

Financial Management For Engineers

EMGT 6305

SPRING 2022

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HW 12

Section 2

## Problem 1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sales Bufget** | **Nov** | **Dec** | **Jan** | **Feb** | **Mar** |
| Cash receipts  40% the same month | $100,000 | $104,000 | $116,000 | $140,000 | $152,000 |
| Cash receipts  24% 1 month later |  | $60,000 | $62,400 | $69,600 | $84,000 |
| Cash receipts  36% 2 month later |  |  | $90,000 | $93,600 | $104,400 |
| **Cash receipts** | **$100,000** | **$164,000** | **$268,400** | **$303,200** | **$340,400** |
| Material cost | $104,000 | $116,000 | $140,000 | $152,000 | $156,000 |
| Labor expense | $62,500 | $65,000 | $72,500 | $87,500 | $95,000 |
| S&A expense | $17,500 | $18,200 | $20,300 | $24,500 | $26,600 |
| Overhead | $16,000 | $16,000 | $16,000 | $16,000 | $16,000 |
| Total expense | **$200,000** | **$215,200** | **$248,800** | **$280,000** | **$293,600** |
| Taxes |  |  | $8,000 |  |  |
| Dividends |  |  |  |  | $2,800 |
| **Cash payments** | **$200,000** | **$215,200** | **$256,800** | **$280,000** | **$296,400** |
| **Balance** | **N/A** | **$40,000** | **$51,600** | **$74,800** | **$118,800** |

## Problem 2

#### 1

Project A

Project B

#### 2

#### 3

Applying Incremental Analysis:

Current Best: A

Challenger: B

B become the Current Best.

Choose project B.

## Problem 3

#### 1

#### 2