Review the following SG&A budget that was prepared at the beginning of the current year. The economy appears to be slowing, and sales are now expected to run only 90% of plan. How much can now be expected to result for total SG&A?

The only fixed cost that can be reduced relates to the advertising campaign. What are the possible impacts of attempting to save money by cutting a portion of the advertising budget?

Spreadsheet

	A	B	C	D	E	F	G
1							
2	Selling, General, and Administrative Budget						
3	For the Year Ending December 31, 20X5						
4							
5	Estimated units sold	50,000					
6	X Per unit variable SG&A	$ 4.00					
7	Total variable SG&A	$200,000					
8	Fixed SG&A						
9	Salaries	$275,000					
10	Office	60,000					
11	Advertising	175,000					
12	Other	25,000					
13	Total fixed SG&A	$535,000					
14	Total budgeted SG&A	$735,000					
15							

Sales | Production | Materials | Labor | Factory Overhead | Finished Goods | SG&A | Cash | Income