CASH BUDGET

Short Numerical.

1. (1) From the following information of Minaxi Ltd., Calculate purchases from October to December, 2016 :

Month	August	September	October	November	December	January
Sales (Rs.)	1,60,000	2,00,000	2,40,000	3,20,000	2,80,000	3,00,000
Closing stock (Rs.)	20,000	30,000	50,000	60,000	55,000	50,000

Goods are sold at profit of $33\frac{1}{3}\%$ on cost price.

Anticipating sales of each month purchases are made in the preceding month. Purchases are made for cash.

2. From the following details of Tanvi Ltd. out the cash received for cash budget of October month.

Month	Total Sales (Rs.)	Month	Total Sales (Rs.)
July	6,00,000	September	8,00,000
August	7,00,000	October	9,00,000

Cash sales is 30% of total sales. 50% amount of credit sale is received in the next month of selling, 40% amount in the second month and 10% amount in the third month of selling.

3. Suppliers of goods gives 10 weeks credit.

Month	Jan.	Feb.	Mar.	Apl.	May	Jun.
Credit Purchase	70,000	72,000	76,000	66,000	70,000	78,000

Find out payments of months April and May.

4. Gross profit ratio is 25%. The proportion of cash sales and credit sales is 1:4. 50% of credit sales are collected in the month after sales and remaining 50% in the second month after sales. Find out the collection in May.

Month	January	February	March	April
Stock turnover ratio	5	7	9	12
Closing stock	20,000	60,000	80,000	60,000

5. Wages of August and September are Rs.12,000 and Rs.15,000 respectively. Time lag is 1/3 month. Calculate amount to be paid in September.

6. Total sales for a month is Rs.90,000, which includes 20% sales on cash basis. 5% goods of credit sales are returned . 50% of credit sale is received in the next month of sale and remaining in the second month of sale. Selling commission is 5% of net sale. Calculate the amount of commission.

7. From the following information of B Ltd. , cash received from sales of October month as per cash budget:

Month	Sales (Rs.)
July	3,00,000
August	3,50,000
September	4,00,000
October	4,50,000

Cash sales is 30% of total sales. 50% amount of credit sales are collected in the month after sales, 40% amount in the second month after sales and 10% amount in the third month after sales.

Long Numerical

1. Based on the following information of XYZ Ltd. prepare Cash Budget for 2009-10 : 1(

Particulars	Quarters			
	1st	2nd	3rd	4th
Opening Cash Balance	10,000			
Collection from Debtors	1,25,000	1,50,000	1,60,000	2,21,000
Cash Payments :				
Purchase of materials	20,000	35,000	35,000	54,200
Other Expenses	25,000	20,000	20,000	17,000
Salary and Wages	90,000	95,000	95,000	1,09,200
Purchase of Materials	----	----	----	20,000

The Company desires to maintain balance of Rs.15,000 at the end of each quarter. Borrowings and repayments are in multiples of Rs.500.

2. Swayam Ltd. has given the following particulars. You are required to prepare cash budget for 3 months ending 31st December, 2019

Month	Sales	Materials	Wages	o/h
August	40,000	20,400	7,600	3,800
September	42,000	20,000	7,600	4,200
October	46,000	19,600	8,000	4,600
November	50,000	20,000	8,400	4,800
December	60,000	21,600	9,000	5,000

Credit terms are:

1. Sales/ Debtor -10% sales are cash basis, 50% of credit sales are collected next month and balance is following the months.
2. Creditors --- Material 2 months, wages 1/5 month, overhead ^{1} 2 months
3. Cash balance on 1st October,2019 is expected to be Rs. 8,000.
4. A machinery to be installed in August, 2019 at cost of Rs. 1,00,000 and the monthly installment of RS. 5,000 is payable from October onwards.
5. Dividend at 10% on preference share capital Rs. 3,00,000 will be paid on 1st December, 2019.
6. Advance to be received for sale of vehicle Rs. 20,000 in December.
7. Income tax (advance) to be paid in December Rs. 5000.

3. Apexa Company expects to have Rs. 37,500 cash in hand on 1st April and requires you to prepare on estimate of cash position during the three months April, May and June. The following information is supplied to you : 1(

	Sales Rs.	Purchase Rs.	Wages Rs.	Factory Exp. Rs.	Office Exp. Rs.	Selling Exp. Rs.
February	75,000	45,000	9,000	7,500	6,000	4,500
March	84,000	48,000	9,750	8,250	6,000	4,500
April	90,000	52,500	10,500	9,000	6,000	5,250
May	1,20,000	60,000	13,500	11,250	6,000	6,570
June	1,35,000	60,000	14,250	14,000	7,000	7,000

Other Information :

(1) Period of credit allowed by suppliers is 2 months.

(2) 20% of sales is for cash and period of credit allowed to customers for credit is one month.

(3) Delay in payment of all expenses - 1 month.

(4) Income tax of Rs. 57,500 is due to be paid on June 15th.

(5) The company is to pay dividend to shareholders and bonus to workers of Rs. 15,000 and Rs. 22,500 respectively in the month of April.

(6) Plant has been ordered to be received and paid in May. It will cost Rs. 1,20,000.

4. From the following data of AMRIT Ltd. prepare Cash Budget for 4 months ending on 31^{st} August 2013 : **12**

(i) Cash balance as on 1^{st} May 2013 - Rs. 50,000

(ii) 50% of credit sales are collected after the month of sales, 30% in the 2^{nd} month and remaining in the month thereafter.

(iii) Cash sales are 20%.

(iv) Creditors are paid after $1\frac{1}{2}$ months.

(v) Out of the other expenses 50% are paid after 15 days.

(vi) Other information :

Month	Sales	Purchases	Wages	Factory Expenses	Selling Expenses
February	1,00,000	50,000	10,000	20,000	2,500
March	1,25,000	70,000	12,000	24,000	3,000
April	1,75,000	80,000	16,000	32,000	4,000
May	1,00,000	50,000	10,000	20,000	2,500
June	2,00,000	1,00,000	20,000	40,000	5,000
July	1,50,000	75,000	16,000	30,000	4,000
August	1,80,000	90,000	18,000	36,000	4,600
September	1,00,000	50,000	10,000	20,000	2,400

(vii) Building to be purchased on 1^{st} July for Rs. 1,00,000. 10% amount will be paid immediately and remaining in 15 equal instalment which are payable on last date of each month.

(viii) Advance Income tax to be paid.

5. Prepare a cash budget for three months ending on 30th June from the following:

Month	Sales	Materials	Wages	Overheads
February	140000	96000	30000	17000
March	150000	90000	30000	19000
April	160000	92000	32000	20000
May	170000	100000	36000	22000
June	180000	104000	40000	23000

Additional Information:

a. Sales are 10% on Cash Basis

b. 50% of credit sales are collected in next month and balance in the following month.

c. Credit terms: creditors 2 months, wages ¼ month, overheads ½ month.

d. Bank balance on 1.4.2014 is 60000

e. Plant and machinery will be installed in March at the cost of Rs. 960000. Monthly installments of Rs. 20000 are payable from April onwards.

f. Dividend @ 5% on preference share capital of Rs. 2000000 is payable in June

g. Advance receipt of Rs. 90000 will be available in June

h. Dividend income on investment of Rs. 10000 will be realized in May

i. Advance tax payable in April is Rs. 20000

6. Prepare a Cash budget for three months ending on 30.6.14 from the following details.

Month	Sales	Purchases	Wages	Overheads
January	1,20,000	80,000	30,000	10,000
February	1,00,000	1,10,000	32,000	12,000
March	1,30,000	1,20,000	28,000	14,000
April	1,50,000	1,00,000	36,000	8,000
May	1,70,000	1,80,000	34,000	12,000
June	1,40,000	1,30,000	38,000	10,000

Additional Information:

1. Cash balance on 1-4-14 was expected to be Rs. 40,000/-
2. 50% of purchases are paid in the month of purchase and the balance is paid in the next month.
3. 25% of the total sales are on cash basis.
4. Out of the credit sales, 60% are collected in the next month and the balance in the second next month.
5. Time lag in payment of wages is ¼ month.
6. Dividend of Rs. 35,000/- is received in the month of May.
7. Overheads includes depreciation on fixed asset which is calculated as 10% per annum on the cost of Rs. 1,20,000/-.
8. A plant of Rs. 30,000/- is purchased on 1.5.2014 and the amount is payable in three equal monthly installments from May onwards.

7. Prepare cash budget of Bijal Ltd. for 3 months ending on 30th June, 2016.

(1) cash balance on 1th April, 2016 Rs. 10,000.

(2) The cost of goods in terms of % of selling price is as follows :

Material 30%

Wages 20%

Factory overheads 25%

Month	Production (Unit)	Stock of finished Goods (unit)
Feb	6000	1000
March	8000	3000
April	7000	2000
May	9000	1000
June	12500	2500
July	9500	2000

(3) Cost price is Rs. 50 per unit.

(4) Selling price per unit is fixed at profit of 50% on sales price.

(5) Assume 60% of total sales are credit sales 50% of credit sales are collected in the month after sales and remaining 50% in the second month after sales.

(6) Anticipating sales of each month necessary purchases are made in the preceding month. Purchases are made for cash on which a rebate of 5% is offered by supplier.

(7) The time lag in payment of wages is $\frac{1}{4}$ month and factory overheads is 1 month. Overheads include Rs. 5,000 depreciation per month.

(8) The company has made a policy to make provision for bad and doubtful debts of Rs. 8,000 per month.

(9) A new machine is to be bought for Rs. 3,00,000 in the month of May 2016. The payment of which is to be made in 3 equal instalment from the delivery date which is 15th May, 2016 and then consecutive months.

8. From the following information, prepare cash budget of JODHA Ltd. For the month of June, 2018

1. Term of sales: 20% Cash, 80% credit
2. Collection policy: 40% in the next month of sales, 30% in second next month, 20% in the third next month of sales and 10 % in the forth next month.
3. Purchase and payment terms:
   75% credit and 25% cash, credit period allowed by creditors 1½ month
4. Details regarding income and expenditure:

2018	Sales Rs.	Purchase Rs.	Overhead Rs.
March	5,00,000	3,00.000	2,00,000
April	7,50,000	4,00,000	2,25,000
May	7,00,000	3,50,000	2,50,000
June	8,00,000	4,50,000	2,00,000
July	9,00,000	5,00,000	3,00,000

5. Expenses are paid every fortnightly.
6. In June, income from investment is expected Rs. 10,000 with TDS (tax deducted from Source) @ 10.20%
7. Cash balance on 1-6-2018 is Rs. 77,820.

9. **2** **Based on the following information, prepare a cash budget for Manthan Ltd.** **12**

	1^{st} quarter	2^{nd} quarter	3^{rd} quarter	4^{th} quarter
Opening cash balance	10,000	-	-	-
Collection from customers	1,25,000	1,50,000	1,60,000	2,21,000
Payment :				
Purchase of materials	20,000	35,000	35,000	54,200
Other expenses	25,000	20,000	20,000	17,000
Salary and Wages	90,000	95,000	95,000	1,09,200
Income Tax	5,000	-	-	-
Purchase of Machinery	-	-	-	20,000

The company desires to maintain a cash balance of Rs. 15,000 at the end of each quarter. Cash can be borrowed or repaid in multiples of Rs. 500 at an interest of 10% per annum. Management does not want to borrow cash more than what is necessary and wants to repay as early as possible. In any event, loans cannot be extended beyond four quarters. Interest is computed and paid when the principal is repaid. Assume that borrowing take place at the beginning and payments are made at the end of the quarters.

10. Prepare cash budget for April to October 2018 from the following information related to Kismat Agencies, a trading concern : Balance sheet as on 31st March , 2018

Liabilities	**RS.**	**Assets**		**Rs.**
Proprietor's capital	1,00,000	Cash		20,500
O/s Liabilities	17,000	Stock		50,500
		Debtors		26,000
		Furniture – Dep	25,000 5,000	20,000
	1,17,000			1,17,000

Sales and salaries for different months are given below:

Month	Sales (Rs.)	Salaries(Rs.)
April	80,000	3,000
May	52,000	3,500
June	50,000	35,000
July	75,000	4,000
August	90,000	4,000
September	35,000	3,000
October	25,000	3,000

The other expenses per month are : Rent Rs.1000, Depreciation Rs. 1,000, Misc. Expenses Rs. 500 and Commission 1 % of sales

Out of sales, 80% is on credit and 20% for cash. 70% of credit sales are collected in one month and balance in two months. There are no debt losses. Gross profit on sales on an average is 30%. Purchase equal to the next months sales are made every month and they are paid during the month in which they are made. The firm maintain a minimum cash balance of Rs. 10,000. Cash deficiencies are made up bank loans which are repaid at the earliest available opportunity and cash in excess of

Rs. 15,000 is invested in securities (interest on bank loan and securities are to be ignored). O/s liabilities remain unchanged.

Ex. 45: Draw out Cash Budget of Jitesh Lt '. for April to June, 2020 from the following information:

(1) Cash and Bank balance on 1/4/2020 ₹ 25,000.

(2) Rate of Gross Profit on cost 25%.

(3) Other information:

Month	Total Purchases ₹	Opening Stock ₹	Overheads ₹
March	1,50,000	10,000	21,000
April	1,60,000	15,000	22,750
May	1,80,000	20,000	26,750
June	2,00,000	25,000	28,500
July	2,10,000	30,000	30,000

(4) A machine costing ₹ 18,250 to be purchased in May, 2020. ₹ 10,000 is payable in the same month and the balance amount in the following month.

(5) 80% of purchases and sales are on credit terms.

(6) Time lag:

Credit Sales 1 month,

Credit Purchase $\frac{1}{2}$ month.

₹ 44,000, O/h.

Ex. 44: From the following information, prepare Cash Budget of Dharmi Ltd. for April to June, 2020:

Month	Sales ₹	Purchases ₹	Wages ₹	Overheads ₹
February	6,00,000	4,20,000	50,000	47,500
March	7,00,000	5,00,000	60,000	57,500
April	4,00,000	5,50,000	40,000	42,500
May	5,40,000	4,50,000	70,000	72,500
June	4,50,000	4,00,000	50,000	45,000

Other Information:

(1) Cash and Bank balance on 1/4/2020 ₹ 60,000.

(2) 75% of purchase and sales are on credit terms.

(3) The rate of cash discount on cash purchases and cash sales is 10%.

(4) 60% of credit sales are realised in the month after sales and remaining 40% in the second month after sales.

(5) Time lag: Credit purchases $\frac{1}{2}$ month,

Wages $\frac{1}{4}$ month,

Overheads 1 month.

(6) O/h include ₹ 12,500 per month for depreciation on fixed assets.

(7) Interest on 8% Debentures of ₹ 5,00,000 is payable quarterly in April, 2020.

(8) Interest on investments of ₹ 4,00,000 at 10% per annum is receivable half yearly in June, 2020. (Sau. Uni. T.Y. April 2018)

Ex. 43: From the following information of Ambalika Ltd, prepare cash budget for the three months from April to June, 2020:

(1) Cash and Bank balance on 1/4/2020 is ₹ 20,000.

(2)

Month	Total Sales ₹	Purchases ₹	Wages ₹	Overheads ₹
February	2,00,000	1,00,000	40,000	40,000
March	1,50,000	90,000	36,000	30,000
April	2,25,000	1,10,000	48,000	45,000
May	3,00,000	1,60,000	50,000	50,000
June	1,75,000	80,000	42,000	35,000

(3) Assume 20% of total sales are cash sales and 80% of credit sales.

(4) 50% of credit sales are realised in the month following sales and the remaining 50% in the next month following.

(5) Commission on sales at 2% on total sales is to be paid within a month following actual sales.

(6) The period of credit allowed by supplier is one month.

(7) Overhead expenses included ₹ 10,000 per month for depreciation on fixed assets.

(8) The time lag in payment of wages is $\frac{1}{4}$ month and lag in payment of overhead expenses is $\frac{1}{2}$ month.

(9) Dividend of ₹ 20,000 for the years 2019-'20 is to be paid in June, 2020.

Mar. 1996 Nov. 2017)

₹ 1,95,000, ₹ 2,...

Ex. 42: From the following particulars of Gujarat Ltd. prepare Cash Budget for the three months ending on 30/6/2020:

Month	Total Sales ₹	Total Purchases ₹	Factory Overheads ₹	Admn. Expenses ₹	Selling Expenses ₹
February	3,00,000	2,00,000	60,000	24,000	24,000
March	4,00,000	3,00,000	80,000	36,000	32,000
April	5,00,000	5,00,000	60,000	44,000	40,000
May	6,00,000	6,00,000	80,000	64,000	48,000
June	8,00,000	5,00,000	1,00,000	48,000	56,000

Additional Information:

(1) Cash sales are 20% of total sales. Cash discount of 10% is allowed on cash sales. 10% goods are returned from credit sales. 50% of credit sales are collected in the month after sales and remaining 50% of sales are collected in the second month after sales.

(2) 50% of total purchase is on cash basis and 10% discount is received on this cash purchase, while dues for credit purchases are paid in next month of purchase.

(3) Time lag: Factory Expenses $\frac{1}{2}$ month,

Administrative Expenses $\frac{1}{4}$ month

Selling Expenses $\frac{1}{8}$ month.

(4) A cheque for ₹ 1,20,000 being amount of last year's income tax refund, will be received in April, 2020. The same will be deposited in Bank on 15th May.

(5) On 1st April the balance of Cash and Bank is ₹ 3,20,000.

(6) Interest income is to be received in May at 10% on fixed deposit of ₹ 1,00,000 subject to tax at 20.40%.

(7) In March, 2020 a machine costing ₹ 2,00,000 is to be purchased by instalments. 20% amount is to be paid at the time of agreement and the rest amount is to be paid in four equal monthly instalments with 12% interest per annum.

8. The company has purchased 25,000 equity shares of Star Computers Ltd. having face value of Rs.100 each, at 150 per share in the year 2018. Prevailing market price of each share is Rs.200. Star Computers Ltd. has declared at 15% and paid the amount of dividend in June, 2020.

Ex. 41: From the following details of Disha Ltd. prepare the Cash Budget for three months ending on 31/3/2021:

(1) Cash and bank balance on 1/1/2021 ₹ 90,000.

(2)

Month	Total Sales ₹	Total Purchases ₹	Labour ₹	Total Overheads ₹
November, 2020	9,00,000	4,80,000	90,000	1,80,000
December, 2020	12,00,000	6,30,000	1,05,000	2,25,000
January, 2021	12,60,000	7,20,000	1,20,000	2,40,000
February, 2021	15,00,000	7,50,000	1,35,000	2,52,000
March, 2021	16,50,000	9,00,000	1,50,000	2,70,000

(3) Assume 40% of total sales is cash sales.

(4) Every month, customers return goods worth 5% of credit sales.

(5) 50% of net credit sales is received in the next month of selling, while remaining 50% in the second month from selling.

(6) Total overheads include ₹ 30,000 fixed monthly overheads which are paid in the same month. Variable overheads are paid in the next month.

(7) 30% of total purchase is on cash basis. Creditors are paid after one month.

(8) An old machine was sold for ₹ 25,000 in January, 2021.

(9) Payment period for labour is $\frac{1}{4}$ month.

(10) In January 2021, a new machine will be bought for ₹ 2,00,000 and 50% amount will be paid at the time of delivery. The rest 50% amount will be paid in the next month.

(11) Outstanding dividend for 2019-'20 of ₹ 20,000 will be paid in February, 2021. (Sau. Uni., T.Y., April, 2017)

Ex. 40: From the following information of C.P. Ltd., prepare Cash Budget for four months upto 31st July, 2020:

Cash and Bank Balance ₹ 25,000 on 1st April, 2020.

Month	Total Sales ₹	Total Purchases ₹	Wages ₹	Factory Expenses ₹	Office Expenses ₹
February	3,00,000	1,50,000	60,000	50,000	25,000
March	3,50,000	2,00,000	75,000	40,000	40,000
April	4,00,000	2,50,000	1,00,000	40,000	50,000
May	4,50,000	3,00,000	1,10,000	45,000	50,000
June	5,00,000	3,00,000	1,12,500	60,000	40,000
July	5,50,000	3,25,000	1,25,000	45,000	55,000

(1) Assume 40% of total sales are cash sales and 60% are credit sales.

(2) Assume 25% of total purchases are cash purchase and 75% are credit purchase.

(3) 40% of credit sales are realised in the next month and remaining in third month.

(4) The depreciation of ₹ 10,000 is included in factory expenses.

(5) The creditors are to be paid after two months.

(6) The lag in payment: Wages $\frac{1}{2}$ Month

Factory Expenses 1 Month and

Office Expenses $\frac{1}{2}$ Month

(7) The instalment of ₹ 30,000 is due in month of July, 2020.

(8) An income of ₹ 20,000 is due in the month of June, 2020.

received in May ₹ 15,920 (2,00,000 × 10% ...

Ex. 39: Prepare a Cash Budget for three months ending on 30th June, 2020 from the following information of Prashant Limited.

Cash and Bank Balance as on 1st April, 2020 ₹ 10,000.

The cost of goods in items of percentage of the selling price is as follows:

Materials	30%
Wages	20%
Factory overheads	25%

The production and stock of finished goods in units for various months are as follows:

Month	Production (Units)	Stock of finished goods (Units)
February	6,000	1,000
March	8,000	3,000
April	7,000	2,000
May	9,000	1,000
June	12,500	2,500
July	9,500	2,000

(1) Selling price is ₹ 100 per unit.
(2) Assume 40% of total sales as cash sales.
(3) 50% of credit sales collected in the month after sales and remaining 50% in the second month after sales.
(4) Anticipating sales of each month necessary purchases are made in the preceding month. Purchases are made for cash.
(5) The time lag in the payment of wages is $\frac{1}{4}$ month and time lag in the payment of factory overheads is one month.
(6) A new machine is to be bought for ₹ 3,00,000 in May 2020, the payment of which are made in three equal monthly instalments from the delivery date. (Guj. Uni. T.Y. April, 1993; Nov. 2016)

₹ 54,000, ...
₹ 6,000, ₹ 9,000 and ₹ 7,800.]

Ex. 38: From the following particulars of H. B. Chrome Ltd. Prepare Cash Budget for three months ending on 30/6/2020:

Month	Total Sales ₹	Materials ₹	Manu. Exp. ₹	Admin. Exp. ₹	Selling Exp. ₹
February	8,00,000	2,00,000	40,000	30,000	40,000
March	10,00,000	4,00,000	60,000	45,000	48,000
April	8,00,000	5,00,000	80,000	60,000	56,000
May	10,00,000	4,00,000	1,00,000	75,000	64,000
June	8,00,000	3,00,000	1,20,000	90,000	72,000
July	10,00,000	4.00,000	1,00,000	80,000	64.000

Additional Information:

(1) Cash sales is 20% of total sales. Cash discount of 10% is allowed on cash sales.

(2) 10% goods are returned from credit sales. 50% of credit sales are collected in the Month after sales and remaining 50% of sales are collected in the second month after sales.

(3) Materials are purchased equally from two merchants Raj Traders and Kaj Traders respectively. The purchases of Raj Traders and Kaj Traders are made one month advance and two months advance respectively. The amount of all the purchases is paid in the month after the month of purchase.

(4) Time lag: Manufacturing Expenses $\frac{1}{2}$ month,

Administrative Expenses $\frac{1}{3}$ month

Selling Expenses $\frac{1}{8}$ month.

(5) A cheque of ₹ 25,000 being amount of last year's income tax refund, will be received in April, 2020, which will be deposited in bank on 15^{th} May.

(6) On 1^{st} April the credit balance of bank overdraft is ₹ 1,00,000.

(7) Interest income is to be received in May at 10% on fixed deposits of ₹ 2,00,000, subject to 20.40% TDS.

(8) In March, 2020 a Machine costing ₹ 1,00,000 is to be purchased by instalments. 20% amount is to be paid at the time of agreement and the rest amount is to be paid in four equal monthly instalments with 12% interest per annum.

(9) The Company has purchased 5,000 Equity shares of H. B. Chemical Ltd. each having face value of ₹ 100 at ₹ 120 per share in the year 2018. Prevailing market price of each share is ₹ 250. H. B. Chemical has declared dividend at 15% and paid the amount of dividend in May, 2020. (North Guj. Uni., T.Y., Nov. 2016)

Ex. 37: From the following information of Karishma Co. Ltd., prepare Cash Budget for the three months from March to May, 2020:

(1) On 1/3/2020 Cash & Bank Balance was ₹ 32,500.

(2)

Month	Closing Stock ₹	Total Sales ₹	Total Overheads ₹
January	6,500	52,000	7,200
February	9,750	65,000	9,000
March	16,250	78,000	12,000
April	19,500	1,04,000	10,800
May	17,875	91,000	12,000
June	16,250	97,500	9,000

(3) Purchases are made for cash. Assume 40% of the total sales as cash sales.

(4) 50% of credit sales are collected in the month after the sales and remaining 50% in the second month after the sales.

(5) Goods are sold at profit of 25% on sales price.

(6) A new machine is to be brought for ₹ 35,000 in April, 2020. The payment of which will be made 80% against delivery and the remaining in the subsequent month.

(7) Income-tax will be paid ₹ 7,000 in April, 2020.

(8) Total overheads include monthly fixed overheads ₹ 3,000, which is paid in the same month. Variable overheads are paid in the subsequent month. (Guj. Uni., T.Y., Nov. 2016)

Ex. 36: From the following data of Ajit Ltd. prepare Cash Budget for the period of three months ending on 30/6/2020:

(1) Cash on hand ₹ 50,000 as on 1/4/2020.

(2) Rate of Gross Profit is 25% on cost.

(3) Other Information:

Month	Total Purchases ₹	Opening Stock ₹	Indirect Cost ₹
March	3,00,000	20,000	42,000
April	3,20,000	30,000	45,500
May	3,60,000	40,000	53,500
June	4,00,000	50,000	57,000
July	4,20,000	60,000	60,000

(4) A machine worth ₹ 36,500 is to be bought in May. ₹ 20,000 will be paid in the month of purchase and the rest in the next month.

(5) Time Lag: Credit sales – 1 month.

Credit purchases – $\frac{1}{2}$ month.

Ex. 35: Noor Ltd. wants to have an overdraft facility with bank for the period from January to March, 2020. Prepare Cash Budget from the following information:

Month	Sales ₹	Closing Stock ₹	Total Overheads ₹
Nov. 2019	80,000	10,000	12,000
Dec. 2019	1,00,000	15,000	15,000
Jan. 2020	1,20,000	25,000	20,000
Feb. 2020	1,60,000	30,000	18,000
March, 2020	1,40,000	27,500	20,000
April, 2020	1,50,000	25,000	15,000

Additional information:

(1) Bank balance was ₹ 50,000 as on 1/1/2020.

(2) Goods are sold at $33\frac{1}{3}$ % profit on cost price.

(3) Purchase is on cash basis.

(4) 40% of the total sales is in cash. 50% amount of the credit sale is received during the first month after the sales and the rest amount is received during the second month after the sales.

(5) The total overheads include the fixed indirect expenses of ₹ 5,000 per month, the same is paid during the same month. Variable indirect expenses are paid in the next month.

(6) An old machine will be sold for ₹ 30,000 in the month of February, 2020.

(7) A new machine will be purchased for ₹ 50,000 during the month of February, 2020. The 80% of the payment will be made at the time of its delivery and the rest of the amount will be paid in the next month.

(8) Income tax of ₹ 10,000 is to be paid in February, 2020.

Ex. 33: From the following particulars of Bharat Ltd. prepare Cash Budget for three months ending on 31/12/2020:

Month	Total	Total Sales	Manu. Purchases	Admi. Expenses	Selling Expenses
August	4,00,000	3,00,000	40,000	10,000	20,000
September	6,00,000	5,00,000	30,000	20,000	40,000
October	8,00,000	6,00,000	50,000	30,000	30,000
November	10,00,000	7,00,000	30,000	40,000	40,000
December	12,00,000	8,00,000	60,000	50,000	50,000

Additional Information:

(1) Cash sales is 25% of total sales. Cash discount of 10% is allowed on cash sales. 10% goods are returned from credit sales. 50% of credit sales are collected in the month after sales and remaining 50% of sales are collected in the second month after sales.

(2) 40% of total purchase is on cash basis and 10% discount is received on this cash purchase, while dues for credit purchases are paid in the next month of purchase.

(3) Time Lag: Manufacturing Expenses $\frac{1}{2}$ month

Administrative Expenses $\frac{1}{4}$ month

Selling Expenses $\frac{1}{8}$ month.

(4) A cheque for ₹ 50,000 being amount of last year's income tax refund. will be received in November, 2020. Same will be deposited in Bank on 5th December.

(5) On 1st October the credit balance of bank is ₹ 50,000.

(6) Interest income is to be received in November at 12% on fixed deposit of ₹ 5,00,000, subject to tax at 20.40%.

(7) In October, 2020 a Machine costing ₹ 1,00,000 is to be purchased by instalments. 20% amount is to be paid at the time of agreement and the rest amount is to be paid in four equal monthly instalments with 12% interest per annum.

(8) 12% Debentures of ₹ 2,00,000 are to be issued on 1/10/2020 and first quarterly interest on the debentures is payable on 31st December. 2020.

(9) The Company has purchased 10,000 Equity shares of Prime Computer Ltd. each having face value of ₹ 100, for ₹ 200 per share in the year 2017. Prevailing market price of each share is ₹ 300. Prime computer has declared dividend at 25% and paid the amount of dividend in November, 2020.

(10) Manufacturing Expenses include ₹ 10,000 per month for depreciation on fixed assets.

(North Guj. Uni., T.Y., Nov. 2014)

Ex. 31: Prepare a Cash Budget for three months ending on 30th June, 2020, from the following information of Jay Yogeshwar Co. Ltd. On 1/4/2020 the credit balance of Bank Account is ₹ 1,00,000. The cost of goods in terms of percentage of the selling price is as follow:

Materials	40%
Wages	30%
Factory overheads	10%

The production and stock of finished goods are as follows:

Month	Production (units)	Closing stock (units)
January	10,000	1,000
February	11,000	2,000
March	12,000	3,000
April	13,000	2,000
May	12,000	1,000
June	11,000	2,000
July	10,000	3,000

Additional Information:

(1) Cost of sales is ₹ 100 per unit, add 50% profit on sales.

(2) Cash sales is 25% of total sales. Cash discount of 10% is allowed on cash sales. 75% of credit sales are collected in the month after sale and the balance in the second month after sale.

(3) For anticipating sales of each month, necessary purchases are made in the preceding month. 50% of purchases are made for cash and the payments for the remaining purchases are made in two equal monthly instalments thereafter.

(4) Time lag: Wages 1/2 month; Factory overheads 1/4 month.

(5) The company has a 10% Government Security of ₹ 5,00,000. Interest will be received on 30th April and 31st October.

(6) A new machine is to be bought for ₹ 1,00,000 in the month of April payable ₹ 20,000 as down payment and the balance in quarterly instalments with interest 12% p.a.

(7) The Company has purchased 5,000 Equity shares of Star Computers Ltd. having face value of ₹ 10 each, at ₹ 100 per share in the year 2019. Prevailing market price of each share is ₹ 200. Star Computers has declared dividend at 50% which will be received in June, 2020.

(8) A cheque for ₹ 25,000 being amount of last year's income tax refund will be received in April, 2020, same will be deposited in Bank on 10th May.

(9) The Company issued 10,000 Equity shares of ₹ 10 each at a premium of 20% in March, 2020, which will be received in the next month.

(North [illegible] April, 2013)

April, Interest on investments ...

Ex. 29: From the following information, prepare Cash Budget of Kruti Ltd. for the months of April, May and June, 2020:

Month	Sales ₹	Purchases ₹	Wages ₹	Other Expenses ₹
February	3,50,000	2,50,000	30,000	32,000
March	4,00,000	3,00,000	35,000	24,000
April	2,50,000	3,25,000	25,000	20,000
May	3,25,000	3,50,000	40,000	36,000
June	2,75,000	1,50,000	20,000	16,000

Other information:

(1) 80% of purchases and sales are on credit terms.

(2) The rate of cash discount on cash purchases and cash sales is 5%.

(3) The amount of credit sales is collected equally in two subsequent months.

(4) The amount of credit purchases is paid in the next month.

(5) 60% of wages are paid in the same month and the balance amount in the next month

(6) Time lag for other expenses is $\frac{1}{4}$ month.

(7) 10% Debentures of ₹ 2,00,000 are to be issued on 1/4/2020 and first quarterly interest on the Debentures is payable on 30th June, 2020.

(8) Cash and bank balance on 1/4/2020 ₹ 15,000.