

ASSESSMENT # 4

Total Marks: 30

Answer the following questions:

1. Explain the steps involved in budgeting process. (10)

Case Study (20)
Background

You are the head accountant for the IT department at Too-Cute Teddy Bears Inc. You have been given your budget package for the upcoming fiscal year. It includes the following information:

- The budget has been decreased from \$750,000 last year to \$500,000 this year.
- \$100,000 of the budget must be spent on new software for the accounting department.
- At least 100 employees must be trained. Training is now \$500 per day per person.
- A wage and hiring freeze is still in place from last year.

Task

Create a budget based on the information given above, and the figures in the table below.

Expense Categories	Last Year's Projected Budget	Last Year's Actual Amount	Your Budget	Notes
Training	\$75,000	\$80,000		
Wages	\$150,000	\$150,000		
Software Upgrades	\$150,000	\$200,000		
Hardware Upgrades	\$260,000	\$300,000		Major upgrade done last year; no work should be needed this year
Office Supplies	\$15,000	\$12,000		
Emergency Fund	\$100,000	\$95,000		
Total	\$750,000	\$837,000	\$500,000	