

## Budget & Forecasting Assignment

You have recently joined a business advisory firm, BET Consulting. One of your clients, Waterloo Brewery, has recently expanded its business in Waterloo. Still a small business, Waterloo Brewery does not have the resources to purchase a corporate planning system. Like many other SMEs, it relies on Excel to record and perform many of its planning and control functions. However, as the firm grows, it plans to begin the process of searching for more dedicated budgeting planning platforms.

Due to the lack of expertise within the company, Waterloo Brewery has come to BET Consulting for help with its annual budget preparation. BET Consulting has assigned you and your fellowcoworker(s) to this task. You have now spoken with the CEO and CFO and have been provided the information in the accompanying Excel file. From this information, your task is to use the tabs in the Excel file, and prepare the tasks outlined below. Submit the Excel template and your summary to the Dropbox by the due date (one submission per group).

**Required:** Individually or in a group of 2 - 5, use the data provided in the Excel file and prepare the following. This part of the assignment will be graded out of 25 possible points.

- a. (5 marks) Schedule A - Revenue Budget; B – Direct Material Budget; C – Direct Labour Budget; D – Variable Overhead Budget; E – Fixed Overhead Budget; F – Selling Administration Expense Budget; G – Transport Budget; H – Cash Receipts and Payments Budget
- b. (5 marks) Complete the Cash Budget, Segment Income Statement, Balance Sheet, and Indirect Cash Flow Statement from the Schedules in Part A. There is a tab for Analyses where you can include any ratio calculations, scenario analyses or other analyses that you will use to support your discussion in Part C.
- c. (15 marks) Prepare a 4 to 5 page report that discusses:
  - Key findings in your forecast – trends, profitability, costs, contribution margins, cash flow. Remember, you are a consultant – this report should be informing your client of the positives and negatives this forecast is showing
  - What specific actions related to Product, Personnel, Processes and Sales/Marketing/Distribution, etc would you recommend that the company takes in order to improve their business?

### Some tips to complete Part C:

- Does the business and how products are manufactured, packaged, sold and transported make sense? Look at each aspect of the budget.
- Discuss which product lines are profitable, which are not and recommendations to improve. Be specific – do not just say “increase/decrease price” or “decrease costs”. You are hired by this company to provide business advice and strategies. What impact would your recommendations have (e.g. how much would certain metrics change as a result)?
- What is the projected financial picture? Are there any investments they should make and would this require financing?
- **What recommendations would you make to improve the business (Consider Product, Personnel, Processes and Sales/Marketing/Distribution, etc)?**