

Accounting 1C Group Project - Master Budget

PURPOSE:

To give you a “hands-on” “real-life” experience working in a group environment to prepare a Master Budget for a company. You will be part of the Budget Committee of the company. **MAXIMUM 5 people per group.**

PROJECT:

You will be a member of a group that will prepare and analyze a Master Budget for a Company. Each group will have a different problem. The project will last for the remainder of the quarter. You will be given class time to work on the project and you will also need to spend time outside of class to complete the project. The end result of the project will be a written report containing the problem solution and responses to the requirements outlined below. A presentation to “senior management” will also be part of the project. I will be available to help you with the project and keep things on track.

REQUIRED for all THREE SCENARIOS (See your individual assignment for additional details):

1. The budget in detail. All applicable budget reports that respond to the problem requirements are required. Use formats as shown in the budget chapter of the text and/or sample formats that I will distribute to you. Using an electronic spreadsheet program such as Excel, Lotus, or Quattro Pro would be a very efficient way of preparing the reports. Prepare a separate report about any assumptions that were made as you worked through the project.
Include the following detailed budgets:
 - I. a. A sales budget by month and in total.
b. A schedule of budgeted cash collections from sales and accounts receivable by month and in total.
c. A purchases budget in units and dollars by month and in total.
d. A schedule of budgeted cash payments for purchases by month and in total.
 - II. A cash budget by month and in total.
 - III. A budgeted income statement for the three-month period ending June 30. Use the contribution approach.
 - IV. A budgeted balance sheet as of June 30.
2. Horizontal and Vertical analysis on the Balance Sheet and Income Statement portions of the budget...to the extent possible with the available data.
3. Contribution Margin and Break-Even computations (for the three month period) based on your assumptions about variable and fixed costs.
4. A list of several potential problems with the current budget situation and possible solutions. Be specific and brief.
5. The impact of a 20% increase in the number of units sold. This will involve a flexible budget that shows what will happen to the Income Statement, Balance Sheet, and Cash Budget if the 20% increase materializes. (THIS IS SCENARIO 2.)

6. There may be several “Memos from Management” throughout the quarter. These memos may require analysis of alternative scenarios. You should build your budget so that you respond to these management requests. (THIS WILL BE SCENARIO 3.)

ABOUT THE REPORT: The completed Master Budget and supporting schedules are due at the beginning of class Monday of the 10th week. In class presentations to management will also be due at the same time. The presentation should be about 5 minutes. (Points will be deducted for presentations that exceed 8 minutes). You can use PowerPoint, Excel, and Word if you so desire. Make arrangements in advance if you want to use these resources.

ABOUT THE GRADE: This project will be worth six (6) homework assignments. The accuracy of the budget and schedules, your analysis of potential problems and response to management memos as well as the presentation will all factor into the grade. Committee members will be asked to evaluate the contribution of each member. This will also impact your grade.

De Anza College Accounting 1C			
Long Term Master Budget Project			
CHECKLIST for Written Reports			
	Scenario 1 Original	Scenario 2 20% Increase in Sales volume	Scenario 3 Memo from Mgt:Price decrease, etc.
DETAILED BUDGET REPORTS:			
Sales budget by month and in total.			
Schedule of budgeted cash collections			
Purchases budget in units and dollars			
Schedule of budgeted cash payments for purchases			
Cash budget by month and in total			
Budgeted income statement (CM basis)			
Budgeted balance sheet			
OTHER:			
Separate report about any assumptions			
Horizontal and Vertical analysis on the Balance Sheet and Income Statement			
Contribution Margin and Break-Even computations			
List of potential problems and possible solutions			