# Lesson 2.3 Practice Quiz

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Correct

1 / 1 points

1. Which of the following is false regarding the cash budget?

1. It can span multiple time periods.
2. It considers required cash balances.
3. **It focuses only on operations.**

**Correct Response**

Correct! The cash budget involves financing and capital expenditures, as well.

Correct

1 / 1 points

2. Wish Corporation managers require a minimum monthly cash balance of $25,000. At the beginning of the second quarter of the upcoming year, the cash balance is $27,000.

Half of the $490,000 in sales from last quarter will be collected during Q2. Expected disbursements are budgeted at $220,000.

What does the manager learn from the cash budget for Q2?

1. The company will need to obtain financing during Q3.
2. The cash balance will be reduced during Q2, but no financing will be necessary.
3. The cash balance at the end of Q2 is double the cash balance at the beginning of Q2.

**Correct Response**

Correct! The beginning cash balance of $27,000, plus $245,000 in sales revenue collections, less $220,000, is $52,000.

Correct

1 / 1 points

3. The cash budget is the final step in the budgeting process.

1. True
2. False

**Correct Response**

Correct! Budgeting is an iterative process, and the final step need not be related to the cash budget.