

GURUKUL MAHILA COLLEGE PORBANDAR .

DR.BHARATSINH J.DODIYA
HEAD OF COMMERCE
DEPARTMENT

SUBJECT: CASH BUDGET[B.COM.6]

DATE:27-3-2020

From the following details of Arti Ltd. Prepare cash budget for 4 month ending on 31st-july-2006.

month	purchase	sales	labour	Factory expense	Administrative expense
March	-	-	25,000	20,000	10,000
April	1,80,000	2,90,000	30,000	15,000	10,000
May	1,65,000	3,20,000	50,000	22,000	12,000
June	20,2500	3,30,000	50,000	30,000	12,000
july	2,00,000	3,40,000	60,000	36,000	11,000

❖ ***Additional information:***

- 1) Estimated cash balance on 1st April 2006 is Rs 1,10,000.***
- 2) 20 % of purchase is on cash basis creditor for purchase are paid in next month of purchase.***
- 3) 30 % of sales is cash sales.***
- 4) 75 % amount of credit sales is received in next month of selling while remaining 25 % amount is received in second month from month of selling.***
- 5) Time lag for payment labour expense is $\frac{1}{2}$ month, factory expense is $\frac{1}{4}$ month, administrative expense is 1 month.***

6) On 31st March 2006 balance of debtors account is Rs 1,80,000 [Rs 40,000 for sales of February and Rs 1,40,000 for sales of March] and creditors account is Rs 1,65,000.

7) Rs 10,000 for interest on debenture will be pay on 30th June 2006.

Working note -1 calculation of collection from debtors:

February	40,000	[75% march –]	
		[25% 40,000 april]	1,45,000
March	1,40,000	[75% 1,05,000 april]	
		[25% 35,000 may]	1,87,250
April	2,03,000	[75% 1,52,250 may]	
		[25% 50,750 June]	2,18,750
May	2,24,000	[75% 1,68,000 June]	
		[25% 56,000 July]	2,29,250
June	2,31,000	[75% 1,73,250 July]	
		[25% 57,750 August]	

Working note-2 calculation of payment to creditors:

<i>march</i>	-	<i>1,65,000</i>	<i>april</i>
<i>April</i>	<i>1,80,000 *80% = 1,44,000</i>		<i>may</i>
<i>May</i>	<i>1,65,000 *80% = 1,32,000</i>		<i>june</i>
<i>June</i>	<i>2,02,500 *80% = 1,62,000</i>		<i>july</i>

Working note -3 calculation of labour (1/2 month):

March	25,000	[12,500	march	
		[12,500	april]	27,500
April	30,000	[15,000	april]	
		[15,000	may]	40,000
May	50,000	[25,000	may]	
		[25,000	june]	50,000
June	50,000	[25,000	june]	
		[25,000	july]	55,000
July	60,000	[30,000	july]	
		[30,000	august]	

Working note – 4 calculation of factory expenses (1/4):

March	20,000	[3/4	15,000	march	
		[1/4	5,000	april]	16,250
April	15,000	[3/4	11,250	april]	
		[1/4	3,750	may]	20,250
May	22,000	[3/4	16,500	may]	
		[1/4	5,500	june]	28,000
June	30,000	[3/4	22,500	june]	
		[1/4	7500	july]	34,500
July	36,000	[3/4	27,000	july]	
		[1/4	9000	august]	

Cash Budget of Arti LTD. For the period of 4 month.

particulars	april	may	june	july				
opening cash /bank balance	1,10,000	87,250	1,23,250	1,68,500				
cash receipt:								
cash sales	87,000	96,000	99,000	1,02,000				
collection from debtors	1,45,000	1,87,250	2,18,750	2,29,250				
total cash receipt (A)	3,42,000	3,70,500	4,41,000	4,99,750				
Cash payment:								
cash purchase	36,000	33,000	40,500	40,000				
payment to creditors	1,65,000	1,44,000	1,32,000	16,200				
payment to labour	27,500	40,000	50,000	55,000				
payment of factory expense	16,250	20,250	28,000	34,500				
payment of administartive expense	10,000	10,000	12,000	12,000				
interest on debenture			10,000					
Total cash payment(B)	2,54,750	2,47,250	2,72,500	3,03,500				
Closing cash/bank balance(A-B)	87,250	1,23,250	1,68,500	1,96,250				