Exercise 7-11: Sales Budget – Jessi Corporation

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Budgeted unit sales	11,000	12,000	14,000	13,000	50,000
Selling price/unit	x $18	x $18	x $18	x 18	x 18
Total sales	$198,000	$216,000	$252,000	$234,000	$900,000

Expected Cash Collections: 65% of the sales in the quarter in which the sale is made; 30% of the sales in the following quarter; 5% are expected to be uncollectible

Beginning accounts receivable balance is $70,200 – expected to be collected in the first quarter.

1,650 units in beginning inventory; desired ending inventory each quarter is 15% of next quarter's budgeted sales; desired ending inventory is 1,850 units.

1

Schedule of Expected Cash Collections

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Accounts Receivable beginning bal.	$70,200				$70,200
1st Quarter Sales*	128,700	$59,400			188,100
2nd Quarter Sales**		140,400	$64,800		205,200
3rd Quarter Sales***			163,800	$75,600	239,400
4th Quarter Sales****				152,100	152,100
Total	$198,900	$199,800	$228,600	$227,700	$855,000

* $198,000 x 65% = $128,700; $198,000 x 30% = $59,400

** $216,000 x 65% = $140,400; $216,000 x 30% = $64,800

*** $252,000 x 65% = $163,800; $252,000 x 30% = $75,600

****$234,000 x 65% = $152,100

2

Production Budget–Jessi Corporation

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
Budgeted unit sales	11,000	12,000	14,000	13,000	50,000
Desired ending inv.*	1,800	2,100	1,950	1,850	1,850
Total units needed	12,800	14,100	15,950	14,850	51,850
Beginning inv.	(1,650)	(1,800)	(2,100)	(1,950)	(1,650)
Required product.	11,150	12,300	13,850	12,900	50,200

*15% of next quarter's budgeted sales

3