

Exercise 1

Spreadsheet Budgeting

You are to use a spreadsheet to compute detailed budgets for your Production Department. I've provided an EXCEL spreadsheet on the website which can be downloaded from your browser by right click /save target As. If you prefer, You can make your own spreadsheet.

Last year's actual expenses are shown in column B. Amounts are in thousands, rounded to hundreds. 472 Units were produced last year. Expenses are categorized as either fixed or variable with a factor of 1.0 in column D if a cost is completely independent of production rate.

- 5 1. Change my name to yours and Attach a printout showing projected expenses for 700 units production. This is 5 points jfsynr.
- 10 2. Suppose revenues of \$30 per unit were left to cover your budgeted costs after deducting selling costs, etc.. Manipulate volume in cell G5 (circled) to find the break-even point. At what volume is unit cost \$30 ? Attach a printout.
- 10 3. Suppose 20% of your operators were needed just to maintain the buildings, so that 20% of operator's salaries should be considered as fixed cost. Attach a printout of the new projected budget for 700 units.

Total = 2.5% of course grade.

A B C D E F G H I J

Expense Class	01-Feb-95 Annual'd Actuals	----- Fixed Factor	Unit Cost	Next Year Fixed Cost	Variable Cost	Total Budget	Unit Cost
Volume	472		+B5		472		+G5
Spvsr Pay	453	1	+B7/E\$5	+B7*D7	+E7*(1-D7)*G\$5	+G7+F7	+H7/I\$5
Operat. Pay	1768		+B8/E\$5	+B8*D8	+E8*(1-D8)*G\$5	+G8+F8	+H8/I\$5
Materials	1347.2		+B9/E\$5	+B9*D9	+E9*(1-D9)*G\$5	+G9+F9	+H9/I\$5
Ofc. Supplies	3.7	1	+B10/E\$5	+B10*D10	+E10*(1-D10)*G\$5	+G10+F10	+H10/I\$5
Supplies	1923.5		+B11/E\$5	+B11*D11	+E11*(1-D11)*G\$5	+G11+F11	+H11/I\$5
Heat	451.4	1	+B12/E\$5	+B12*D12	+E12*(1-D12)*G\$5	+G12+F12	+H12/I\$5
Telephone	14.4	1	+B13/E\$5	+B13*D13	+E13*(1-D13)*G\$5	+G13+F13	+H13/I\$5
Electric	257.6		+B14/E\$5	+B14*D14	+E14*(1-D14)*G\$5	+G14+F14	+H14/I\$5
Rep. & Maint.	113.6		+B15/E\$5	+B15*D15	+E15*(1-D15)*G\$5	+G15+F15	+H15/I\$5
Reworks	567.2		+B16/E\$5	+B16*D16	+E16*(1-D16)*G\$5	+G16+F16	+H16/I\$5
Adm. Alloc'n	5000	1	+B17/E\$5	+B17*D17	+E17*(1-D17)*G\$5	+G17+F17	+H17/I\$5
TOTALS	@SUM(B18..B6)		@SUM(E17..E7)	@SUM(F17..F7)	@SUM(G17..G7)	@SUM(H17..H7)	@SUM(I17..I7)
Bud Basis						@SUM(J17..J7)	
				Category		Budget	
				Payroll		+H7+H8	
				Mat. & Supplies		+H9+H11	
				Reworks		+H16	
				Other Op. Cost		+H29-H23-H24-H25-H27	
				Allocations		+H17	
				TOTAL		+H19	
						@SUM(H28..H22)	