

**Green Company's sales are on credit. 60% of credit sales are collected in the month of sale, 30% in the month following the sale, and 10% is collected two months after. Budgeted sales data is as follows:**

**June     \$200,000**

**July     \$100,000**

**August \$150,000**

**How much are Accounts Receivable at the end of August?**

Select one:

- a. \$49,000
- b. \$147,000
- c. \$21,000
- d. \$70,000

The correct answer is: \$70,000

### Question 3

Complete

Marked out of 1.00

🚩 Flag question

The operating budget process generally concludes with the preparation of the \_\_\_\_\_.

Select one:

- a. cash flow statement
- b. production budget
- c. research and development budget
- d. budgeted income statement

The correct answer is: budgeted income statement

## Question 5

Complete

Marked out of 1.00

🚩 Flag question

The usual starting point for budgeting is:

Select one:

- a. The revenues budget
- b. The production budget
- c. The cash budget
- d. The estimated net income

The correct answer is: The revenues budget

**Crest Company must maintain a minimum cash balance of \$34,000. At the beginning of February the company's cash balance was \$60,000. The budget for February is as follows:**

<b>Total cash receipts</b>	<b>\$250,000</b>
----------------------------	------------------

<b>Cash payments to suppliers</b>	<b>\$145,000</b>
-----------------------------------	------------------

<b>Cash payments to employees</b>	<b>\$120,000</b>
-----------------------------------	------------------

**Net income**  
**\$50,000**

<b>Purchase machinery by signing a note</b>	<b>\$35,000</b>
---	-----------------

<b>Other cash payments</b>	<b>\$80,000</b>
----------------------------	-----------------

**During February, how much will Crest Company need to borrow?**

**Select one:**

Esther Baskets Company expects to manufacture and sell 20,000 baskets in 2021 for \$5 each.

There are 4,000 baskets in beginning finished goods inventory with target ending inventory of 5,000 baskets.

The company keeps no work-in-process inventory. What amount of sales revenue will be reported on the 2021 budgeted income statement?

Select one:

- a. \$55,000
- b. \$95,000
- c. \$105,000
- d. \$100,000

## Question 11

Complete

Marked out of 1.00

🚩 Flag question

Which of the following is a financial budget?

Select one:

- a. cost of goods sold budget
- b. budgeted balance sheet
- c. production budget
- d. income statement budget

The correct answer is: budgeted balance sheet



Cash payments to employees \$120,000

Net income \$50,000

Purchase machinery by signing a note \$35,000

Other cash payments \$80,000

During February, how much will Crest Company need to borrow?

Select one:

- a. \$0
- b. \$10,000
- c. \$69,000
- d. \$95,000

The correct answer is: \$69,000

## Continuous (rolling) budget:

Select one:

- a. Is a plan that is updated monthly or quarterly, dropping one period and adding another.
- b. Is prepared for a range of activity so that the budget can be adjusted for changes in activity.
- c. Is used in companies that experience no change in sales.
- d. Is a strategic plan that does not change.

The correct answer is: Is a plan that is updated monthly or quarterly, dropping one period and adding another.



\_\_\_\_\_ include a budgeted statement of cash flows and a budgeted balance sheet.

Select one:

- a. Production budgets
- b. Operating budgets
- c. Revenue budgets
- d. Financial budgets

The correct answer is: Financial budgets

The number of units in the sales budget and the production budget may differ because of a change in

Select one:

- a. finished goods inventory levels
- b. direct material inventory levels
- c. sales returns and allowances
- d. overhead charges

The correct answer is: finished goods inventory levels

What is the correct order?

Select one:

- a. Revenues budget, Direct materials costs budget, Cost of goods sold budget, Budgeted income statement
- b. Cost of goods sold budget, Direct materials costs budget, Budgeted income statement, Revenues budget
- c. Cost of goods sold budget, Revenues budget, Direct materials costs budget, Budgeted income statement
- d. Revenues budget, Cost of goods sold budget, Direct materials costs budget, Budgeted income statement

Elton, Inc., expects to sell 6,000 ceramic vases for \$20 each. Direct materials costs are \$2, direct manufacturing labor is \$10, and manufacturing overhead is \$3 per vase. The following inventory levels apply to 2021:

Direct materials: Beginning inventory 1,000 units, Ending inventory 1,000 units,

Finished goods inventory: Beginning inventory 400 units, Ending inventory 500 units.

On the 2021 budgeted income statement, what amount will be reported for cost of goods sold?

Select one:

- a. \$88,500
- b. \$105,000
- c. \$90,000
- d. \$91,500

Budgeted production equals

Select one:

- a. budgeted unit sales plus targeted ending finished goods inventory minus beginning finished goods inventory
- b. targeted ending finished goods inventory plus beginning finished goods inventory minus budgeted unit sales
- c. beginning finished goods inventory plus budgeted unit sales minus targeted ending finished goods inventory
- d. budgeted unit sales plus targeted ending finished goods inventory plus beginning finished goods inventory

Furniture, Inc., estimates the following number of mattress sales for the first four months of 2021:

January 22,000

February 30,800

March 28,600

April 35,200.

Finished goods inventory at the end of December is 6,600 units. Target ending finished goods inventory is 20% of the next month's sales.

How many mattresses need to be produced in January 2021?

Select one:

- a. 34,160 mattresses
- b. 28,460 mattresses
- c. 21,560 mattresses
- d. 15,400 mattresses

Bright Company manufactures mirrors which require 8 square feet of glass per mirror.

Bright anticipates production of 500 units in January, 700 units in February, and 1,700 units in March.

Bright maintains glass on hand equal to 40% of the following month's anticipated production requirements. The glass costs \$3 per square foot.

At the beginning of January, only 500 square feet of glass is on hand.

How many square feet of glass should Bright plan to buy in February?

Select one:

- a. 11,040 square feet
- b. 8,800 square feet
- c. 5,440 square feet
- d. 2,200 square feet

Which of the following is a reason why top managers want lower-level managers to participate in the budgeting process?

Select one:

- a. To ensure that the budgets are administered rigidly given the changing market conditions.
- b. To reduce the time and cost expended in the budgeting process.
- c. To ensure that they do not introduce any overestimation or underestimation of costs.
- d. To benefit from their experience with the day-to-day aspects of running the business.

The correct answer is: To benefit from their experience with the day-to-day aspects of running the business.