

WASATCH MANUFACTURING Master Budget

NOTE: Cells highlighted in blue contain static numbers (inputs) and not formulas.

| Sales Budget | | | | | | |
|---------------------|----------|---------|----------|---------|---------|---------|
| | December | January | February | March | April | May |
| Unit sales | 7,000 | 8,000 | 9,000 | 8,600 | 9,400 | 6,800 |
| Unit selling price | 15 | 15 | 15 | 15 | 15 | 15 |
| Total sales Revenue | 105,000 | 120,000 | 135,000 | 129,000 | 141,000 | 102,000 |

Req. 1

| Cash Collections Budget | | | | |
|-------------------------|---------|----------|---------|---------|
| | January | February | March | Quarter |
| Cash sales | 36,000 | 40,500 | 38,700 | 115,200 |
| Credit sales | 73,500 | 84,000 | 94,500 | 252,000 |
| Total collections | 109,500 | 124,500 | 133,200 | 367,200 |

Req. 2

| Production Budget | | | | |
|--------------------------------|---------|----------|--------|---------|
| | January | February | March | Quarter |
| Unit sales | 8,000 | 9,000 | 8,600 | 25,600 |
| Plus: Desired ending inventory | 1,800 | 1,720 | 1,880 | 1,880 |
| Total needed | 9,800 | 10,720 | 10,480 | 27,480 |
| Less: Beginning inventory | 1,600 | 1,800 | 1,720 | 1,600 |
| Units to produce | 8,200 | 8,920 | 8,760 | 25,880 |

Req. 3

| Direct Materials Budget | | | | |
|---|---------|----------|--------|---------|
| | January | February | March | Quarter |
| Units to be produced | 8,200 | 8,920 | 8,760 | 25,880 |
| Multiply by: Quantity of DM needed per unit | 4 | 4 | 4 | 4 |
| Quantity of DM needed for production | 32,800 | 35,680 | 35,040 | 103,520 |
| Plus: Desired ending inventory of DM | 8,920 | 8,760 | 8,880 | 8,880 |
| Total quantity of DM needed | 41,720 | 44,440 | 43,920 | 112,400 |
| Less: Beginning inventory of DM | 8,200 | 8,920 | 8,760 | 8,200 |
| Quantity of DM to purchase | 33,520 | 35,520 | 35,160 | 104,200 |
| Multiply by: Cost per pound | 1.00 | 1.00 | 1.00 | 1.00 |
| Total cost of DM purchases | 33,520 | 35,520 | 35,160 | 104,200 |

| | April | May |
|--------------------------------------|--------|-------|
| Unit Sales | 9,400 | 6,800 |
| Plus: Desired End Inventory | 1,360 | |
| Total Needed | 10,760 | |
| Less: Beginning Inventory | 1,880 | |
| Units to produce | 8,880 | |
| DM needed per unit | 4 | |
| Quantity of DM needed for production | 35,520 | |

Req. 4

| Cash Payments for Direct Material Purchases Budget | | | | |
|--|---------|----------|--------|---------|
| | January | February | March | Quarter |
| December purchases (From AP) | 37,000 | | | 37,000 |
| January purchases | 8,380 | 25,140 | | 33,520 |
| February purchases | | 8,880 | 26,640 | 35,520 |
| March purchases | | | 8,790 | 8,790 |
| Total disbursements | 45,380 | 34,020 | 35,430 | 114,830 |

Req. 5

| Cash Payments for Direct Labor Costs | | | | |
|---|---------|----------|--------|---------|
| | January | February | March | Quarter |
| Units Produced | 8,200 | 8,920 | 8,760 | 25,880 |
| Multiply by: Hours per unit | 0.1 | 0.1 | 0.1 | 0.1 |
| Direct Labor Hours | 820 | 892 | 876 | 2,588 |
| Multiply by: Direct Labor rate per hour | 15 | 15 | 15 | 15 |
| Direct Labor Cost | 12,300 | 13,380 | 13,140 | 38,820 |

Req. 6

| Cash Payments for Manufacturing Overhead Budget | | | | |
|---|---------|----------|--------|---------|
| | January | February | March | Quarter |
| Rent (fixed) | 10,000 | 10,000 | 10,000 | 30,000 |
| Other MOH (fixed) | 6,000 | 6,000 | 6,000 | 18,000 |
| Variable manufacturing overhead | 10,250 | 11,150 | 10,950 | 32,350 |
| Total disbursements | 26,250 | 27,150 | 26,950 | 80,350 |

Req. 7

| Cash Payments for Operating Expenses Budget | | | | |
|---|---------|----------|--------|---------|
| | January | February | March | Quarter |
| Variable operating expenses | 10,400 | 11,700 | 11,180 | 33,280 |
| Fixed operating expenses | 2,200 | 2,200 | 2,200 | 6,600 |
| Total disbursements | 12,600 | 13,900 | 13,380 | 39,880 |

Req. 8

| Combined Cash Budget | | | | |
|---------------------------------|---------|----------|---------|---------|
| | January | February | March | Quarter |
| Cash balance, beginning | 17,000 | 15,970 | 16,020 | 17,000 |
| Plus: cash collections (req. 1) | 109,500 | 124,500 | 133,200 | 367,200 |
| Total cash available | 126,500 | 140,470 | 149,220 | 384,200 |
| Less cash payments: | | | | |
| DM purchases (req. 4) | 45,380 | 34,020 | 35,430 | 114,830 |
| Direct labor (req. 5) | 12,300 | 13,380 | 13,140 | 38,820 |
| MOH costs (req. 6) | 26,250 | 27,150 | 26,950 | 80,350 |
| Operating expenses (req. 7) | 12,600 | 13,900 | 13,380 | 39,880 |
| Tax payment | | 28,000 | | 28,000 |
| Equipment purchases | 20,000 | 8,000 | 25,000 | 53,000 |
| Total cash payments | 116,530 | 124,450 | 113,900 | 354,880 |
| Ending cash before financing | 9,970 | 16,020 | 35,320 | 29,320 |
| Financing: | | | | |
| Borrowings | 6,000 | | | 6,000 |
| Repayments | | | (6,000) | (6,000) |
| Interest | | | (225) | (225) |
| Total financing | 6,000 | - | (6,225) | (225) |
| Cash balance, ending | 15,970 | 16,020 | 29,095 | 29,095 |

Req. 9

| Budgeted Manufacturing Cost per Unit | |
|---|------|
| Direct materials cost per unit | 4.00 |
| Direct labor cost per unit | 0.10 |
| Variable MOH cost per unit (given data) | 1.25 |
| Fixed MOH per unit (given data) | 0.75 |
| Cost of manufacturing each unit | 6.10 |

Req. 10

| Wasatch Manufacturing | |
|-----------------------------------|-----------|
| Budgeted Income Statement | |
| For the Quarter Ended March 31 | |
| Sales | 384,000 |
| Cost of goods sold | 156,160 |
| Gross profit | 227,840 |
| Operating expenses | 80,350 |
| Depreciation expense (given data) | 10,000 |
| Operating income | 137,490 |
| Less: interest expense | (225) |
| Less: provision for income tax | 31,570.95 |
| Net income | 105,694 |