Title of the Document

Student’s Name

American Intercontinental University

**Introduction (1/2 to 3/4 page)**

**In the introduction, paraphrase the below scenario using APA format and describe what steps you will take to prepare the master budget for June.**

You are the managerial accountant at Reliable Company and are part of the organization’s budgeting committee. You have been assigned to support the marketing department and manage its master budget. The marketing department is responsible for the following:

* Managing the firm's marketing
* Hiring subcontractors
* Selling the consulting expertise to smaller outside firms

The department's expenses are as follows:

* Salaries and benefits of $48,000/month
* Web site operations of $21,000/ month
* Online advertising expenses of $15,000/month
* Miscellaneous expenses of $3,500/month

The sales forecast for its consulting services are as follows:

* **April:** $190,000
* **May:** $200,000
* **June:** $205,000

The department pays a sales commission of 5%, and this is paid in the following month. Subcontractor expenses are estimated at 45% of sales and are paid the month after they are billed. Consulting fees are collected 20% in the month of sale, 70% in the following month, and 10% in the second month following sale.

**Background (1/2 page)**

Discuss the benefits and limitations of the master budgeting process, the budgets included in the master budgeting process and the steps that the marketing department will take to prepare the master budget.

**Scenario Analysis (1 page)**

**Market Department Master Budget – June (complete the below schedules)**

|  |
| --- |
|  |
|  | June |
| Consulting Revenues **(Chapter 20 - PAGE 1005)** |  |
| Less: Commissions |  |
| Less: Subcontractor expenses |   |
| Net revenues |   |
|  |  |
| **Expenses** |  |
|  Salaries and benefits |  |
|  Web site operations |  |
|  Online advertising expenses |  |
|  Other misc. expenses |   |
| Total expenses |  |
| Net department expenses |   |
|  |  |
|  |  |
| **Expected Cash Collections (Chapter 20 – PAGE 1008-1009)** |  |
| June collections on account: |  |
|  April sales |  |
|  May sales |  |
|  June sales |  |
| Total cash collections |   |
|  |  |
| **Expected Cash Disbursements (Chapter 20 – PAGE 1009-1010)** |  |
|  Salaries and benefits |  |
|  Web site operations |  |
|  Other misc. expenses |  |
|  Online advertising expenses |  |
|  Sales commissions (5% of sales) |  |
|  Cost of sales (45% of sales) |  |
| Total cash disbursements |   |
|  |  |
| Net impact on cash |   |
|  |  |
|  |  |
|  |  |

**Budget Based Recommendations ( ½ to 2 pages)**

Use the guiding questions below to develop recommendations based on the June budget to help the manager of the marketing department

* How does the master budget help the manager understand the company’s external environment and the impact the environment have on the marketing department?
* How does the budget help the manager with forecasting?
* How does the budget help the marketing department coordinate their needs with other departments?
* How can the budget be used to evaluate the marketing department’s performance?

**Conclusion (1/2 page)**

In this section, summarize the results of your analysis and the overall uses and limitations of the budget to the marketing department

**References**

Double space do not indent, but do alphabetize. Use APA style. If the citation carries over to the next line, the lines will automatically be in hanging indent when you use the following template (overwrite the first two and when you hit <enter> twice after that, the references will fall in hanging indent naturally).

Applebaum, B. C., Zuckerman, M. Y., & Wu, X. (2014). Title of article in sentence case: Subtitle in sentence case. *Journal in Title Case*, *X,* 45-56.

O’Hara, C. (1986). *Name of book in sentence case*: *Subtitle in sentence case.* City, ST: Name of Publisher.