (All states)

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

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Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

Course Description

A business may need a well-defined budgeting process in order to estimate its future financial situation and arrange for appropriate amounts of financing and personnel. The *Budgeting* course provides clarity to the process by showing how to assemble a complete set of budgets, as well as supporting procedures, controls, and reports. The course also addresses several variations on the basic budgeting concept - the flexible budget and the zero-base budget. And for those organizations that prefer to operate without the rigidity of a formal budget, the course discusses how to do so. In short, *Budgeting* provides the complete toolkit of solutions for building a tailor-made budgeting system.

Course Content

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Author: Steven M. Bragg, CPA.

Final exam (online): Seventy questions (multiple-choice).

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Finance

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: None

Advance Preparation: None

Instructions for Taking This Course

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Learning Assignment & Objectives

- Specify the advantages and disadvantages of budgeting.
- Specify the areas within an organization where there is a bureaucracy supporting the use of budgeting.
- Identify the components of cost-volume-profit analysis, and how it can be used.
- State the types of budgets that are included in the system of budgets.
- Recognize the operating decisions that can impact the system of budgets.
- Cite the sources of information for the revenue budget, and note how this budget is used.
- Specify how different decisions can impact the amount of finished goods inventory on hand.
- Identify how the production budget is compiled, and the issues to consider when constructing it.
- Specify how the direct materials budget is compiled.
- Identify the components of the direct labor budget, and how it is compiled.
- Cite the line items used in the manufacturing overhead budget, and the nature of these costs.
- State the sources of the cost of goods sold budget, and the reasons for changes in the expense.
- Identify the sales and marketing activities that can affect revenue, as well as the methods used to compile and present the sales and marketing budget.
- Specify how the research and development budget is derived, as well as how to review the budget for effectiveness.
- Cite the line items usually found in the administration budget.
- Identify the methods used to review capital budgeting proposals.
- Specify the uses to which a headcount budget is put, and whether bonuses should be included in the budget.
- State the components of the master budget, and the factors impacting budgeted asset and liability levels.
- Identify the line items used in a nonprofit budget.
- Cite the advantages and disadvantages of flexible budgeting.
- Identify the situations in which costs can vary, and when they are more likely to be fixed.
- State the nature of zero-base budgets and the process for using them, as well as the nature of conditional budgeting.
- Specify the role of management in an environment where there is no budget.
- Specify the focus of a rolling forecast, and the nature of a continuous budget.
- Identify the procedural steps needed to create a budget, including those steps needed to prevent budget slippage and calculation errors.
- Cite the methods available for improving the efficiency of the budgeting process, and of the budget model.
- State the variances that can be used to compare a budget to actual results.
- Identify the controls that can accompany a budgeting process, and what they are intended to accomplish.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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Table of Contents

Chapter 1 - Introduction to Budgeting	2
The Advantages of Budgeting	2
The Disadvantages of Budgeting.....	3
Capital Budgeting Problems.....	4
The Command and Control System	5
Behavioral Impacts	5
Bureaucratic Support	6
Information Sharing.....	7
Chapter 2 - Cost-Volume-Profit Analysis.....	9
Contribution Margin.....	9
Contribution Margin Income Statement	10
Breakeven Point	11
Margin of Safety.....	14
Cost-Volume-Profit Analysis	15
Sales Mix.....	17
Chapter 3 - The System of Budgets.....	20
The System of Budgets.....	20
Operating Decisions Impacting the System of Budgets	24
The Reasons for Budget Iterations	25
The Number of Budget Scenarios	27
Chapter 4 - The Revenue Budget	30
Overview of the Revenue Budget.....	30
The Detailed Revenue Budget.....	31
Responsibility for Revenue Information	33
Sources of Revenue Information	34
The Impact of Pacing on the Revenue Budget	36
The Inherent Variability of the Revenue Budget.....	37
Chapter 5 - The Ending Finished Goods Inventory Budget	39
Ending Inventory Assumptions	39
Impact of Changes in Ending Inventory.....	40
The Ending Finished Goods Inventory Budget	40
Chapter 6 - The Production Budget	44
The Production Budget.....	44
Other Production Budget Issues	45
Budgeting for Multiple Products.....	47
Chapter 7 - The Direct Materials Budget.....	49
The Direct Materials Budget (Roll up Method)	49
The Direct Materials Budget (Historical Method).....	51
The Direct Materials Budget (80/20 Method)	52
Anomalies in the Direct Materials Budget	54
The Role of the Direct Materials Budget.....	54
Chapter 8 - The Direct Labor Budget.....	57
The Direct Labor Budget (Traditional Method)	57
The Direct Labor Budget (Crewing Method).....	59
The Direct Labor Budget for Manufacturing Cells	60
The Cost of Direct Labor.....	61
Anomalies in the Direct Labor Budget.....	61
Chapter 9 - The Manufacturing Overhead Budget	64

The Manufacturing Overhead Budget.....	64
Overhead Allocation between Periods	66
Additional Issues.....	67
Chapter 10 - The Cost of Goods Sold Budget.....	69
The Cost of Goods Sold Budget.....	69
Chapter 11 - The Sales and Marketing Budget.....	72
Types and Timing of Sales and Marketing Expenses.....	72
Structure of the Sales and Marketing Budget.....	73
Sources of Sales and Marketing Expense Information.....	76
Analysis of the Sales and Marketing Budget.....	77
Sizing the Department.....	78
Diminishing Returns Analysis.....	80
Sales and Marketing Pacing.....	81
The Impact of Bottlenecks on the Sales and Marketing Budget.....	81
Sales and Marketing Metrics.....	82
Chapter 12 - The Research and Development Budget.....	87
General Funding for Research and Development.....	87
Research and Development Funding Decisions	88
Expected Commercial Value.....	88
Project Risk	89
Project Selection Issues.....	90
The Project Failure Rate.....	91
Structure of the Research and Development Budget.....	92
Ongoing Project Analysis.....	94
Research and Development Measurements.....	95
Treatment of Cancelled Projects	96
Chapter 13 - The Administration Budget.....	98
The Administration Budget.....	98
Cost Variability in the Administration Budget.....	100
Allocation of Administration Expenses.....	101
Service-Based Costing	101
Chapter 14 - The Capital Budget	104
Overview of Capital Budgeting.....	104
Capacity Expansion Strategy.....	105
Capacity Reduction Strategy.....	106
Risk Levels.....	106
Additional Risk Factors for International Investments.....	107
Bottleneck Analysis.....	108
Net Present Value Analysis.....	108
The Payback Method.....	110
Capital Budget Proposal Analysis.....	111
The Outsourcing Decision.....	113
The Capital Budgeting Application Form	114
The Post Installation Review.....	116
The Lease versus Buy Decision	117
Capital Budgeting with Minimal Cash.....	118
Chapter 15 - The Compensation Budget	121
The Compensation Budget.....	121
The Treatment of Hourly Pay and Overtime.....	123
The Benefits Budget.....	124
The Headcount Budget.....	126
The Link between Budgets and Bonus Compensation.....	126

Chapter 16 - The Master Budget.....	130
The Budgeted Income Statement.....	130
Components of the Budgeted Balance Sheet.....	132
Accounts Receivable.....	132
Inventory.....	134
Fixed Assets.....	136
The Financing Budget.....	140
The Budgeted Balance Sheet.....	142
Accompanying Documentation.....	143
Chapter 17 - Nonprofit Budgeting	146
The Revenue Budget.....	146
The Management and Administration Budget.....	148
The Fundraising Budget.....	149
Program and Grant Budgets	150
Chapter 18 - Flexible Budgeting.....	152
The Flexible Budget.....	152
The Flexible Budget Variance.....	153
Advantages of Flexible Budgeting	154
Disadvantages of Flexible Budgeting.....	154
Chapter 19 - Cost Variability	157
Mixed Costs	157
Labor-Based Fixed Costs	159
Costs Based on Purchase Quantities.....	160
Costs Based on Production Batch Sizing	161
Cost Based on Step Costs.....	161
Time-Based Costs	161
Experience-Based Costs	162
Incorporating Cost Variability into Reports	164
Chapter 20 - The Zero-Base Budget	168
Incremental Budgeting	168
Overview of Zero-Base Budgeting.....	169
The Zero-Base Budgeting Process	170
Step 1 - Develop Decision Packages.....	170
Step 2 - Rank Decision Packages.....	174
Advantages of Zero-Base Budgeting.....	176
Problems with Zero-Base Budgeting.....	177
Conditional Budgeting	178
Chapter 21 - Operating without a Budget.....	181
Alternatives to the Budget.....	181
Forecasting without a Budget.....	182
Capital Budgeting.....	183
Goal Setting without a Budget	184
Strategy without a Budget	185
Management Guidelines.....	186
The Role of Senior Management.....	186
Corporate Staff Roles	188
Board Approvals	188
Compensation without a Budget	188
Controls without a Budget.....	190
Behavioral Norms	190
Profit Knowledge	191
Information Exchange	191
Hiring, Promotions, and Continuity	191

Customer Ownership	192
Accounting Reports	192
Investor Relations	194
Implementation of the No-Budget Environment	194
Chapter 22 - The Rolling Forecast	197
The Rolling Forecast Process	197
The Rolling Forecast Format	198
Continuous Budgeting	201
Chapter 23 - Budgeting Procedures	203
Procedure – Formulation of the Budget	203
Procedure – Issue Budget Variance Reports	205
Procedure – Subsequent Account Changes	206
Chapter 24 - Budgeting Efficiencies	208
Budget Model Efficiencies	208
Spreadsheet Error Checking	208
Verification Opportunities	210
Simplification Opportunities	211
Simplification over Time	212
Budgeting Process Efficiencies	212
Participative Budgeting	213
Chapter 25 - Budget Reporting	215
General Reporting Format	215
Revenue Reporting	217
Selling Price Variance	217
Sales Volume Variance	218
Overview of Cost of Goods Sold Variance Reporting	219
The Purchase Price Variance	219
Material Yield Variance	221
Labor Rate Variance	222
Labor Efficiency Variance	223
Variable Overhead Spending Variance	223
Variable Overhead Efficiency Variance	224
Fixed Overhead Spending Variance	225
Problems with Variance Analysis	225
Which Variances to Report	226
How to Report Variances	227
Chapter 26 - Budgeting Controls	230
Budget Creation Controls	230
Budget Integration Controls	231
Appendix - Sample Budget	234
Answers to Chapter Questions	240
Glossary	255
Index	260

Preface

It can be extremely difficult to assemble all of the information needed for a creditable corporate budget in a timely manner, and then continue to refer back to it throughout the budget period. Many companies have become so frustrated with the process that they have either given up budgeting or done the reverse and implemented an oppressive, top-down system of adherence to the budget.

This new edition of *Budgeting: The Comprehensive Guide* addresses all aspects of the budgeting conundrum – how to create a budget, whether there are variations on the concept that may work better, and how to operate without any budget at all. In Chapters 1-17, we inspect all parts of a traditional corporate budget, including such areas as the production budget, inventory budget, and master budget, as well as the unique aspects of nonprofit budgeting. In Chapters 18-20, we discuss flexible budgeting and zero-base budgeting, which are variations on the traditional budgeting model. In Chapters 21-22, we cover the concept of operating without a budget. And finally, we address a variety of budget-related systems, such as procedures, reporting, and controls. An appendix contains a sample budget, showing subsidiary budget schedules rolling up into a master budget. A great many topics are covered in the book, including:

- What are the advantages and disadvantages of budgeting?
- What is the system of budgets?
- What are the sources of information for the revenue budget?
- When should I use the crewing method to compile the direct labor budget?
- When should I use the roll-up method to calculate the direct materials budget?
- How do I derive the correct amount of research and development funding?
- How does bottleneck analysis impact capital budgeting?
- What are the inputs to a budgeted balance sheet?
- How do I create a flexible budget?
- What are the steps involved in creating a zero-base budget?
- What alternative systems are needed to operate without a budget?
- What efficiencies can I impose on the budgeting process?

Budgeting: The Comprehensive Guide is designed for both professional accountants and students, since both can benefit from its detailed descriptions of budgeting systems, reports, and controls. As such, it may earn a place on your book shelf as a reference tool for years to come.

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