Management Accounting
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Lecture 15
Preparation of Master Budget

Welcome all, so in the previous class I discussed with you that how the means the sales forecasting can be done for preparing the budget documents or for going for the budget and budgetary control process and now from this class onwards we will learn about how to practically prepare the budgets and start with the sale forecasting budget, sales collection budget then the all expenses input budgets, sub budgets and then the preparation of the budgeted profit and loss account then the budgeted cash statement and then the budgeted balance sheet, right.

So, for the simplicity and for the say convenience for all of us maybe you as well as mine, I have taken these two cases, these are the mini cases from the book itself, the book which I have given in the course plan is that is the Management Accounting by the C T Horngren and other two authors. In that, that is a beautiful book which covers the budgeting and budgetary control process very nicely, very effectively. So I have covered up most of the things from that book and here also these mini cases which I am going to discuss with you, they are also form that book. So I found that these are very crisp cases, very clear cases, very you can all to the point and very convincing cases which are helping all of us.

So these are in terms of the say American economy or maybe the in terms of dollars but they are equally applicable that whether it is in dollars or in rupees or in any currency or in any amount or in any case, the budgeting exercise, the budgetary process is going to remain the same. So for your convenience that if you further want to refer the budget and budgetary control process and some other cases, some other problems and want to improve your knowledge we always refer to the book that is Management Accounting by C T Horngren and Stanton and then there you will find this master budget as well as the next part which I will discuss with you after the master budget there is a flexible budget.

They have given very nicely and I have also followed the same book and these cases are also from the same book right. So this cases, for example, what we will do is will follow the strategy the process that I have broad this case here and closed it with this lecture in the PDF format, so you open the PDF format, first you read the case, try to understand the case clearly, properly and try to understand that what is the budget horizon? What is the budget period (where) which is given in this case, for how many months, quarters the budget we have to prepare? Whether it is for a month, for a quarter, for 6 months or for a year, this is the first thing you have to bear in your mind.

Second thing is, what are the important conditions the author has given to us? That how much sales he is forecasting or the sales forecast information has been given to us, how the sales are going to be made means what part of the sales is on the cash, what part is on the credit? Then how the credit sales are going to be collected? And then you have to go for the other input budgets, sub-budgets that is the purchase budget, purchase disbursement budgets because that is we are going to sell part of our production or this firms production on credit.

Similarly, this firm has a right to buy some input that is a raw material from the suppliers on credit. So what are the, those credit conditions given by the supplier? So you have to read each and every thing understand this case fully and after that you will have to start doing it or solving it or understanding that how we prepare the budgets starting with the sales budgets, sale forecasting budget and ending up with the budgeted balance sheet. So here first of all I will read it this entire case with you or for you and then I will highlight the important things given here and then we will start solving it and preparing the budgets.

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Master Budget –Mini case

Computer Superstores, Inc., has a strong belief in using highly decentralized management. You are the new manager of the company's store in the Mall of America. You know much about how to buy, how to display, how to sell, and how to reduce shoplifting. You know little about accounting and finance, however.

Top management is convinced that training for higher management should include the active participation of store managers in the budgeting process. You have been asked to prepare a complete master budget for your store for June, July, and August. You are responsible for its actual full preparation. All accounting is done centrally, so you have no expert help on the premises. In addition, tomorrow the branch manager and the assistant controller will be here to examine your work; at that time, they will assist you in formulating the final budget document. The idea is to have you prepare the budget a few times so that you gain more confidence about accounting matters. You want to make a favorable impression on your superiors, so you gather the following data as of May 31, 20X5:

		Recent and Projected Sales	
Cash	$ 29,000		
Inventory	420,000	April	$300,000
Accounts receivable	369,000	May	350,000
Net furniture and fixtures	168,000	June	700,000
Total assets	$986,000	July	400,000
Accounts payable	$475,000	August	400,000
Owners' equity	511,000	September	300,000
Total liabilities and			

So here it is the case like Computer Superstores Inc. has a strong belief in using highly de-centralize management, you are the new manager of the company's store in the mall of America. So whether it is Indian market or American market does not make the difference because otherwise we are also a global economy. You know much about how to buy, how to display, how to sell and how to reduce shoplifting. You know the little about accounting and finance however top management is convinced that training for higher management should include the active participation of the store in budgeting process that is the bottom to top.

You have been asked to prepare a complete master budget for your store for the month of June, July and August. You are responsible for its actual full preparation, all accounting is done centrally so you have no expert help on the premises. In addition tomorrow the branch manage and the assistant controller will be here to examine your work. At that time they will assist you in formulating the final budget document. The idea is to have you prepare the budget a few times so that you gain more confidence about accounting matters. You want to make a favorable impression on your supervisors so you gather the following data as of May 31st 2015. Whatever you take the time horizon that can be taken.

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gain more confidence about accounting matters. You want to make a favorable impression on your superiors, so you gather the following data as of May 31, 20X5:

		Recent and Projected Sales	
Cash	$ 29,000		
Inventory	420,000	April	$300,000
Accounts receivable	369,000	May	350,000
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Owners' equity	511,000	September	300,000
Total liabilities and owners' equities	$986,000		

Credit sales are 90% of total sales. Credit accounts are collected 80% in the month following the sale and 20% in the following month. Assume that bad debts are negligible and can be ignored. The accounts receivable on May 31 are the result of the credit sales for April and May:

$$(.20 \times .90 \times \$300{,}000) + (1.0 \times .90 \times \$350{,}000) = \$369{,}000.$$

The average gross profit on sales is 40%.

The policy is to acquire enough inventory each month to equal the following month's projected cost of goods sold. All purchases are paid for in the month following purchase.

Salaries, wages, and commissions average 20% of sales; all other variable expenses are 4% of sales. Fixed expenses for rent, property taxes, and miscellaneous payroll and other items are $55,000 monthly. Assume that these variable and fixed expenses require cash disbursements each month. Depreciation is $2,500 monthly.

In June, $55,000 is going to be disbursed for fixtures acquired in May. The May 31 balance of accounts payable includes this amount.

Assume that a minimum cash balance of $25,000 is to be maintained. Also assume that all borrowings are effective at the beginning of the month and all repayments are made at the end of the

We are given the this, you can call it as some information which you call it as the balance sheet of the firm which is ending on 31st May of any year right, it maybe 5, it maybe 15, it maybe 17 so we are given this data, so we are given on the left side this is the balance sheet position where we are given the assets, starting with the current assets and then we are given the liabilities. So he has given that cash position of the company the closing cash balance of the previous year was 29 thousand dollars, inventories 420 thousand dollars, accounts receivable are 369 thousand dollars, net furniture and fixtures are 168 thousand dollars and total assets are 986 thousand dollars.

Now you talk about the liabilities, accounts payable are 475 thousand dollars, owners' equity is 511 thousand dollars again the liability side is also equal to the asset side, so this is the means summary of the balance sheet and the projected sales are given to us on the right hand side about the past, about 6 months. Starting with April ending with September and all these sales are important for us, sales forecasting are important for us. So in this case when you have to prepare the budget, we will have to take into consideration all these sales and sales forecasting and now you look at these sales are given to us for the months and further information is very important here.

What is the information given here is? That credit sales are 90 percent of sales, it means whatever the sales we are making in any month, 90 percent of those sales are on credit only 10 percent of the sales on cash, so mind it this is very important condition, we will have to take that information into account. Credit accounts are collected 80 percent in the month following the sales and 20 percent in the following month, right. So it is collectible over the next 2 months.

Assume that back dates are negligible and can be ignored, so whatever the credit sales are going to be there, there are fully collectible so hardly there is any back date. The accounts receivable on May 31st are the result of the credit sales for the month of April, May because we are going to collect the sales partly 10 percent in the current month of sales then remaining sales we are going to collect in the order of that 80 percent of that 90 percent we are going to collect in the next month and 20 percent of that 90 percent we are going to collect in the next to next month, right.

So this way the sales collection process will take place, this is very important information. The average gross profit on the sales is 40 percent, this is another important condition for calculating the cost especially the cost of material. Now this point or this information is very useful, the policy is to acquire enough inventory each month to equal the following month projected cost of goods sold, or purchases are paid for in the following month of purchase, right. So it means we are buying today and purchases we are paying or paying for the purchases to the suppliers next month, we are not paying so all purchases are here in the, purchases are in the current month and payments we are making in the next month.

Salaries, wages and commission average 20 percent of sales all other variable expenses are 4 percent of sales, fix expenses for rent, property taxes and miscellaneous payrolls and other items are dollar 55,000 monthly. Assume that this variables and fix expenses require cash disbursements each month, depreciation is 2500 monthly, right.

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sale and 20% in the following month. Assume that bad debts are negligible and can be ignored. The accounts receivable on May 31 are the result of the credit sales for April and May:

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In June, $55,000 is going to be disbursed for fixtures acquired in May. The May 31 balance of accounts payable includes this amount.

Assume that a minimum cash balance of $25,000 is to be maintained. Also assume that all borrowings are effective at the beginning of the month and all repayments are made at the end of the month of repayment. Interest is paid only at the time of repaying principal. The interest rate is 10% per annum; round interest computations to the nearest ten dollars. All loans and repayments of principal must be made in multiples of a thousand dollars.

1. Prepare a budgeted income statement for the coming quarter, a budgeted statement of monthly cash receipts and disbursements (for each of the next three months), and a budgeted balance sheet for August 31, 20X5. All operations are evaluated on a before-income-tax basis, so income taxes may be ignored here.
2. Explain why there is a need for a bank loan and what operating sources supply cash for repaying the bank loan.

So and then in the, this is the condition here that is the depreciation is 2500 dollars monthly. In June 55,000 dollars is going to be a sum of 55,000 dollars is going to be disburse for furniture or the fixture acquired in the month of May. The May 31st balance of accounts payables include this amount, assume that a minimum cash balance of 25,000 dollars has to be maintained all the time, that is the minimum cash balance which will be useful for preparing the cash budget.

Also assume that all borrowing are effective at the beginning of the month and all payments are made at the end of the month of repayment. Interest is paid only at the time of repaying the principle. The interest rate is 10 percent per annum, round interest computations to the nearest 10 dollars, all loans and principles must be paid or made in the multiples of the thousand dollars. So when we are going to borrow, when there is a shortage of the cash we are going to borrow from the bank or may be some any other source.

We will have to borrow in the multiple of thousands and we will have to return also when there is a surplus available, we have to return that also in the multiple of thousands. If it is less than 1000 we will not means borrow less than 1000 and we will not pay less than 1000 and the interest on that borrowings when we returning it back to the bank or to the source then we have to return it with the interest and the interest has to be rounded off to the nearest 10 dollars, this is another important condition.

For thing required now, what we have to do is, prepare a budgeted income statement for the coming quarter, coming quarter means 3 months that is the months of, we are here at the end of May and now we have to prepare the budget for June, July and August. A budgeted statement of monthly cash receipts and disbursements that means the cash budget. For each of the next 3 months and a budgeted balance sheet for the 31st August 2015 or 17or 18 whatever you demit.

So we have to start the budget from the month of June, we have to end up with the budgeting process by 31st August so we are going to prepare the budget for 1quarter that is for the period of 3 months that is June, July and August. All operations are evaluated on a before income tax basis, so income taxes may be ignored here. So no means need to mention the income taxes. Explain why there is need for a bank loan and what operating sources supply cash for paying the bank loans. So will have to explain it later on because we will be knowing it after preparing the cash budget that what is the cash position at the end of a particular month and means are we having a surplus cash or we have running through the shortage of the cash?

And if this is the case then for where we have to arrange the cash? And if there is a surplus then how we have to pay it back to the bank? So that is very important condition which will be required to be taken care of in case of the this entire budgeting exercise. So now we will go back to this entire information and they start preparing about the different sub-estimates schedules and then will club them together and then the result will be the budgeted profit and loss account, budgeted cash flow statement or the cash budget and the budgeted balance sheet, right.

Now let us start preparing it and first schedule that I will prepare for you is, here is means drawing this information and converting that into the different schedules will be the sales budget. So what is going to be the sales budget? Looking at this conditions, we will have to clearly prepare a schedule and we have to show in that schedule that how the sales in the next 3 months are going to be there. So what is the monthly sales? What are the quarterly sales? How many sales are on cash? How many sales are on credit? And what is the total balance of the sales that schedule we have to prepare this is the first schedule. So let us prepare this schedule and learn about that how we are going to take care of all this things.

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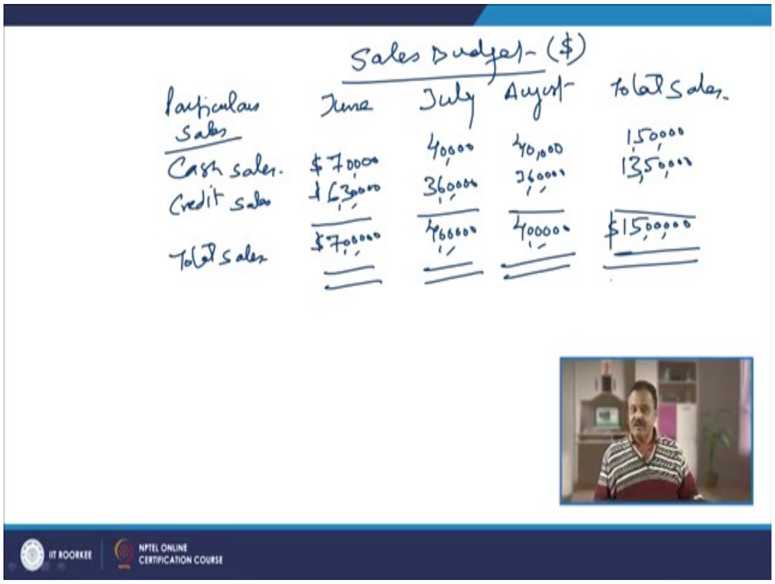

So we are preparing the first budget that is a sales budget and here we have to write here that is the sales budget because we have to prepare the net result will be preparing the budgeted profit and loss account and that will not be possible until and unless we prepare all this schedules and the first schedule that is the sales budget. While you preparing the sales budget you have to prepare the different columns, right. The first column here is for the particulars then for the months, first month is June then second is July and then the third one is the August, this is the August month and then we are talking about the total sales in this quarter, right.

So will be starting with the total amount of the sales and when you see the sales particulars means the sales and it is divided into two parts. So first part is the cash sales, so we write here what is the cash sales amount? This is the first thing cash, sales. The condition given to us in the case is, what is the condition given to us in the case? That if you look at this condition credit sales are 90 percent of the total sales, it means how much are the cash sales? Only 10 percent right so if these are the only 10 percent sales so in the month of June, how much we are going to sell on cash? Looking at this what are the sales for the month of June? 700 thousand, July? 400 thousand, August? 400 thousands, right.

Now cash sales are just 10 percent of this, so it means again that 700 thousand only say 70 thousand worth of the sales are on cash I am taking that in dollars or you can put this dollars here one time so you not need to put it again time and again, so this is in the month of June the cash sales are 70 thousand, here in the month of July the cash sales are going to be 40 thousand and in the month of August the cash sales are going to be again 40 thousands. So what are going to be total sales? That is the cash sales that is the 150 thousand dollars, these are the cash sales.

Second component of the sales is going to be now credit sale, second component is going to be credit sales, so what are the credit sales here? Remaining amount is the credit sales, so again 700 thousand if 70 thousand are cash so the balance is going to be how much? That is 630 thousand dollars as the credit sales. In this case how much is going to be? 360 thousand is going to be the credit sales, here also 360 thousand dollars are going to be credit sales, so it means the total credit sales are going to be how much? 13,50,000 rupees, one million three hundred and fifty thousand rupees sales are going to be the credit sales or if you put it in the lakhs then it is 13,50,000 worth of rupees sales are on the credit and cash sales are 150 thousand, so now you total it up.

When you total it up here also on the vertical columns so the total sales are going to be, total sales and there are going to be how much? 700 thousand dollars for the month of June, here it is how much? 400 thousand dollars for the month of July and 400 thousand dollars for the month of August. So it means total sales are going to be how much? For this entire quarter is going to 1.5 million worth of the dollars or the you say simply it can be said that we are going to sell for 15 lakh dollars of the sales we are going to attain by the end of this quarter that is total for the 3 months June, July and August total sales are going to be 15 lakhs.

Worth of 15 lakhs out of that 10 percent 150 thousand worth of the sales will be on cash and the remaining sales will be on credit which is 1.3 means one million three hundred and fifty thousand dollars, so total sales are going to be how much? That is 1.5 million or the 15 lakh worth of the dollars, this much of the sales we are going to make in this quarter. So all this is possible as I told you, this is the beginning process means sales forecasting is the beginning of any budgetary exercise or the budgeting process.

Here also now practically while solving this mini-case we are also starting with the forecasting of sales. This information the firm has generated that over this 3 months period of time we can sell or there is a possibility of selling worth of the 1.5 million dollars sales in the market, we can make, we can achieve this target, we can achieve this target, fine. So we have done this and we have prepared this budget for us and this is the sales budget, this is the first schedule for us.

Now I go to the next schedule and next schedule is that is about the sales collection budget. Once we are going to find out how much we are going to sell? Only 10 percent is collected as cash, remaining is on the credit. Now how this credit is going to be collected? Right, so we will go back just to read it from the case that what are now the collection conditions?

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Master Budget –Mini case

Computer Superstores, Inc., has a strong belief in using highly decentralized management. You are the new manager of the company's store in the Mall of America. You know much about how to buy, how to display, how to sell, and how to reduce shoplifting. You know little about accounting and finance, however.

Top management is convinced that training for higher management should include the active participation of store managers in the budgeting process. You have been asked to prepare a complete master budget for your store for June, July, and August. You are responsible for its actual full preparation. All accounting is done centrally, so you have no expert help on the premises. In addition, tomorrow the branch manager and the assistant controller will be here to examine your work; at that time, they will assist you in formulating the final budget document. The idea is to have you prepare the budget a few times so that you gain more confidence about accounting matters. You want to make a favorable impression on your superiors, so you gather the following data as of May 31, 20X5:

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Owners' equity	511,000	September	300,000
Total liabilities and owners' equities	$986,000		

Credit sales are 90% of total sales. Credit accounts are collected 80% in the month following the

Collection conditions are credit sales are 90 percent of total sales, credit accounts are collected, 80 percent in the month following the sales, 80 percent in the month following the sales it means 80 percent of the 90 percent we are going to collect in the next month and 20 percent of the 90 percent we are going to collect in the next two next month.

So this is the condition, no back dates that is negligible, we have to ignore it and the accounts receivable on May 31 are the result of the credit sales for the month of April and May right, now so we have to collect now the sales, so let us prepare the next schedule and that next schedule is going to be for the sales collection budget.

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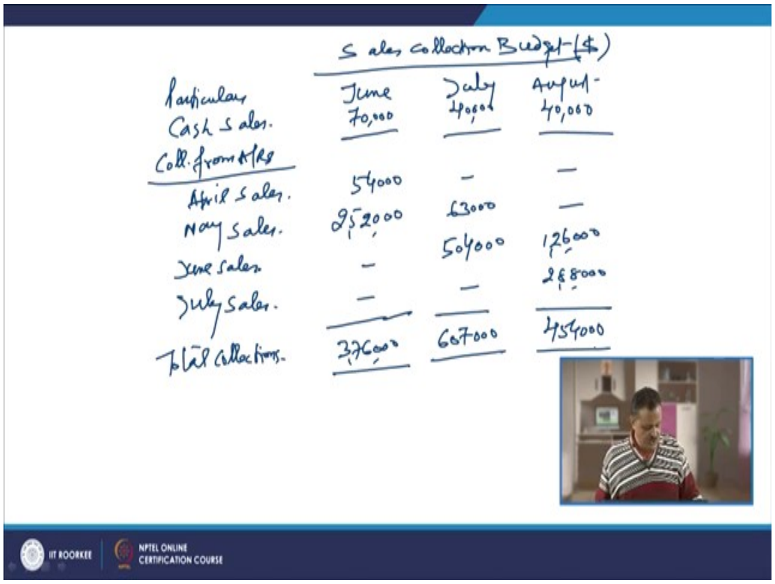

So next schedule, this is the schedule number 2, sales collection budget. Sales Collection Budget because these are the sub-budgets, if you prepare the sub-budgets and then you submit up then finally will be able to find out the budgeted profit and loss account and the budgeted balance sheet right. So now cash collection budget we will write to again here particulars then we write here the months here, so when we are talking about the months again we have the 3 months, how much we are going to collect in June? How much we are going to collect in July? How much we are going to collect in August? Right, so these are the 3 collections for the 3 months.

Now first collection will come from where? That is the cash sales and that too in the current month. How much was the cash sales in the current month? We collected 70,000 worth of sales in the same month, 40,000 for the month of July and again 40,000 for the month of August these are our cash collections from the current month sales. Now collection on accounts receivable, collection from accounts receivable I am writing here A/R accounts receivable that is the collection from accounts receivable means the credit sales we have made how we are going to collect those sales?

So we are going to collect in the month of June, we are going to collect for the month of the April and for the month of May because in the month of June only 10 percent will come for the from the sales of the current month that is the month of June remaining collection will be for the month of April and for the month of May and for the month of June we have already shown that our cash sales and collections are only 70,000 right. So collection from accounts receivables, we are going to receive now part of the credit sales which we made in the month of April we are going to collect that into the month of June, so it means April sales.

Collections from accounts receivables means it is for the April sales, so April sales we had made and out of those April sales, what were the total? Means, why this information now it must be clear to you, why this April information is given to us? This information is to us say April sales were 300 thousands out of this 300 thousands means the total sales collection must be that is 30,000 is collected in the month of April itself and whatever the remaining amount was 270 thousand out of that 80 percent was must have been collected in the month of May and only 20 percent of that 270 thousand which is 90 percent of the total sales in the month of April we are going to collect in the month of this June.

So it means April sales we are left with the 20 percent and that 20 percent will be collected in the month of June so for the April sales we are going to collect how much? 270 thousand is the total sales and 20 percent works out as just for we are again putting a dollars here so this is a dollars collection in the dollars and we are going to April sales we are going to collect that is of 54,000 sales, worth of sales we are going to collect so it means in the month of June and noting in month of July, noting in the month of August because all the sales up to June previous month that is April and May this stand collected till he month of June.

Now in the month of June will collect partly for the from the May sales also, so May sales we are going to collect here, so it means how much we are going to collect for the May sales? 252 thousands, 252 thousands and this is going to be how much? This is going to be 80 percent of the 90 percent sales which we made in the month of May and we are going to collect that in the next month that is 80 percent of the credit sales we are going to collect in the month of May that is 252 thousand and remaining amount will be collected in the month of July that amount will be how much? 63,000 so this the total collection and nothing.

Now the total collection for the month of May sales are collected 10 percent in the month of May itself, 80 percent in the month of June and 20 percent of the credit sales in the month of July so now noting will be collected for May sales in the month of August, right. Now we go for the collection from the June's sales. June sales so if you talk about the June sales we have already collected from June sales that is the 70,000 which was in cash and nothing we are going to collect for the month of June sales in the month of June now from the credit because credit will be collected now in the next month.

So meant for the June 80 percent of the 90 percent of sales will be collected that is 504 thousand rupees in the month of July for the sales which we made in the month of June and remaining 126 thousand we are going to collect in the month of August. So it means June sales also stand collected, 70,000 we collected here, 504 we collected in July and remaining 126 thousand we collected in the month of August. So total sales which we made in the month of June that is worth of the 700 thousand dollars, they are collected by the August and now nothing is due for the April sales, for the May sales, for the June sales.

Now we talk about the July sales, if you look at the July sales now, July sales we are going to collect how much? Nothing in June and nothing in July we have already collected in July the cash part that is 40,000 we have already collected and remaining amount means 80 percent of the 90 percent of the sales of July we are going to collect here that is in the month of August and that works out as 288 thousands, 288 thousand dollars. So it means now will talk about here is that is the total collections, right. Total collections, total collections here are going to be how much?

We are going to collect the total amount that is 376 thousands, so it means this amount works out as we have already collected this, this is cash sales 70-40-40 and now we have the remaining amount this we are going to collect here is this amount is going to be 376 thousands, 376 thousand dollars in this month we are going to collect 607 thousand dollars of the sales and in this month we are going to collect total is 454 thousand dollars of the sales.

So total collections are going to be how much? 376 thousand in the month of June, 607 in the month of July and 454 thousand in month of August these all means this information with regard to the collections of sales in terms of cash will further be utilized in his cash budget, when will prepare the cash there will be show that how much collection, means what is the inflow of the cash in the cash statement. How much is coming from the sales as a collection of sales.

So will show there that the collection for the month June or the receipt for the month of June is 376 thousand, for the month of July 607 thousand and month of August454 thousand and now for the month of August, for the month of August it means how much we have sold for the month of August? The sales for the month of August are 400 thousands right out of that how much we have collected here? That is 40,000 we have collected in the month of August, so it means part of the August sales that is 360 thousand plus 20 percent of the 90 percent of the credit sales of month of the July will be collected in the month of September.

So it means we are going to have some information about and that information will be in terms of the accounts receivable so accounts receivable now will be calculated as that part of the collection for the August sales, part of the collection of the July sales and then that amount will work out as the total account receivable and that accounts receivable will take directly that information will take directly to the balance sheet.

So it means the first schedule was the sales budget depending upon the sales condition, credit and cash information we prepare the second schedule that is the sales collection budget and now we will prepare the third schedule that is the purchase budget.

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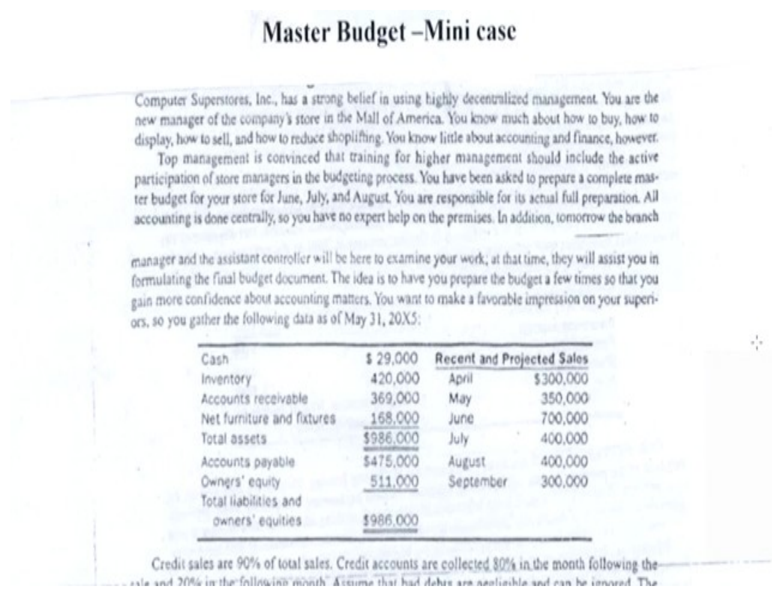
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Looking at the information given to us that is what is the purchase budget? We will go for that and purchase information is given to us directly.

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The average gross profit on sales is 40%.

The policy is to acquire enough inventory each month to equal the following month's projected cost of goods sold. All purchases are paid for in the month following purchase.

Salaries, wages, and commissions average 20% of sales; all other variable expenses are 4% of sales. Fixed expenses for rent, property taxes, and miscellaneous payroll and other items are $55,000 monthly. Assume that these variable and fixed expenses require cash disbursements each month. Depreciation is $2,500 monthly.

In June, $55,000 is going to be disbursed for fixtures acquired in May. The May 31 balance of accounts payable includes this amount.

Assume that a minimum cash balance of $25,000 is to be maintained. Also assume that all borrowings are effective at the beginning of the month and all repayments are made at the end of the month of repayment. Interest is paid only at the time of repaying principal. The interest rate is 10% per annum; round interest computations to the nearest ten dollars. All loans and repayments of principal must be made in multiples of a thousand dollars.

1. Prepare a budgeted income statement for the coming quarter, a budgeted statement of monthly cash receipts and disbursements (for each of the next three months), and a budgeted balance sheet for August 31, 20X5. All operations are evaluated on a before-income-tax basis, so income taxes may be ignored here.
2. Explain why there is a need for a bank loan and what operating sources supply cash for repaying the bank loan.

So if you look at the purchase information, it is already given in the case and that information is how that we have to have go for the this information here if you look at, we are given here that the average gross profit on sales is 40 percent. So it means, what does it mean? 40 percent is the gross profit, so it means the cost of production is 60 percent, cost of production is 60 percent and what is the cost of production? That is the material cost and the other operating expenses cost. Other operating expenses information is given to us separately very clearly that is the fixed as well as the variable operating cost. So it means you can easily assume that this 60 percent cost is just for the material.so we are going to purchase 60 percent of the cost of the goods sold in terms of the material we are going to purchase so first will prepare the purchase schedule and after that we will prepare the payment for the material schedule and then the schedule for the payment of the other operating expenses right.

So that purchase schedule, purchase for the material schedule and for the other operating expenses schedule we will prepare in the next class and then accordingly we will proceed further for preparing the say the budgeted profit and loss account, the cash budget and the budgeted balance sheet.so for the moment I stop here and the reaming schedules will prepare in the next class. Thank you very much.