Question 1:

From the information below, prepare a cash budget for a company for April, May, and June 2019 in a columnar form.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Month** | **Sales** | **Purchases** | **Wages** | **Exp.** |
| Jan. (actual) | 80,000 | 45,000 | 20,000 | 5,000 |
| Feb. (actual) | 80,000 | 40,000 | 18,000 | 6,000 |
| Mar. (actual) | 75,000 | 42,000 | 22,000 | 6,000 |
| Apr. Budget | 90,000 | 50,000 | 24,000 | 6,000 |
| May Budget | 85,000 | 45,000 | 20,000 | 6,000 |
| Jun. Budget | 80,000 | 35,000 | 18,000 | 5,000 |

**You are further informed that:**

1. 10% of purchases and 20% of sales are for cash.
2. The average collection period of the company is half a month and credit purchases are paid off regularly after one month.
3. Wages are paid half monthly and the rent of $500, excluded in expense, is paid monthly.
4. Cash and bank balance on April 1 was $15,000.

Question 2:

Prepare Cash Budget of ABC limited for April to June 2021 from the following information: Cash and bank balance on 1st April 2021 is Rs. 40,000

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Month** | **Sales** | **Purchase** | **Wages** | **Other Expenses** |
| **Jan-21** | 1,40,000 | 70,000 | NA | NA |
| **Feb-21** | 1,50,000 | 80,000 | 22,000 | 10,000 |
| **Mar-21** | 1,30,000 | 70,000 | 16,000 | 12,000 |
| **Apr-21** | 1,40,000 | 70,000 | 20,000 | 12,000 |
| **May-21** | 1,60,000 | 90,000 | 25,000 | 14,000 |
| **Jun-21** | 1,30,000 | 70,000 | 16,000 | 14,000 |

* + `

**Question 3**

The cost/price structure of a company is as under. The production is undertaken in single shift.

|  |  |
| --- | --- |
| **Particulars** | **Per Unit Rs.** |
| Raw – Materials | 80 |
| Direct Labour | 30 |
| Overheads | 60 |
| Total Cost | 170 |
| Profit | 30 |
| Selling Price | 200 |
| The following information is provided | |
| 1. Raw materials are in stock on an average for a month. Materials are in process, on an average for half a month. Finished goods are in stock on an average for a month. | |
| 1. Credit period allowed by suppliers is one month. Credit allowed to debtors is 2 months. | |
| 1. Lag in payment of wages is ½ Month. Lag in payment of overhead is one month. | |
| 1. One-fourth of the output is sold against cash. All purchase is on credit basis | |
| 1. Cash on hand is expected to be Rs. 25000. | |
| You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,04,000 units of production | |
| You may assume that production is carried on evenly throughout the year, wages and overheads accrue similarly and a time period of 4 weeks is equivalent to a month. | |



