**1**. S.K.Brothers wishes to approach the bankers for Temporary overdraft facility for the period from October 2010 to December 2010. During the period of this period of these three months, the firm will be manufacturing mostly for stock. You are required to prepare a cash budget for the above period.

|  |  |  |  |
| --- | --- | --- | --- |
| Month | Sales(Rs.) | Purchases (Rs.) | Wages(Rs.) |
| August | 360000 | 249600 | 24000 |
| September | 384000 | 248000 | 28000 |
| October | 216000 | 486000 | 22000 |
| November | 348000 | 492000 | 20000 |
| December | 252000 | 536000 | 30000 |

Other information:

(a) 50% of credit sales are realized in the month following the sales and remaining 50% in the second month following.

(b) Creditors are paid in the month following the month of purchase

(c) Estimated cash as on 1‐10‐2010 is Rs.50,000.

2. You are required to prepare sales overhead budget from the estimates given below:

**Rs.**

**Rs.**

Advertisement 2,500

Salaries of the sales department 5,000

Expenses of sales department 1,500

Counter salesmen’s salaries and dearness allowance 6,000

Travelling salesmen’s commission at 10% on their sales and expenses at 5% on their sales. Sales during the period were as follows:

Counter sales **(Rs.)** Travelling salesmen’s **(Rs.)**

80,000 10,000

1,20,000 15,000

1,40,000 20,000

3. Explain the scope of management accounting.