


Top Brass Corporation sells decorative vases out of its three stores located around the world. Below is "per store" sales and cost data (all reported in dollars) for March.

Form a three-person team. Each team member should assume the role of store manager for one of the following three locations and prepare a "budget v. actual" performance report for that location.

Next, combine the individual actual performance reports, assuming that additional common fixed costs are \$300,000. Evaluate the actual results of operations, and assess whether closing any location would have improved overall results. In performing the evaluation, assume that traceable fixed costs could be eliminated for any closed location. However, the common fixed costs cannot be avoided. Discuss the importance of accurate budgeting as it relates to planning and performance evaluation.

Spreadsheet 				
		fx		
	A	B	C	D
1		Budget	Actual	
2	Houston			
3	Sales	\$750,000	\$775,000	
4	Variable expenses	47%	53%	
5	Traceable fixed costs	\$300,000	\$380,000	
6				
7	Dubai			
8	Sales	\$1,200,000	\$1,350,000	
9	Variable expenses	42%	43%	
10	Traceable fixed costs	\$575,000	\$585,000	
11				
12	Beijing			
13	Sales	\$690,000	\$660,000	
14	Variable expenses	48%	45%	
15	Traceable fixed costs	\$240,000	\$245,000	
16				