

CASE UNA COMPANY

UNA company produces a product which results from the conversion of only one raw material. According to data collected regarding the annual budget of the company, the following information was provided:

a) Cash budget:

Description	1st Sem.	2nd Sem.	Total	Value for Sheet	Term Receipts/Term Payments
1.Receipts					
Previous Year	3 381.25	2 217.61	5 598.86		
Year					
Sales					90 d
Total (1)					
2.Payments					
Previous Year	20 000.00	6 471.25	26 471.25		
Year					
Purchases					60 d
Other conversion costs	14 000.00			20 000.00	75 d
Variable Selling (Distribution) costs	6 000.00	7 500.00	13 500.00		p.p.
Other non-manuf. costs	10 000.00	8 000.00	18 000.00		p.p.
Total (2)					
3.CASH BALANCE					

b) Additional information:

- There were no opening stocks of any nature;
- Forecasted (budgeted) annual sales: 3 000 tons in the first semester and 3 750 tons in the second semester;
- Forecasted (budgeted) selling price: 40 €/ton;
- Stocks (inventory) policy of finished products: it is expected that, at the end of each semester, the closing stocks are equal to the monthly average sales of that very semester;

- Raw material unit consumption: 0.5 ton per each ton of finished product;
- Purchase price of the raw material: 25 €/ton;
- Stocks (inventory) policy of materials: it is expected to have, at the end of each semester, 20% of the consumptions of that very semester;
- Manufacturing depreciations: 31 250 €;
- Non-manufacturing depreciations: 10 000 €;
- It is expected a Closing Cash of 5 000 € during the year. The Opening Cash is 1 000 €;
- Occasional cash needs will be financed by a bank loan at the rate of 7%/year, with refund and interests payment in the semester which follows the financing;
- Occasional cash surplus may be invested at the rate of 2%/year with refund and interests paid in the semester which follows the investment;
- The company adopts the Absorption Costing System.

Based on the available data and presenting all the calculations you have to make, it is required:

1. Prepare the Production Programme;
2. Prepare the Purchases Programme;
3. Complete the Cash Budget;
4. Prepare the Financial Budget;
5. Ascertain the forecasted (budgeted) Manufacturing Cost;
6. Prepare the Budgeted Profit and Loss Statement per Functions.