

Manage budgets and financial plans

Business



**ASSIGN
BUSTER**

A Based on the master budget, there have something wrong and unclear. All the numbers are the same, evenly quarter two have more sale than other quarter, at least less 30% than quarter two.

We can easy to recognize with a few changes and we can achieve a goal \$1. 000. 000 Option 1: Sales on Q1, Q3 and Q4 less 30% than Q2. That's mean the volume of Q2 going to increase 30% than other and the commission will increase 30% as well Option 2: Decrease Cost of Goods Sold and Expense by 20% due to the current conomic climate.

By that way we can get more revenue by produce more volume for sale and also we can deal with supplier to get a special price, that cheaper than before. If they not promotion or gift that make customer happy to pay for our product and they will be back next time.

Reduce employment expenses 20%= reduce staff, the net profit will be \$1 , 051 , 500 Option 3: Decrease Expense and Commissions The commission negotiated with members of the sales team is now at 2. 5%, therefore the company will pay more for the commission and gross profit every quarter had hanged too.

Those things made the Net Profit before Tax reduce a bit. It's going down from \$938, 500 to \$923, 500. We have to have a plan to control the expense, reduce the cost of product, try to used-up the old material and do not advertise a new product without a plan. Set a new goal to achieve, per half its can motivate employees working harder and per half can save a money for commission.

From option 1 to option 3, we can easily recognize that reducing the cost of goods sold, expense and increasing sales volume are the best way to achieve a goal.

We do not need to reduce the workforce or increase the price of sale, that way will put our business in risky Task B Based on Sales cost centre expense budget. We got so may argue about the expense budget between each sales centre. Sales centre A, they had achieved great success over the last year and consistently outsells other sales centres. In fact, due to the large number of accounts managed by our sales team and larger staff, Sales centre A is expected to sell as much volume as the other two sales centres put together.

That means, the expense budget for Sales centre A must be more than other, at least twice time then the other centre. Because, they need a lot of money to pay for their cost, such as Wages, telephone, office supplies, and commission.