

with the manager of PDAs, reports to the manager for all sales of handheld devices, Mary Burton. Burton received the following data for September 2011 operations:

	Cell Phones		PDAs
	Digital	Video	
Revenues, budget	\$ 202,000	\$ 800,000	\$ 400,000
Expenses, budget	143,000	420,000	275,000
Revenues, actual	213,000	890,000	350,000
Expenses, actual	130,000	440,000	260,000

Requirement

1. Arrange the data in a performance report similar to Exhibit 21-20. Show September results, in thousands of dollars, for digital cell phones, for the total cell phone product line, and for all devices. Should Burton investigate the performance of digital cell phone operations?

■ Problems (Group A)

P21-20A (L.OBJ. 1, 2, 6) Why managers use budgets, understanding the components of the master budget, and preparing performance reports for responsibility centers [50–60 min]

Doggy World operates a chain of pet stores in the Midwest. The manager of each store reports to the regional manager, who, in turn, reports to the headquarters in Milwaukee, Wisconsin. The *actual* income statements for the Dayton store, the Ohio region (including the Dayton store), and the company as a whole (including the Ohio region) for July 2011 are as follows:

DOGGY WORLD Income Statement For the month ended July 31, 2011			
	Dayton	Ohio	Companywide
Revenue	\$ 158,400	\$ 1,760,000	\$ 4,400,000
Expenses:			
Regional manager/headquarters office	\$ —	\$ 58,000	\$ 122,000
Cost of materials	85,536	880,000	1,760,000
Salary expense	41,184	440,000	1,100,000
Depreciation expense	7,800	91,000	439,000
Utilities expense	4,000	46,600	264,000
Rent expense	2,500	34,500	178,000
Total expenses	141,020	1,550,100	3,863,000
Operating income	\$ 17,380	\$ 209,900	\$ 537,000