

Chapter - 8: Cash Budget

Example - 2

W.N. - 1 Collection from debtors

Particulars	February	March	April	May	June
Total Sales	6,00,000	4,50,000	6,50,000	9,00,000	5,00,000
Cash Sales (40%)	2,40,000	1,80,000	2,60,000	3,60,000	2,00,000
Credit Sales (60%)	3,60,000	2,70,000	3,90,000	5,40,000	3,00,000
Collection					
50% in next month		1,80,000	1,35,000	1,95,000	2,70,000
50% in second month			1,80,000	1,35,000	1,95,000
Total Collection from debtors			3,15,000	3,30,000	4,65,000

W.N. - 2 Overhead Charges

Particulars	February	March	April	May	June
Total Overhead Expenses	1,12,500	97,500	1,27,500	1,42,500	1,12,500
Less: Depreciation (Non-cash)	22,500	22,500	22,500	22,500	22,500
Other Overhead Expenses	90,000	75,000	1,05,000	1,20,000	90,000
Time lag in payment of O/h					
1/2 in same month	45,000	37,500	52,500	60,000	45,000
1/2 in next month		45,000	37,500	52,500	60,000
Total Payment of o/hs			90,000	1,12,500	1,05,000

Example - 3

W.N. - 1 Cash Sales and Collection from debtors

Particulars	April	May	June	July	August	September	October
Total Sales	2,00,000	3,00,000	4,00,000	5,00,000	7,00,000	8,00,000	9,00,000
Cash Sales (20%)	40,000	60,000	80,000	1,00,000	1,40,000	1,60,000	1,80,000
Credit Sales (80%)	1,60,000	2,40,000	3,20,000	4,00,000	5,60,000	6,40,000	7,20,000
Collection							
60% in next month		96,000	1,44,000	1,92,000	2,40,000	3,36,000	3,84,000
30% in second month			48,000	72,000	96,000	1,20,000	1,68,000
10% in third month				16,000	24,000	32,000	40,000
Total Collection from debtors				2,80,000	3,60,000	4,88,000	5,92,000

W. N. - 2 Purchase of Material

Particulars	April	May	June	July	August	September	October
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Total Sales	2,00,000	3,00,000	4,00,000	5,00,000	7,00,000	8,00,000	9,00,000
Purchase (30% of sales)	60,000	90,000	1,20,000	1,50,000	2,10,000	2,40,000	2,70,000
				July	August	September	

W.N. - 3 Manufacturing Expenses

Particulars	April	May	June	July	August	September	October
Total Manufacturing Exp.	50,000	60,000	70,000	60,000	80,000	90,000	1,00,000
Time lag in Payment	↓						
3/4 in same month	37,500	45,000	52,500	45,000	60,000	67,500	75,000
1/4 in next month		12,500	15,000	17,500	15,000	20,000	22,500
Payment of Expenses				62,500	75,000	87,500	

W.N. - 4 Other Overhead Expenses

Particulars	April	May	June	July	August	September	October
Total Overhead Expenses	60,000	70,000	80,000	70,000	90,000	1,00,000	1,20,000
Time lag in Payment	↓						
1/2 in same month	30,000	35,000	40,000	35,000	45,000	50,000	60,000
1/2 in next month		30,000	35,000	40,000	35,000	45,000	50,000
Payment of Expenses				75,000	80,000	95,000	

Example - 8

W.N. - 1 Collection from debtors

Particulars	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July
Total Sales	3,60,000	4,20,000	4,80,000	1,80,000	2,40,000	2,40,000	3,60,000	3,00,000	2,40,000	3,60,000
Cash Sales (25%)	90,000	1,05,000	1,20,000	45,000	60,000	60,000	90,000	75,000	60,000	90,000
Credit Sales (75%)	2,70,000	3,15,000	3,60,000	1,35,000	1,80,000	1,80,000	2,70,000	2,25,000	1,80,000	2,70,000
Collection										
60% in next month		1,62,000	1,89,000	2,16,000	81,000	1,08,000	1,08,000	1,62,000	1,35,000	1,08,000
25% in second month			67,500	78,750	90,000	33,750	45,000	45,000	67,500	56,250
15% in third month				40,500	47,250	54,000	20,250	27,000	27,000	40,500
Total Collection from debtors				3,35,250	2,18,250	1,95,750	1,73,250	2,34,000	2,29,500	

W.N. - 2 Payment to Creditors

Particulars	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July
Total Sales	3,60,000	4,20,000	4,80,000	1,80,000	2,40,000	2,40,000	3,60,000	3,00,000	2,40,000	3,60,000
Less: Gross Profit (20%)	72,000	84,000	96,000	36,000	48,000	48,000	72,000	60,000	48,000	72,000
COGS (Purchase)	2,88,000	3,36,000	3,84,000	1,44,000	1,92,000	1,92,000	2,88,000	2,40,000	1,92,000	2,88,000
				Jan.	Feb.	March	April	May	June	

Example - 4

W.N. - 1 Payment to Creditors

Particulars	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Total Sales	1,60,000	2,00,000	2,40,000	3,20,000	2,80,000	3,00,000
Less: Gross Profit (33.33% on cost)	40,000	50,000	60,000	80,000	70,000	75,000
Cost of Goods Sold (COGS)	1,20,000	1,50,000	1,80,000	2,40,000	2,10,000	2,25,000
Add: Closing Stock	20,000	30,000	50,000	60,000	55,000	50,000
Less: Opening Stock	---	20,000	30,000	50,000	60,000	55,000
Purchase	1,40,000	1,60,000	2,00,000	2,50,000	2,05,000	2,20,000

W.N. - 2 Cash Sales and Collection from Debtors

Particulars	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Total Sales	1,60,000	2,00,000	2,40,000	3,20,000	2,80,000	3,00,000
Cash Sales (40%)	64,000	80,000	96,000	1,28,000	1,12,000	1,20,000
Credit Sales (60%)	96,000	1,20,000	1,44,000	1,92,000	1,68,000	1,80,000
Collection						
50% in next month		48,000	60,000	72,000	96,000	84,000
50% in second month			48,000	60,000	72,000	96,000
Total Collection from debtors			1,08,000	1,32,000	1,68,000	

W.N. - 3 Overhead Expenses

Particulars	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Total Overhead Expenses	24,000	30,000	40,000	36,000	40,000	30,000
Less: Fixed Overheads	10,000	10,000	10,000	10,000	10,000	10,000
Variable Overhead Expenses	14,000	20,000	30,000	26,000	30,000	20,000

Oct. Nov. Dec.

Example - 42 Gujarat Ltd.

W.N. - 1 Cash Sales and Collection from Debtors:

Particulars	February	March	April	May	June
Total Sales	3,00,000	4,00,000	5,00,000	6,00,000	8,00,000
Cash Sales (20%)	60,000	80,000	1,00,000	1,20,000	1,60,000
Less: Discount (10% of cash sale)	6,000	8,000	10,000	12,000	16,000
Net Cash Sales	54,000	72,000	90,000	1,08,000	1,44,000
Credit Sales (80%)	2,40,000	3,20,000	4,00,000	4,80,000	6,40,000
Less: Goods returned (10%)	24,000	32,000	40,000	48,000	64,000
Net Credit Sales	2,16,000	2,88,000	3,60,000	4,32,000	5,76,000
Collection					
50% in next month		1,08,000	1,44,000	1,80,000	2,16,000
50% in second month			1,08,000	1,44,000	1,80,000
Total Collection from debtors			2,52,000	3,24,000	3,96,000

W.N. - 2 Cash Purchase and Payment to Creditors:

Particulars	February	March	April	May	June
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Total Purchase	2,00,000	3,00,000	5,00,000	6,00,000	5,00,000
Cash Purchase (50%)	1,00,000	1,50,000	2,50,000	3,00,000	2,50,000
Less: Discount (10% of cash purchase)	10,000	15,000	25,000	30,000	25,000
Net Cash Purchase	90,000	1,35,000	2,25,000	2,70,000	2,25,000
Credit Purchase (50%)	1,00,000	1,50,000	2,50,000	3,00,000	2,50,000
		April	May	June	

W.N. - 3 Factory Overheads:

Particulars	February	March	April	May	June
Total Factory Overheads	60,000	80,000	60,000	80,000	1,00,000
Time lag in payment of Exp.					
1/2 in same month	30,000	40,000	30,000	40,000	50,000
1/2 in next month		30,000	40,000	30,000	40,000
Total Payment of Factory O/hs			70,000	70,000	90,000

W.N. - 4 Administrative Expenses

Particulars	February	March	April	May	June
Total Administrative Expenses	24,000	36,000	44,000	64,000	48,000
Time lag in payment of Exp.					
3/4 in same month	18,000	27,000	33,000	48,000	36,000
1/4 in next month		6,000	9,000	11,000	16,000
Total Payment of Admini. Exp.			42,000	59,000	52,000

W.N. - 5 Selling Expenses

Particulars	February	March	April	May	June
Total Selling Expenses	24,000	32,000	40,000	48,000	56,000
Time lag in payment of Exp.					
7/8 in same month	21,000	28,000	35,000	42,000	49,000
1/8 in next month		3,000	4,000	5,000	6,000
Total Payment of Selling Exp.			39,000	47,000	55,000

W.N. - 6 Interest Received on Fixed Deposit:

Total Interest Received	(100,000 * 12%)	12,000
Less: TDS on Interest	(12,000 * 20.40%)	2,448
Net Interest Received		9,552

W. N. - 7: Installments of Machine

Purchase price of Machine		200,000
Less: Amount payable at agreement in March (200,000 * 20%)		40,000
Remaining amount payable		160,000
Amount of Installment	(160,000 / 4)	40,000
Installment paid in April		40,000
Add: Interest (160,000 * 12% * 1/12)		1,600

Total Payment in April **41,600**

Installment paid in May 40,000

Add: Interest (120,000 * 12% * 1/12) 1,200

Total Payment in May **41,200**

Installment paid in June 40,000

Add: Interest (80,000 * 12% * 1/12) 800

Total Payment in June **40,800**

W. N. -8 Dividend Received:

Total Face Value of Shares Purchased 25,00,000

(25,000 shares * ₹ 100)

Dividend Received (25,00,000 * 15%) **3,75,000** June