

Question 9

(a)

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Cash Budget July to December

Receipts	July	August	September	October	November	December
Cash sale receipts	197,600 ^[1]	205,200 ^[1]	231,800 ^[1]	239,400 ^[1]	243,200 ^[1]	250,800 ^[1]
Cr Sales 1 month		156,000 ^[1]	162,000 ^[1]	183,000 ^[1]	189,000 ^[1]	192,000 ^[1]
Cr Sales 2 months			156,000 ^[1]	162,000 ^[1]	183,000 ^[1]	189,000 ^[1]
	<u>197,600</u>	<u>361,200</u>	<u>549,800</u>	<u>584,400</u>	<u>615,200</u>	<u>631,800</u>
Payments						
Purchases 1 month		107,800 ^[1]	117,600 ^[1]	132,300 ^[1]	137,200 ^[1]	176,400 ^[1]
Purchases 2 months			110,000 ^[1]	120,000 ^[1]	135,000 ^[1]	140,000 ^[1]
Wages	50,000 ^[1/2]	50,000 ^[1/2]	50,000 ^[1/2]	50,000 ^[1/2]	50,000 ^[1/2]	50,000 ^[1/2]
Variable Overhead	104,000 ^[1]	108,000 ^[1]	122,000 ^[1]	126,000 ^[1]	128,000 ^[1]	132,000 ^[1]
Fixed Overhead	59,100 ^[3]	59,100 ^[1]	59,100 ^[1]	59,100 ^[1]	59,100 ^[1]	59,100 ^[1]
Equipment	54,000 ^[1]					
Loan instalment		2,000 ^[1]	2,000	2,000	2,000	2,000
Interest	240 ^[2]	230 ^[1]	220 ^[1]	210 ^[1]	200 ^[1]	190 ^[1]
	<u>(267,3400)</u>	<u>(327,130)</u>	<u>(460,920)</u>	<u>(489,610)</u>	<u>(511,500)</u>	<u>(559,690)</u>
Net Cash	(69,740) ^[1]	34,070 ^[1]	88,880 ^[1]	94,790 ^[1]	103,700 ^[1]	72,110 ^[1]
Bank Loan	48,000 ^[1]					
Opening Balance		(21,740) ^[1]	12,330	101,210	196,000	299,700
Closing Balance	<u>(21,740)</u>	<u>12,330</u>	<u>101,210</u>	<u>196,000</u>	<u>299,700</u>	<u>371,810^[4]</u>

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Budgeted Profit & Loss Account

	€	€
Sales		3,600,000 ^[1]
Less Cost of Sales		
Purchases materials	1,750,000 ^[1]	
Labour	300,000 ^[1]	
Variable Overhead	720,000 ^[1]	
Fixed Overhead	354,600 ^[1]	
		<u>(3,124,600)</u>
Gross Profit		475,400
Depreciation – Equipment	5,400 ^[1]	
Discount Allowed	72,000 ^[2]	
		<u>(77,400)</u>
		398,000
Add Discount Received		13,700 ^[2]
		411,700
Less Interest		(1,290) ^[1]
Net Profit		<u>410,410^[2]</u>

(c)

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- Last year sales from other stores
- Market research/ opinion of sales manager and sales representatives
- Trends/ State of Economy
- Price to be charged/Sales price
- Competition
- Luxuries versus necessities