

Demo 9-1

The Hi Fi Company has just made its sales forecast for 20X9. The marketing department estimates that the company will sell 720,000 units. In the past, management has found that inventories of finished goods should be maintained at approximately three months' sales. The inventory at the beginning of 1994 was 40,500 units. Sales take place evenly throughout the year. What is the estimated production level (in units) required for the coming year to meet these objectives?

Demo 9-2

The Smart Company is preparing its cash budget for the month of June. The following information is available concerning its accounts receivable:

Estimated credit sales for June	\$300,000
Actual credit sales for May	225,000
Estimated collections in June for credit sales in June	25%
Estimated collections in June for credit sales in May	65%
Estimated collections in June for credit sales prior to May	\$18,000
Estimated write-offs in June for uncollectible credit sales	12,000
Estimated provision for bad debts in June for credit sales in June	10,000

What are the estimated cash receipts from accounts receivable collections in June?

Demo 9-3

The Richburn Manufacturing Company increased its ending inventory by \$17,000 in 20X9. The company also granted its customers more liberal credit terms which increased the accounts receivable by \$37,500. Sales were \$975,000 in 20X9 and the accounts payable decreased by \$27,500. The gross profit on sales is 45%. Selling and administrative expenses were \$145,000; this included depreciation expense of \$4,000. What was the cash disbursements for 20X9?

Demo 9-4

A wholesale distributor for floor-covering materials prices such that retail prices are 250% of cost. Inventory on July 1st was \$180,000 and the distributor wants the July 31st inventory to be 40% smaller. What are the budgeted July purchases if the estimated sales are \$400,000?

Demo 9-5

Rizzo Corporation had 17,000 units of brake calipers on hand at the end of 20X8. The company's inventory policy was to maintain an ending inventory equal to 15% of the current year's sales. During 20X9, Rizzo sold 210,000 units of calipers. How many units did Rizzo purchase in 20X9?