

1. Use the budget to make decisions.
2. Identify how budgeting is used by leadership for planning and control.
3. Discuss ethical considerations in the budget process.

You have just been hired at ABC Manufacturing, and your supervisor has invited you to sit in on today's budget meeting. You are given the following proposed budget for next year to review. The budget is being used by ABC to plan for next year. Your supervisor says at the meeting, "We always overestimate because the president always makes us cut the budget by 20%, and besides, I really want to go to a conference in Las Vegas next year." He continued, "I have really worked hard this year and put in a lot of overtime so I deserve

ABC MANUFACTURING			
Budgeted Income Statement // For the Year Ended Dec. 31, 20XX			
			% INCREASE OVER LAST YEAR
REVENUE: Sales		700,000	15%
COST OF GOODS SOLD: Cost of Goods Sold		420,000	20%
GROSS PROFIT		280,000	
EXPENSES:			
Advertising	9,500		20%
Cleaning	1,800		20%
Insurance	28,000		20%
Phone	3,600		20%
Rent	24,000		20%
Supplies	6,500		20%
Taxes	10,000		20%
Training/Education	9,800		100%
Utilities	8,500		35%
Wages	150,000		
Total Expenses		251,700	
NET INCOME		28,300	

Prepare a one- to two-page written report by addressing the following tasks:

1. Discuss if you think ABC Manufacturing is properly using the budget process to plan for next year's expenses.
2. Discuss the comment about the president cutting the budget each year in terms of proper leadership and control?
3. Discuss the ethical issues related to inflating the budget.

Adhere to APA Style when constructing this assignment, including in-text citations and references for all sources that are used. An abstract is not needed.

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