

The electronic spreadsheet version of this problem includes a template based upon the existing budget as displayed within Chapter 21 of the textbook. You may find it easiest for each team member to work with this electronic template, and pass along the updated file to the next member of the team. As you do so, discuss the importance of communication between colleagues in working through the budgeting process (i.e., sales must communicate with production, etc.).

Spreadsheet									
		fx							
	A	B	C	D	E	F			
1	Shehadeh Movie Screens								
2	Revised Sales Budget								
3	For the Year Ending December 31, 20X9								
4		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Recap			
5	Estimated units								
6	X Per unit sales price	\$ 175	\$ 175	\$ 175	\$ 175	\$ 175			
7	Total estimated sales								
8									
9	Expected Cash Collections from Sales								
10		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Recap			
11	From current quarter sales								
12	From prior quarter sales	100,000							
13	Cash collections from sales								
14									
<b>Sales</b>	Production	Materials	Labor	Factory Overhead	Finished Goods	SG&A	Cash	Income	◀ ▶

Spreadsheet									
		fx							
	A	B	C	D	E	F			
1	Shehadeh Movie Screens								
2	Revised Production Budget								
3	For the Year Ending December 31, 20X9								
4		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Recap			
5	Estimated units sold								
6	Desired ending finished goods				650	650			
7	Total units needed								
8	Less: Beginning finished goods	(525)				(525)			
9	Scheduled production								
<b>Sales</b>	<b>Production</b>	Materials	Labor	Factory Overhead	Finished Goods	SG&A	Cash	Income	◀ ▶

Spreadsheet										
	A	B	C	D	E	F				
1	Shehadeh Movie Screens									
2	Revised Direct Materials Budget									
3	For the Year Ending December 31, 20X9									
4		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Recap				
5	Scheduled production									
6	X Raw materials per unit (sq. ft.)	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>				
7	Total raw material needs (sq. ft.)									
8	Plus: Target end. raw material									
9	Total units needed (sq. ft.)									
10	Less: Target beg. raw material	<u>(13,650)</u>				<u>(13,650)</u>				
11	Raw material purchases (sq. ft.)									
12	X Estimated cost per square ft.	<u>\$ 1.40</u>	<u>\$ 1.40</u>	<u>\$ 1.40</u>	<u>\$ 1.40</u>	<u>n/a</u>				
13	Cost of raw material purchases									
14										
15	<i>Expected Cash Payments For Materials Purchases</i>									
16		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Recap				
17	From current quarter purchases									
18	From prior quarter purchases	<u>15,000</u>								
19	Cash payments for materials									
20										
	Sales	Production	Materials	Labor	Factory Overhead	Finished Goods	SG&A	Cash	Income	◀ ▶

Spreadsheet										
	A	B	C	D	E	F				
1	Shehadeh Movie Screens									
2	Revised Direct Labor Budget									
3	For the Year Ending December 31, 20X9									
4		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Recap				
5	Scheduled production									
6	X Direct labor hours per unit	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>				
7	Total direct labor hours									
8	X Cost per direct labor hour	<u>\$ 14.00</u>	<u>\$ 14.00</u>	<u>\$ 14.00</u>	<u>\$ 14.00</u>	<u>\$ 14.00</u>				
9	Cost of direct labor									
10										
	Sales	Production	Materials	Labor	Factory Overhead	Finished Goods	SG&A	Cash	Income	◀ ▶

Spreadsheet										
		fx								
	A	B	C	D	E	F				
1	Shehadeh Movie Screens									
2	Revised Factory Overhead Budget									
3	For the Year Ending December 31, 20X9									
4		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Recap				
5	Direct labor hours									
6	X Variable fact. overhead rate	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00				
7	Total variable fact. overhead									
8	Fixed factory overhead	53,050	53,050	57,050	57,050	220,200				
9	Total factory overhead									
10	Less: Depreciation	(3,000)	(3,000)	(7,000)	(7,000)	(20,000)				
11	Cash paid for factory overhead									
12										
13	The revised factory overhead allocation rate is _____ per direct labor hour.									
14										
15										
Sales		Production	Materials	Labor	Factory Overhead	Finished Goods	SG&A	Cash	Income	◀ ▶

Spreadsheet										
		fx								
	A	B	C	D	E	F	G			
1	Shehadeh Movie Screens									
2	Revised Ending Finished Goods Inventory									
3	For the Year Ending December 31, 20X9									
4	Cost Component	Units		Per Unit Cost		Per Unit Total				
5	Direct material	35 sq. ft.		\$1.40		\$ 49.00				
6	Direct labor	3 hours		\$14.00		42.00				
7	Applied factory overhead	3 hours								
8	Total cost per unit									
9	X Units in ending finished goods inventory					650				
10	Ending finished goods inventory									
11										
Sales		Production	Materials	Labor	Factory Overhead	Finished Goods	SG&A	Cash	Income	◀ ▶



	A	B	C	D	E	F				
1	Shehadeh Movie Screens									
2	Revised Selling, General, and Administrative Budget									
3	For the Year Ending December 31, 20X9									
4		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Recap				
5	Estimated units sold									
6	X Per unit variable SG&A	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>				
7	Total variable SG&A									
8	Fixed SG&A									
9	Salaries	\$12,000	\$12,000	\$12,000	\$12,000	\$ 48,000				
10	Office	4,000	4,000	4,000	4,000	16,000				
11	Advertising	5,000	15,000	10,000	10,000	40,000				
12	Other	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>12,000</u>				
13	Total fixed SG&A	<u>\$24,000</u>	<u>\$34,000</u>	<u>\$29,000</u>	<u>\$29,000</u>	<u>\$116,000</u>				
14	Total budgeted SG&A									
15										
	Sales	Production	Materials	Labor	Factory Overhead	Finished Goods	SG&A	Cash	Income	◀ ▶



		fx					
	A	B	C	D	E	F	
1	Shehadeh Movie Screens						
2	Revised Cash Budget						
3	For the Year Ending December 31, 20X9						
4		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Recap	
5	Beginning cash balance	\$ 50,000				\$ 50,000	
6	Plus: Customer receipts						
7	Available cash						
8							
9	Less disbursements:						
10	Direct materials						
11	Direct labor						
12	Factory overhead						
13	SG&A						
14	Taxes						
15	Equipment purchase	_____ -	<u>150,000</u>	_____ -	_____ -	<u>150,000</u>	
16	Total disbursements						
17	Cash surplus/(deficit)						
18							
19	Financing:						
20	Planned Borrowing	-	150,000	-	-	150,000	
21	Planned repayment	-	-	(75,000)	(50,000)	(125,000)	
22	Interest on repayment	_____ -	_____ -	<u>(3,000)</u>	<u>(3,000)</u>	<u>(6,000)</u>	
23	Ending cash balance						
24							



	A	B	C	D	E
1	Shehadeh Movie Screens				
2	Revised Budgeted Income Statement				
3	For the Year Ending December 31, 20X9				
4	Sales				
5	Cost of goods sold				
6	Beginning finished goods	\$ 68,250			
7	Cost of goods manufactured				
8	Goods available for sale				
9	Less: Ending finished goods inventory				
10	Cost of goods sold				
11	Gross profit				
12	SG&A				
13	Income before interest and taxes				
14	Interest			<u>7,500</u>	
15	Income before taxes				
16	Income taxes			<u>30,000</u>	
17	Net income				
18					

Materials

Labor

Factory Overhead

Finished Goods

SG&A

Cash

*Income Statement*

Balance Sheet





	A	B	C	D	E	F	G
1	Shehadeh Movie Screens						
2	Revised Budgeted Balance Sheet						
3	December 31, 20X8 and 20X9						
4		20X9				20X8	
5	<b>Assets</b>						
6	Current assets						
7	Cash				\$ 50,000		
8	Accounts receivable	128,333			100,000		
9	Raw materials inventory				19,110		
10	Finished goods inventory				<u>68,250</u>	\$237,360	
11	Property, plant, & equip.						
12	Plant and equipment	\$275,000			\$125,000		
13	Less: Accum. depreciation	<u>(80,000)</u>	<u>195,000</u>		<u>(60,000)</u>	<u>65,000</u>	
14	Total assets					<u>\$302,360</u>	
15	<b>Liabilities</b>						
16	Current liabilities						
17	Accounts payable				\$ 15,000		
18	Interest payable	1,500			-		
19	Notes payable	<u>25,000</u>			<u>-</u>	\$ 15,000	
20	Stockholders' equity						
21	Common stock	\$200,000			\$200,000		
22	Retained earnings				<u>87,360</u>	<u>287,360</u>	
23	Total liabilities and equity					<u>\$302,360</u>	
24							

Materials

Labor

Factory Overhead

Finished Goods

SG&A

Cash

Income Statement

Balance Sheet

