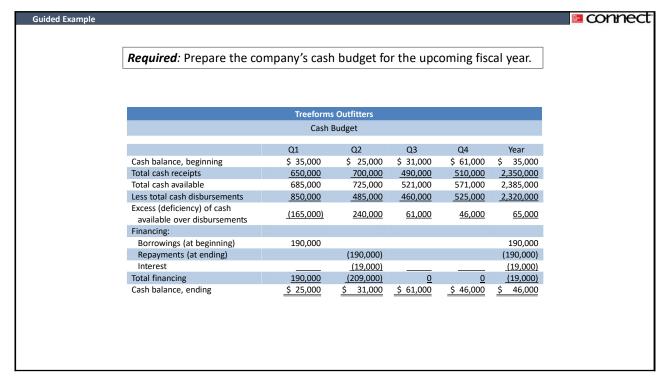
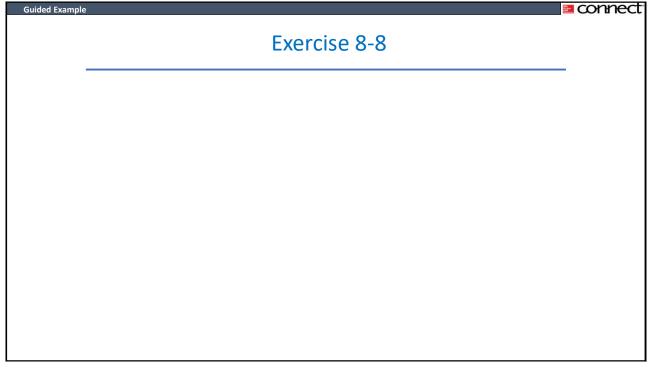
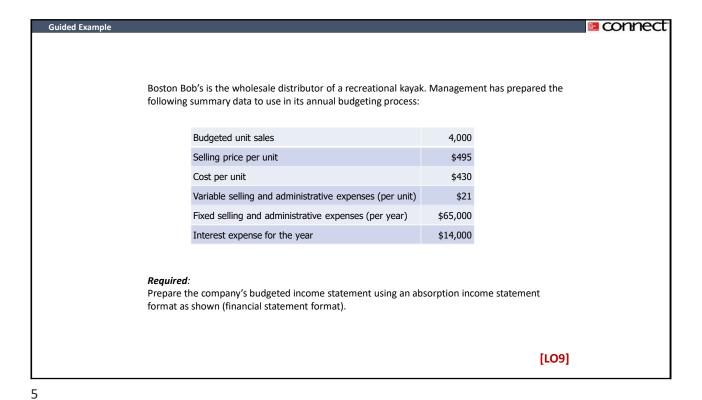


Guided Example connect Treeforms Outfitters is a retailer that is preparing its budget for the upcoming fiscal year. Management has prepared the following summary of its budgeted cash flows: 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter \$510,000 \$650,000 \$700,000 \$490,000 Total cash receipts \$850,000 \$485,000 \$460,000 Total cash disbursements \$525,000 The company's beginning cash balance for the upcoming fiscal year will be \$35,000. The company requires a minimum cash balance of \$25,000 and may borrow any amount needed from a local bank at a quarterly simple interest rate of 5%. The company may borrow any amount at the beginning of any quarter and may repay its loans, or any part of its loans, at the end of any quarter. Interest payments are due on any principal at the time it is repaid. Required: Prepare the company's cash budget for the upcoming fiscal year. [LO8]







Guided Example connect Required: Prepare the company's budgeted income statement using an absorption income statement format (financial statement format). Boston Bob's Budgeted Income Statement \$1,980,000 (4,000 units @ \$495) (4,000 units @ \$430) Cost of goods sold 1,720,000 Gross margin 260,000 Selling and administrative expenses 149,000 (4,000 units @ \$21 + \$65,000) Net operating income 111,000 Interest expense 14,000 Net income 97,000