

Budgets – B – Sales Budget

Accounting presentation created by
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Budgets – B – Sales Budget

- Since business is now driven by sales, the first budget is the Sales Budget.
- The first look.

Miramar Merchandising Services, Inc.					
Sales Budget					
For the Quarter ending March 31, 2015					
		January	February	March	Quarter
Sales in cases: (quantity)		4,000	4,150	4,025	12,175
Sales price per case:		\$37.50	\$37.50	\$37.50	\$37.50
Total sales revenues:		\$150,000.00	\$155,625.00	\$150,937.50	\$456,562.50
Type of Sale:					
Cash:	15%	\$22,500.00	\$23,343.75	\$22,640.63	\$68,484.38
Credit:	85%	127,500.00	132,281.25	128,296.88	\$388,078.13
Total sales revenues:		\$150,000.00	\$155,625.00	\$150,937.50	\$456,562.50

Budgets – B – Sales Budget

- The key is line by line, single step at a time.
- The first line is expected sales for the three months, January – 4,000 cases, February – 4,150 cases, and March – 4,025 cases.
- The second line is Sales Price, \$37.50 per case.
- The third line is Sales Quantity \times Sales Price.

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- Sales in cases for the quarter is the sum of the three months
- Total Sales Revenues is also the sum of the three months.

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- The lower half of the Sales Budget tells us cash collection issues.
- 15% of all sales are cash sales.
- 85% of all sales are credit sales.

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- With credit sales we need to know the collection schedule.
- That is covered in the Cash Collections Budget presentation.

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- With the credit collections schedule, provided in another presentation, we need to appreciate that the \$127,500 under January is credit, not cash.

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- As addressed in the intro presentation, most companies have more than one product.
- A common methodology is to have a complete budget process for each product, department, and plant, all combined into the master budget for the company.

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- One final look at the complete Sales Budget.

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- The next recommended presentation is Budgets – C – Production, or
- Budgets – H – Cash Collections.
- This is a one step at a time process.
- Do not rush it.

Budgets – B – Sales Budget

The end.