**Cash Budget**

**Question 1:**

From the following information prepare cash budget for the three months ended March 22.

Estimated Revenue and Expenditure:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Month** | **Total Sales** | **Material** | **Wages** | **Production overhead** |
|  |  |  |  |  |
| Dec-21 | 200000 | 160000 | 35000 | 35000 |
| Jan-22 | 180000 | 150000 | 37000 | 32000 |
| Feb-22 | 240000 | 180000 | 39000 | 36000 |
| Mar -22 | 200000 | 160000 | 35000 | 35000 |

1. Cash balance on 1st January 2022 was ₹ 100000.
2. A new machine is to be installed at ₹ 250000 on credit in the month of January 2022, to be repaid in two instalments in February 2022 of ₹ 150000 and Balance in March 2022.
3. Period of credit allowed by suppliers is 1 month.
4. 10% of sales are in cash. Credit sales are received in the following month.
5. Delay in payment of Production overhead is 1 month.

**Question 2:**

From the following information prepare cash budget for the three months ended June 2022

**Estimated Revenue and Expenditure:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Month** | **Total Sales** | **Material** | **Wages** | **Manufacturing overheads** |
| March 22 | 400000 | 240000 | 99000 | 66000 |
| April 22 | 320000 | 160000 | 75000 | 65000 |
| May 22 | 250000 | 100000 | 57000 | 62000 |
| June 22 | 400000 | 240000 | 99000 | 66000 |

1. Cash balance on 1st April 2022 was ₹ 70000.
2. Interest on Investment of amount ₹ 20000 received in the month of April
3. Period of credit allowed by suppliers is 1 month.
4. 40% of sales are in cash. Credit sales are received in the following month.
5. Delay in payment of Manufacturing overheads is 1 month.