

**QUESTION 9 – Budgeting**

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(a)

**Cash Budget (Forecast) Jan/June**

	Jan £	Feb £	Mar £	April £	May £	June £
<b>Receipts</b>						
Cash sales receipts	16,800 ①	21,600 ①	20,000 ①	18,400 ①	19,200 ①	20,000 ①
Credit sales receipts 1 month	<u>9,000 ③</u>	<u>25,200 ①</u>	<u>32,400 ①</u>	<u>30,000 ①</u>	<u>27,600 ①</u>	<u>28,800 ①</u>
	<u>25,800</u>	<u>46,800</u>	<u>52,400</u>	<u>48,400</u>	<u>46,800</u>	<u>48,800</u>
<b>Payments</b>						
Machine		8,000 ②				
Purchases - materials	40,500	37,500	34,500 ①	36,000 ①	37,500 ①	43,500 ①
Rent	1,500 ①	1,500 ①	1,500 ①	1,500 ①	1,500 ①	1,500 ①
Computer			1,600 ②			
Rates				800 ②		
Loan repayment and interest						6,825 ③ <u>W 1</u>
Wages/Labour	<u>6,200 ①</u>	<u>6,200 ①</u>	<u>6,200 ①</u>	<u>6,200 ①</u>	<u>6,200 ①</u>	<u>6,200 ①</u>
	<u>48,200</u>	<u>53,200</u>	<u>43,800</u>	<u>44,500</u>	<u>45,200</u>	<u>58,025</u>
<b>Net monthly Cash Flow</b>	(22,400) ①	(6,400) ①	8,600 ①	3,900 ①	1,600 ①	(9,225) ①
Bank loan – Financing	26,000 ④	6,000 ④				
Opening balance	<u>1,300 ①</u>	<u>4,900</u>	<u>4,500</u>	<u>13,100</u>	<u>17,000</u>	<u>18,600</u>
Closing balance	<u>4,900</u>	<u>(4,500)</u>	<u>13,100</u>	<u>17,000</u>	<u>18,600</u>	<u>9,375 ⑥</u>

**Workings**

W 1 Interest £6,500 for 5 months at 12% = £325

(b)

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**Budgeted Income Statement for 6 months ended 30/6/1999**

	£	£
Sales:		290,000.00 ①
Less Cost of sales (75% of £290,000)		
Opening Stock	31,500.00 ①	
Purchases	<u>229,500.00 ①</u>	
	261,000.00	
Less Closing stock (75% of July sales)	<u>43,500.00 ①</u>	<u>217,500.00</u>
Gross profit		72,500.00
Less Expenses		
Wages	37,200.00 ①	
Rent	9,000.00 ②	
Rates less prepaid	700.00 ②	
Interest	1,540.00 ③	
Depreciation - Machinery	500.00 ②	
- Computer	<u>133.33 ②</u>	<u>49,073.33</u>
Profit		<u>23,426.67 ④</u>