

Muebles Urbanos: Design with Precision and Planning

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THE COMPANY

**INVENTORY
POLICY**

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THE COMPANY

Muebles Urbanos (Urban Furniture) started operations in Guadalajara, Jalisco, in January 2005. It manufactures modular wooden furniture with modern designs for corporate clients (co-working spaces, offices, restaurants) and high-end residential clients.

The directors are currently looking to expand their operational capacity to meet new business orders during the first semester of 2025.

ESTIMATED INFORMATION FOR THE FIRST SEMESTER	
PRODUCT	RETAIL PRICE
Desk, Model 100	\$3,500
Compact table, Model 200	\$2,800
Bookcase	\$4,200
Source. Own elaboration, 2025.	

SALES FORECAST (UNITS PER MONTH)						
PRODUCT	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
Desk	80	90	100	110	120	130
Table	60	70	75	80	87	90
Bookcase	40	42	40	45	50	55
Note: 40% of sales are cash and 60% on 30-day credit. Fuente. Elaboración propia, 2025.						



RAW MATERIAL BY UNIT			
PRODUCT	WOOD (M2)	SCREWS (UNIT)	VARNISH (LT)
Desk	2	30	0.6
Table	1.5	25	0.4
Bookcase	2.5	35	0.7
Costs	\$250/m2	\$1.20 each	\$90/liter
Source. Own elaboration, 2025.			

Image. Freepik, 2025.

INVENTORY POLICY

Finished product: a safety stock equivalent to 20% of the month's consumption is maintained for the final inventory. There were 18 desks, 14 tables, and 10 bookcases at the start.

Raw materials: a minimum inventory of 20% of the monthly requirement is also maintained. At the start of the month, there was no inventory of materials.

Direct labor per unit:

The desk, 3.5 hours; the table, 2.5 hours; and the bookcase, four hours per unit.

The indirect monthly manufacturing costs required for production are as follows:

Workshop rent: \$45,000

Electric power: \$12,000

Depreciation of machinery: \$10,000

Supervision and security: \$18,000

Maintenance: \$5,000

Indirect manufacturing costs are allocated based on direct labor hours.

Image: Freepik, 2025.



The hourly rate is 60 pesos and payment is made at the end of each month.



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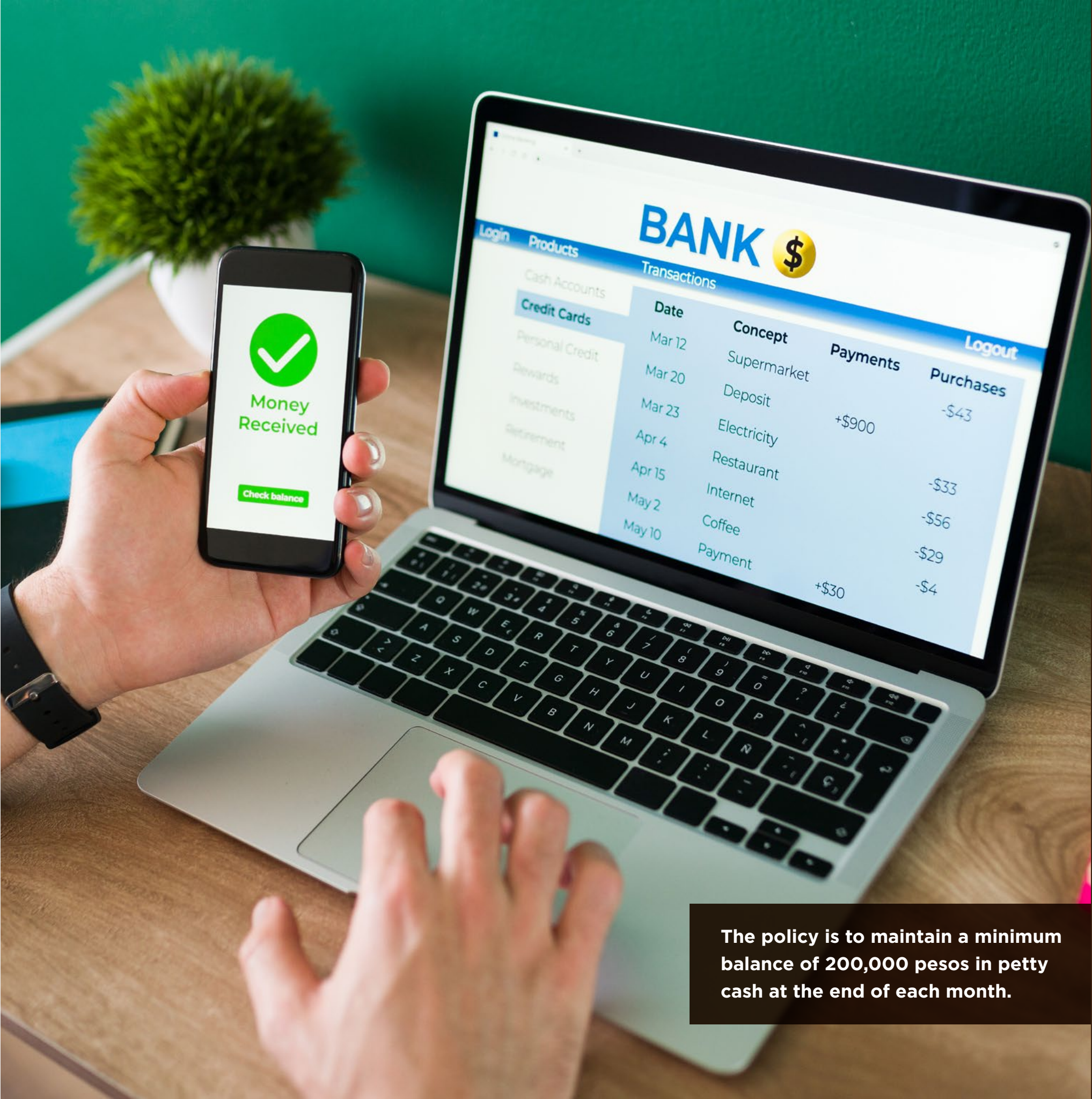
Management and sales expenses (monthly):
Management salaries: \$60,000
Advertising and promotion: \$25,000
Sales commissions: 3% of monthly sales

The company's raw materials purchasing policies are as follows:

Purchases are made 50% cash and 50% on one month credit. There is no initial inventory of raw materials.

To increase its operating capacity, the company wants to buy a polishing machine worth 347,000 pesos in February but will need borrow 100,000 pesos at an annual interest rate of 15% to make the purchase. The proposal contemplates loan repayment the following month. Payments may be aligned with cash flow.

Image. Tonodiaz in Freepik, 2025.



The policy is to maintain a minimum balance of 200,000 pesos in petty cash at the end of each month.

FINANCIAL STATEMENTS

The company has decided to hire a financial advisor to develop a detailed semi-annual master budget to evaluate profitability, cash flow, and short-term financing needs.

ESTIMATED BALANCE SHEET AS OF DECEMBER 2024

Activo:		Pasivo:	
Circulante		Corto plazo	
Efectivo	\$ 210,000.00	Proveedores	\$ 102,000.00
Clientes	\$ 312,000.00		
Inventarios	\$ 49,326.38	Total Pasivo	\$ 102,000.00
Impuestos por acred	\$ -		
Total Circulante	\$ 571,326.38		
No Circulante:		Capital Contable	
Activo fijo	\$ 345,000.00	Aportado	\$ 121,326.38
Depreciación acumulada	\$ 21,000.00	Ganado	\$ 672,000.00
Activo fijo Neto	\$ 324,000.00	Total Capital Contable	\$ 793,326.38
Total Activo		PASIVO + CAPITAL	\$ 895,326.38

The income tax rate is 30% of pre-tax income.
Source. Own elaboration, 2025.