Problem 12 - 10

1.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Schedule of Expected Cash Collections | April | May | June | Quarter |
| Cash sales | $36,000 | $43,200 | $54,000 | $133,200 |
| Credit sales | $20,000 | $24,000 | $28,800 | $72,800 |
| Total collections | $56,000 | $67,200 | $82,800 | $206,000 |

2.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Merchandise Purchases Budget | April | May | June | Quarter |
| Budgeted cost of goods sold | $45,000 | $54,000 | $67,500 | $166,500 |
| Add desired ending inventory | $43,200 | $54,000 | $28,800 | $126,000 |
| Total needs | $88,200 | $108,000 | $96,300 | $292,500 |
| Less beginning inventory | $36,000 | $43,200 | $54,000 | $133,200 |
| Required purchases | $52,200 | $64,800 | $42,300 | $159,300 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Schedule of Expected Cash Disbursements – Merchandise Purchases | April | May | June | Quarter |
| March purchases | $21,750 |  |  | $21,750 |
| April purchases | $26,100 | $26,100 |  | $52,200 |
| May purchases |  | $32,400 | $32,400 | $64,800 |
| June purchases |  |  | $21,150 | $21,150 |
| Total disbursements | $47,850 | $58,500 | $53,550 | $159,900 |

3.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Schedule of Expected Cash Disbursements – Selling and Administrative Expenses | April | May | June | Quarter |
| Commissions | $7,200 | $8,640 | $10,800 | $26,640 |
| Rent | $2,500 | $2,500 | $2,500 | $7,500 |
| Other expenses | $3,600 | $4,320 | $5,400 | $13,320 |
| Total disbursements | $13,300 | $15,460 | $18,700 | $47,460 |

4.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cash Budget | April | May | June | Quarter |
| Cash balance, beginning | $8,000 | $4,350 | $4,590 | $16,940 |
| Add cash collections | $56,000 | $67,200 | $82,800 | $206,000 |
| Total cash available | $64,000 | $71,550 | $87,390 | $222,940 |
| Less cash disbursements |  |  |  |  |
| For inventory | $47,850 | $58,500 | $53,550 | $159,900 |
| For expenses | $13,300 | $15,460 | $18,700 | $47,460 |
| For equipment | $1,500 | $0 | $0 | $1,500 |
| Total cash disbursements | $62,650 | $73,960 | $72,250 | $208,860 |
| Excess(deficiency) of cash | $1,350 | ($2,410) | $15,140 |  |
| Financing: | $3,000 | $7,000 | ($10,130) |  |
| Etc. | $4,350 | $4,590 | $5,010 |  |

5.

|  |  |
| --- | --- |
| Budgeted Absorption Costing Income Statement  For the Quarter Ending June 30 | |
| Sales | $222,000 |
| Cost of goods sold | $166,500 |
| Gross margin | $55,500 |
| Selling and administrative expenses | $50,160 |
| Net operating Income | $5,340 |
| Interest expense | $130 |
| Net Income | $5,210 |

6.

|  |  |  |
| --- | --- | --- |
| Budgeted Balance sheet  June 30 | | |
| Assets | | |
| Current assets |  |  |
| Cash | $5,010 |  |
| Accounts receivable | $36,000 |  |
| Inventory | $28,800 |  |
| Total current assets |  | $69,810 |
| Building and equipment, net |  | $118,800 |
| Total assets |  | $188,610 |
| Liabilities and Stockholders’ Equity | | |
| Current liabilities |  |  |
| Accounts payable |  | $21,150 |
| Stockholders’ equity |  |  |
| Capital stock | $150,000 |  |
| Retained earnings | $17,460 |  |
| Total stockholders’ equity |  | $167,460 |
| Total liabilities and stockholder’s equity |  | $188,610 |