
Tipperary BATAI

Accounting Revision Seminar

**Saturday
27.04.2024**

Cash Budget

Question 9

Presented by
Jason Ryan

YouTube <https://www.youtube.com/jasonryanteach>

Twitter @JasonRyanTeach

Website mrryanaccounting.weebly.com

mrryanjcb.weebly.com

businesshfc.weebly.com

PAST TOPIC - QUESTION 9

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cash Budget		Yes		Yes		Yes		Yes		Yes	Yes		Yes		Yes	
Production Budgets	Yes		Yes		Yes		Yes		Yes			Yes		Yes		Yes

2020 – Question 9 – Sheila Shannon

PART A

Part A is asking you to prepare a cash budget on a monthly basis for the period March to July inclusive and also the total column for the period. and also the total column for the period.

5 months cash budget for Shelia Shannon for March to July						
Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100
1. Total Receipts	92,000	62,000	101,000	91,100	86,000	432,100
Payments						
Purchases	35,000	42,100	47,000	66,300	62,000	252,400
Expenses	7,000	12,000	11,000	13,000	15,500	58,500
Equipment					16,000	16,000
Rent	1,400	1,400	1,400	2,000	2,000	8,200
2. Total Payments	43,400	55,500	59,400	81,300	95,500	355,100
Net Cash (1-2)	48,600	6,500	41,600	9,800	(9,500)	97,000
Opening Cash	15,500	64,100	70,600	112,200	122,000	15,500
Closing Cash	64,100	70,600	112,200	122,000	112,500	112,500

Receipts

This is the income for the business over a five-month period.

Remember

1. March's figure will be the debtor's figure of €92,00 given at the start of the question.
2. April's figure will be the debtor's figure of €35,000 given at the start of the question

This is because the questions says

'All sales are on credit and are paid for two months after the month of sale.'

Debtors

1. Remember what is says in the question about sales.

'All sales are on credit and are paid for two months after the month of sale.'

2. This means that we don't receive the money for sales until the next month – so
 - i. January sales will be received in March
 - ii. February sales will be received in April
 - iii. March sales will be received in May
 - iv. April sales will be received in June
 - v. May sales will be received in July * Debtor's figure in the balance sheet

	March	April	May	June	July
Sales	101,000	91,100	86,000	85,000	74,800

Taken form the question

Calculations

March	92,000	January's figure from the start of the question
April	62,000	February's figure from the start of the question
May	101,000	March's sales figure as per the question
June	91,100	April's sales figure as per the question
July	<u>86,000</u>	May's sales figure as per the question
Total	432,100	

Note

June sales of €85,000 and July €74,800 will be the debtor's figure if you are asked to complete the balance sheet (Current Assets).

5 months cash budget for Shelia Shannon for March to July						
Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100

Total Receipts

To calculate the Total Receipts, we add up the figures in each column for each month

5 months cash budget for Shelia Shannon for March to July						
Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100
1. Total Receipts	92,000	62,000	101,000	91,100	86,000	432,100

Payments

Purchases

We keep working down through the question.

1. The next Adjustment

'All purchases are on credit, except €12,000 for cash in April, and are paid for one month after the month of purchase.'

This means that we don't receive the money for sales until the next month – so

- i. March purchases will be paid in April
- ii. April purchases will be paid in May
- iii. May purchases will be paid in June
- iv. June purchases will be paid in July * Creditors' figure in the balance sheet
- v. July purchases will be paid in August * Creditors' figure in the balance sheet

	March	April	May	June	July
Purchases	30,100	59,000	66,300	62,000	61,500

Taken from the question

Calculations

March	35,000	Opening creditors figure given the in the question
April	42,100	March's purchases (30,100 + 12,000)
May	47,000	April's purchases (59,000 - 12,000)
June	66,300	May's purchases
July	<u>62,000</u>	June's purchases
Total	252,400	

Note

Remember the July's purchases of €61,500 will be the creditors' figure in the balance sheet (Current Liabilities) if you are asked to prepare one.

5 months cash budget for Shelia Shannon for March to July						
Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100
1. Total Receipts	92,000	62,000	101,000	91,100	86,000	432,100
Payments						
Purchases	35,000	42,100	47,000	66,300	62,000	252,400

Expenses

We keep working down through the question.

1. The next Adjustment are expenses. They will be entered into the budget as they are in the question

	March	April	May	June	July
Expenses	7,000	12,000	11,000	13,000	15,500

5 months cash budget for Shelia Shannon for March to July						
Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100
3. Total Receipts	92,000	62,000	101,000	91,100	86,000	432,100
Payments						
Purchases	35,000	42,100	47,000	66,300	62,000	252,400
Expenses	7,000	12,000	11,000	13,000	15,500	58,500

Equipment

We keep working down through the question.

1. The next Adjustment

'Equipment will be bought in July for €16,000 cash.'

2. This means that for July we just need to put in €16,000

5 months cash budget for Shelia Shannon for March to July						
Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100
4. Total Receipts	92,000	62,000	101,000	91,100	86,000	432,100
Payments						
Purchases	35,000	42,100	47,000	66,300	62,000	252,400
Expenses	7,000	12,000	11,000	13,000	15,500	58,500
Equipment					16,000	16,000

Wages

We keep working down through the question.

1. The next Adjustment

'Rent per month is to be €1,400 and increases to €2,000 on 1 June. (Rent is not included in the expenses above.)'

2. This means that for March, April and May the figure will be 1,400 this will increase to 2,000 for June and July

5 months cash budget for Shelia Shannon for March to July						
Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100
5. Total Receipts	92,000	62,000	101,000	91,100	86,000	432,100
Payments						
Purchases	35,000	42,100	47,000	66,300	62,000	252,400
Expenses	7,000	12,000	11,000	13,000	15,500	58,500
Equipment					16,000	16,000
Rent	1,400	1,400	1,400	2,000	2,000	8,200

Total Payments

To calculate the Total Receipts, we add up the figures in each column for each month

5 months cash budget for Shelia Shannon for March to July						
Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100
1. Total Receipts	92,000	62,000	101,000	91,100	86,000	432,100
Payments						
Purchases	35,000	42,100	47,000	66,300	62,000	252,400
Expenses	7,000	12,000	11,000	13,000	15,500	58,500
Equipment					16,000	16,000
Rent	1,400	1,400	1,400	2,000	2,000	8,200
2. Total Payments	43,400	55,500	59,400	81,300	95,500	355,100

Net Cash

To calculate the Net Cash, we take the Total Receipts (1) and take away the Total Payments (2)

5 months cash budget for Shelia Shannon for March to July						
Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100
6. Total Receipts	92,000	62,000	101,000	91,100	86,000	432,100
Payments						
Purchases	35,000	42,100	47,000	66,300	62,000	252,400
Expenses	7,000	12,000	11,000	13,000	15,500	58,500
Equipment					16,000	16,000
Rent	1,400	1,400	1,400	2,000	2,000	8,200
7. Total Payments	43,400	55,500	59,400	81,300	95,500	355,100
Net Cash (1-2)	48,600	6,500	41,600	9,800	(9,500)	97,000

Opening Cash

1. To start off the opening cash use the figure that is given in the question for cash (see current assets)
2. Remember to put this figure (€15,500) in the opening cash column for March and ALSO in the opening cash column for Total

5 months cash budget for Shelia Shannon for March to July

Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100
8. Total Receipts	92,000	62,000	101,000	91,100	86,000	432,100
Payments						
Purchases	35,000	42,100	47,000	66,300	62,000	252,400
Expenses	7,000	12,000	11,000	13,000	15,500	58,500
Equipment					16,000	16,000
Rent	1,400	1,400	1,400	2,000	2,000	8,200
9. Total Payments	43,400	55,500	59,400	81,300	95,500	355,100
Net Cash (1-2)	48,600	6,500	41,600	9,800	(9,500)	97,000
Opening Cash	15,500					15,500

Remember

The closing cash for one month is the opening cash for the next month. So you will need to find the closing cash figure for March to get the opening cash for April.

Closing Cash

The Closing Cash is calculated by adding Net Cash, and Opening together

March

Net Cash	48,600
Opening Cash	<u>15,500</u>
Closing Cash	64,100

April

Net Cash	6,500
Opening Cash	<u>64,100</u>
Closing Cash	70,600

May

Net Cash	41,600
Opening Cash	<u>70,600</u>
Closing Cash	112,200

June

Net Cash	9,800
Opening Cash	<u>112,200</u>
Closing Cash	122,000

July

Net Cash	(9,500)
Opening Cash	<u>122,000</u>
Closing Cash	112,500

5 months cash budget for Shelia Shannon for March to July						
Receipts	March	April	May	June	July	Total
Debtors	92,000	62,000	101,000	91,100	86,000	432,100
10. Total Receipts	92,000	62,000	101,000	91,100	86,000	432,100
Payments						
Purchases	35,000	42,100	47,000	66,300	62,000	252,400
Expenses	7,000	12,000	11,000	13,000	15,500	58,500
Equipment					16,000	16,000
Rent	1,400	1,400	1,400	2,000	2,000	8,200
11. Total Payments	43,400	55,500	59,400	81,300	95,500	355,100
Net Cash (1-2)	48,600	6,500	41,600	9,800	(9,500)	97,000
Opening Cash	15,500	64,100	70,600	112,200	122,000	15,500
Closing Cash	64,100	70,600	112,200	122,000	112,500	112,500

NOTE – The two figures in the last two boxes should be the same

PART B

Explain two items of information Shelia can get from the prepared cash budget

1. A cash budget will show Shelia all her inflows / outflows of cash during the period
2. She will know whether there is a cash deficit at the end of each month and will be able to organise a bank overdraft from her bank as needed
3. It will show her if there is a cash surplus, and she will be able to decide how to use this surplus. For example investing

2022 – Question 9 – Joan Smith

PART A

Part A is asking you to prepare a cash budget showing Joan Smith's expected monthly receipts and payments for the five months June to October 2022 and also the total column for the period.

5 months cash budget for Joan Smith for June to October						
Receipts	June	July	Aug	Sep	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,000
2. Total Receipts	92,800	68,000	65,000	88,000	85,000	398,000
Payments						
Purchases	70,800	34,000	76,000	22,000	44,000	246,800
Rent	5,000	5,000	5,000	5,000	5,000	25,000
Equipment		8,000				8,000
Wages	18,000	18,000	18,000	18,000	18,000	90,000
3. Total Payments	93,800	65,000	99,000	45,000	67,000	369,800
Net Cash (1-2)	(1,000)	3,000	(34,000)	43,000	18,000	29,000
Opening Cash	38,000	37,000	40,000	6,000	49,000	38,000
Closing Cash	37,000	40,000	6,000	49,000	67,000	67,000

Receipts

This is the income for the business over a five-month period. Remember June's figure will be the debtor's figure of €92,800 given at the start of the question.

Debtors

3. Remember what is says in the question about sales.

'All sales are on credit and are paid for one month after sale'

4. This means that we don't receive the money for sales until the next month – so

- vi. June sales will be received in July
- vii. July sales will be received in August
- viii. August sales will be received in Sept
- ix. Sept sales will be received in Oct
- x. Oct sales will be received in Nov * Debtor's figure in the balance sheet

	June	July	Aug	Sept	Oct	Total
Sales	68,000	65,000	88,000	85,000	83,000	389,000

Taken form the question

Calculations

June	92,800	Opening debtors figure given the in the question
July	68,000	June's sales
August	65,000	July's sales
September	88,000	August's sales
October	<u>85,000</u>	September's sales
Total	398,800	

Note

Remember the October sales of €83,000 will be the debtor's figure in the balance sheet (Current Assets). This is for part B

5 months cash budget for Joan Smith for June to October

	June	July	Aug	Sept	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,800

Total Receipts

To calculate the Total Receipts, we add up the figures in each column for each month

5 months cash budget for Joan Smith for June to October						
	June	July	Aug	Sept	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,800
1. Total Receipts	92,800	68,000	65,000	88,000	85,000	398,000

Payments

Purchases

We keep working down through the question.

2. The next Adjustment

'All purchases are on credit and are paid for one month after the month of purchase, except €30,000 for cash in August'

2. This means that we don't receive the money for sales until the next month – so

- vi. June purchases will be paid in July
- vii. July purchases will be paid in August
- viii. August purchases will be paid in Sept
- ix. Sept purchases will be paid in Oct
- x. Oct purchases will be paid in Nov * Creditors' figure in the balance sheet

	June	July	Aug	Sept	Oct	Total
Purchases	34,000	46,000	52,000	44,000	51,200	227,200

Taken from the question

Calculations

June	70,800	Opening creditors figure given the in the question
July	34,000	June's purchases
August	76,000	July's purchases (46,000 + 30,000)
September	22,000	August's purchases (52,000 – 30,000)
October	<u>44,000</u>	September's purchases
Total	246,800	

Note

Remember the October purchases of €51,200 will be the creditors' figure in the balance sheet (Current Liabilities). This is for part B

5 months cash budget for Joan Smith for June to October						
Receipts	June	July	Aug	Sep	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,000
1. Total Receipts	92,800	68,000	65,000	88,000	85,000	398,000
Payments						
Purchases	70,800	34,000	76,000	22,000	44,000	246,800

Rent

We keep working down through the question.

2. The next Adjustment

'Joan rents the premises for €60,000 per annum, payable monthly.'

2. This means that we need to find out how much the monthly figure is for rent. So we do the following

$$60,000 / 12 \text{ months}$$

$$= 5,000 \text{ per month}$$

5 months cash budget for Joan Smith for June to October						
Receipts	June	July	Aug	Sep	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,000
1. Total Receipts	92,800	68,000	65,000	88,000	85,000	398,000
Payments						
Purchases	70,800	34,000	76,000	22,000	44,000	246,800
Rent	5,000	5,000	5,000	5,000	5,000	25,000

Equipment

We keep working down through the question.

3. The next Adjustment

'Equipment will be bought in July for €8,000 cash.'

4. This means that for July we just need to put in €8,000

5 months cash budget for Joan Smith for June to October						
Receipts	June	July	Aug	Sep	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,000
1. Total Receipts	92,800	68,000	65,000	88,000	85,000	398,000
Payments						
Purchases	70,800	34,000	76,000	22,000	44,000	246,800
Rent	5,000	5,000	5,000	5,000	5,000	25,000
Equipment		8,000				8,000

Wages

We keep working down through the question.

3. The next Adjustment

'Wages per month will be €18,000.'

4. This means that for each month we just put in €18,000

5 months cash budget for Joan Smith for June to October						
Receipts	June	July	Aug	Sep	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,000
1. Total Receipts	92,800	68,000	65,000	88,000	85,000	398,000
Payments						
Purchases	70,800	34,000	76,000	22,000	44,000	246,800
Rent	5,000	5,000	5,000	5,000	5,000	25,000
Equipment		8,000				8,000
Wages	18,000	18,000	18,000	18,000	18,000	90,000

Total Payments

To calculate the Total Receipts, we add up the figures in each column for each month

5 months cash budget for Joan Smith for June to October						
Receipts	June	July	Aug	Sep	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,000
1. Total Receipts	92,800	68,000	65,000	88,000	85,000	398,000
Payments						
Purchases	70,800	34,000	76,000	22,000	44,000	246,800
Rent	5,000	5,000	5,000	5,000	5,000	25,000
Equipment		8,000				8,000
Wages	18,000	18,000	18,000	18,000	18,000	90,000
2. Total Payments	93,800	65,000	99,000	45,000	67,000	369,800

Net Cash

To calculate the Net Cash, we take the Total Receipts (1) and take away the Total Payments (2)

5 months cash budget for Joan Smith for June to October						
Receipts	June	July	Aug	Sep	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,000
1. Total Receipts	92,800	68,000	65,000	88,000	85,000	398,000
Payments						
Purchases	70,800	34,000	76,000	22,000	44,000	246,800
Rent	5,000	5,000	5,000	5,000	5,000	25,000
Equipment		8,000				8,000
Wages	18,000	18,000	18,000	18,000	18,000	90,000
2. Total Payments	93,800	65,000	99,000	45,000	67,000	369,800
Net Cash (1-2)	(1,000)	3,000	(34,000)	43,000	18,000	29,000

Opening Cash

3. To start off the opening cash use the figure that is given in the question for cash (see current assets)
4. Remember to put this figure (€38,000) in the opening cash column for June and ALSO in the opening cash column for Total

5 months cash budget for Joan Smith for June to October

Receipts	June	July	Aug	Sep	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,000
1. Total Receipts	92,800	68,000	65,000	88,000	85,000	398,000
Payments						
Purchases	70,800	34,000	76,000	22,000	44,000	246,800
Rent	5,000	5,000	5,000	5,000	5,000	25,000
Equipment		8,000				8,000
Wages	18,000	18,000	18,000	18,000	18,000	90,000
2. Total Payments	93,800	65,000	99,000	45,000	67,000	369,800
Net Cash (1-2)	(1,000)	3,000	(34,000)	43,000	18,000	29,000
Opening Cash	38,000					38,000

Remember

The closing cash for one month is the opening cash for the next month. So you will need to find the closing cash figure for June to get the opening cash for July

Closing Cash

The Closing Cash is calculated by adding Net Cash, and Opening together

June

Net Cash	(1,000)
Opening Cash	<u>38,000</u>
Closing Cash	37,000

July

Net Cash	3,000
Opening Cash	<u>37,000</u>
Closing Cash	40,000

August

Net Cash	(34,000)
Opening Cash	<u>40,000</u>
Closing Cash	6,000

Sept

Net Cash	43,000
Opening Cash	<u>6,000</u>
Closing Cash	49,000

October

Net Cash	18,000
Opening Cash	<u>49,000</u>
Closing Cash	67,000

5 months cash budget for Joan Smith for June to October

Receipts	June	July	Aug	Sept	Oct	Total
Debtors	92,800	68,000	65,000	88,000	85,000	398,000
1. Total Receipts	92,800	68,000	65,000	88,000	85,000	398,000
Payments						
Purchases	70,800	34,000	76,000	22,000	44,000	246,800
Rent	5,000	5,000	5,000	5,000	5,000	25,000
Equipment		8,000				8,000
Wages	18,000	18,000	18,000	18,000	18,000	90,000
2. Total Payments	93,800	65,000	99,000	45,000	67,000	369,800
Net Cash (1-2)	(1,000)	3,000	(34,000)	43,000	18,000	29,000
Opening Cash	38,000	37,000	40,000	6,000	49,000	38,000
Closing Cash	37,000	40,000	6,000	49,000	67,000	67,000

NOTE – The two figures in the last two boxes should be the same

PART B

Part B is asking you to Prepare a budgeted balance sheet as at 31/10/2022.

Balance Sheet of Loan Smith as at 31/12/2022			
Fixed Assets	Cost	Acc Dep	NBV
Fixed Assets	280,000	0	280,000
Equipment	8,000	0	8,000
	288,000	0	288,000
Current Assets			
Closing Stock		38,200	
Debtors		83,000	
Cash		67,000	
		188,200	
Current Liabilities			
Creditors		(51,200)	
Working Capital			137,000
Net Assets			425,000
Financed By			
Capital 01.01.22		380,000	
Net Profit		45,000	
Capital Employed			425,000

Fixed Assets

1. Fixed assets are items that a business has over 1 year
2. We need to check if there are any fixed assets in the question and did we buy any that will be in the cash budget
3. In this question we have two items to go in the fixed assets section
 - Fixed Assets (280,000) as per the start of the question
 - Equipment (8,000) we bought during the year (It will be in the cash budget)
4. Remember you don't need to have the heading cost and acc dep if there is no depreciation in the question
5. To get the total for cost (NBV) just add 280,000 and 8,000 together

Balance Sheet of Loan Smith as at 31/12/2022			
Fixed Assets	Cost	Acc Dep	NBV
Fixed Assets	280,000	0	280,000
Equipment	8,000	0	8,000
	288,000	0	288,000

Current Assets

1. The next section is Current Assets. There are usually only four items that can go in here
 - (a) Closing stock (38,200) Usually given in the question
 - (b) Debtors (83,000) The last month figure for sales given in the question
 - (c) Cash (67,000) The last figure calculated in the cash budget
 - (d) Bank Usually given in the question (None in this question)

2. Remember to get the total for current assets add all these figures up together

Closing Stock	38,200
Debtors	83,000
Cash	<u>67,000</u>
	188,200

Balance Sheet of Loan Smith as at 31/12/2022			
Fixed Assets	Cost	Acc Dep	NBV
Fixed Assets	280,000	0	280,000
Equipment	8,000	0	8,000
	288,000	0	288,000
Current Assets			
Closing Stock		38,200	
Debtors		83,000	
Cash		67,000	
		188,200	

Current Liabilities

1. The next section is Current Liabilities. There are usually only two items that can go in here

- (a) Creditors (51,200) Last month figure for purchases given in the question
- (b) Bank overdraft Usually given in the question

Balance Sheet of Loan Smith as at 31/12/2022			
Fixed Assets	Cost	Acc Dep	NBV
Fixed Assets	280,000	0	280,000
Equipment	8,000	0	8,000
	288,000	0	288,000
Current Assets			
Closing Stock		38,200	
Debtors		83,000	
Cash		67,000	
		188,200	
Current Liabilities			
Creditors		(51,200)	

Working Capital

1. Working capital is calculate by taking total current liabilities away from total current assets

2. In this question it is

Current assets	188,200	
Less Current Liabilities	<u>51,200</u>	
Working Capital		137,000

Balance Sheet of Loan Smith as at 31/12/2022			
Fixed Assets	Cost	Acc Dep	NBV
Fixed Assets	280,000	0	280,000
Equipment	8,000	0	8,000
	288,000	0	288,000
Current Assets			
Closing Stock		38,200	
Debtors		83,000	
Cash		67,000	
		188,200	
Current Liabilities			
Creditors		(51,200)	
Working Capital			137,000

Total Net Assets

- Total Net Assets is calculate by adding the working capital figure and the total fixed assets figure together
- In this question it is

Total fixed assets	288,000	
Add working capital	<u>137,000</u>	
Working Capital		425,000

Balance Sheet of Loan Smith as at 31/12/2022			
Fixed Assets	Cost	Acc Dep	NBV
Fixed Assets	280,000	0	280,000
Equipment	8,000	0	8,000
	<u>288,000</u>	0	<u>288,000</u>
Current Assets			
Closing Stock		38,200	
Debtors		83,000	
Cash		67,000	
		<u>188,200</u>	
Current Liabilities			
Creditors		(51,200)	
Working Capital			<u>137,000</u>
Net Assets			<u>425,000</u>

Finance By

- The next section is Financed By. There are usually only four items that can go in here
 - Loan term Loan Usually given in the question (None in this question)
 - Capital (380,000) Usually given in the question
 - Net profit (45,000) Usually given in the question

Balance Sheet of Loan Smith as at 31/12/2022			
Fixed Assets	Cost	Acc Dep	NBV
Fixed Assets	280,000	0	280,000
Equipment	8,000	0	8,000
	288,000	0	288,000
Current Assets			
Closing Stock		38,200	
Debtors		83,000	
Cash		67,000	
		188,200	
Current Liabilities			
Creditors		(51,200)	
Working Capital			137,000
Net Assets			425,000
Financed By			
Capital 01.01.22		380,000	
Net Profit		45,000	

Capital Employed

1. The capital employed figure is calculated by adding the capital figure and net profit figure together in the finance by section
2. Remember to get the total for current assets add all these figures up together

Capital	380,000
Net profit	<u>45,000</u>
	425,000

Note

The Total Net Assets Figure and the capital employed figure must be the same

Balance Sheet of Loan Smith as at 31/12/2022			
Fixed Assets	Cost	Acc Dep	NBV
Fixed Assets	280,000	0	280,000
Equipment	8,000	0	8,000
	288,000	0	288,000
Current Assets			
Closing Stock		38,200	
Debtors		83,000	
Cash		67,000	
		188,200	
Current Liabilities			
Creditors		(51,200)	
Working Capital			137,000
Net Assets			425,000
Financed By			
Capital 01.01.22		380,000	
Net Profit		45,000	
Capital Employed			425,000

PART C

Outline two benefits for Smith in preparing a cash budget.

1. It shows the surplus/ deficit at the end of the month
2. It can help Joan to decide when a bank overdraft is needed
3. It can help Joan to decide how to invest the surplus
4. A cash budget can show the inflows and outflows for a period of time