

Section B : Elective Questions (20%)**Attempt any One of the two questions****QUESTION 3 (35.2)**

Mr. Ho intends to start business on 1 January Year 7 with RM100,000 cash as capital.

His plans are as follows:

- (1) Premises costing RM80,000 will be bought in the month of January. Fixtures and Fittings to be installed in January at a cost of RM3,000 which will be paid February.

- (2) Cash Sales (RM)

January	February	March	April	May	June
30,000	52,000	35,000	47,000	30,000	56,000

- (3) The gross profit margin is 60% on sales.

Purchases are as follows (RM):

January	February	March	April	May	June
20,000	22,000	25,000	27,000	30,000	36,000

30% of the monthly purchases is cash purchases, and the balance is credit purchases.

Trade payables allow one month credit.

- (4) To employ 2 assistants at a monthly salary of RM1,200 each, and will be paid at the end of each month.
- (5) Monthly general expenses are expected to be RM2,500, and this amount includes a 2% depreciation charges. They will be paid in the month in which they incur.
- (6) Part of the premises will be sub-let in January at a rent of RM12,000 per annum and is receivable quarterly in advance.
- (7) Mr. Ho will withdraw RM2,000 cash and RM100 worth of goods per month from business for his personal use.

You are required to prepare a Cash Budget for the 3 months to March Year 7.