

Murray Ohio Manufacturing Co.

TheCasesolutions.com

Blackheath Manufacturing

Vlad, Ben, Yuliya, Natalie, & Katrina

The collage of slides includes the following titles and content:

- New Objectives:** Discusses the company's goals and objectives.
- Budget:** Provides an overview of the budgeting process.
- Production Budget:** Details the production requirements for the period.
- Cost of Production & Flexible Budget:** Analyzes the costs associated with production and how they change with activity levels.
- Income Statements:** Shows the company's financial performance over time.
- Evaluation of Budget:** Compares actual results against the budget to identify variances.
- January Activity:** Provides a detailed breakdown of the company's activity for the month of January.
- January Activity (continued):** Continues the breakdown of January activity.
- Questions:** A slide with a large red question mark and the text "Merry Christmas & Happy New Year".

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Background

- Trafalgar took over as owner and president
- Lee High failing the company
- No cash budget
- No financial planning - no need for budgets
- Trafalgar requested the help of Brockley (in charge of several budgeting projects)
- Brockley found the decision rules all wrong

New Objectives

- Fire Lee High
- Implement a new budgeting system immediately
- Rehire Adelaide Ladywell



Correct Information from Lee High

SUPPORT DATA

Variable Direct Costs

Direct materials cost per unit	\$0.75
Direct labor cost per unit	1.25
Total	<u>\$2.00</u>

Variable Overhead

Indirect labor cost per unit	\$0.20
Electricity cost per unit	0.1
Other overhead per unit produced	0.5
Total	<u>\$0.80</u>

Fixed Costs

Indirect labor per week	\$100
Indirect materials per week	300
Electricity per week	75
Factory insurance per week	125
Other overhead per week	110
Total	<u>\$710</u>