

# UDHNA CITIZEN COMMERCE COLLEGE &

SPBCBA & SDHGBCA&IT

BCOM PROGRAMME

TYBCOM SEM-6 CH- CASH BUDGET

ADVANCED ACCOUNTING & AUDITING-8

QUESTIONS FOR CLASS WORK

1. Find out the amount paid to creditors for the month of February and March from the following data.
  - (1) Creditors as on 31-12-2022 Rs. 3,00,000.
  - (2) Time lag for payment to creditors is 2 months.
  - (3) Credit purchase for the year 2022 were made at equal monthly rate and same pattern would also continue in the year 2023.
  - (4) In the year 2023, the purchase will increase by 60%.

2. Following information of Tejanand Ltd. is given to you.

Particulars	April	May	June	July
Estimated Purchases (Rs.)	90,000	1,57,500	2,92,500	2,25,000
Opening Balance of Creditors (Rs.)	22,500	45,000	90,000	67,500

There is no opening stock of in the month of August. From the above information calculate the amount paid to the Creditors in the month of April to July.

3. Debtors is Rs. 3,60,000 (Rs. 80,000 for sales in February and Rs. 2,80,000 for sales in March-2019) and creditors is Rs. 3,30,000 on 31-3-2019
  - (i) 75% of credit sales are collected in the month after sale and the balance in the second month after sale.
  - (ii) Creditors will be paid after the month of purchases.From the above information, state the collection and payment in the month of April-2019

4. Find out sales of July and August.

Particular	June	July	August
Sales (Rs.)	6,00,000	—	—
Debtors (Rs.)	—	11,00,000	14,00,000

Collection period 50% after the month of sales and 50% after the second month of sales.

5. Prepare cash budget of Neel Ltd. for three months from October to December 2022 from the following information:

- (1) Cash balance as on 1-10-2022 is Rs. 25,000.  
 (2)

Month	Sales Rs.	Purchase Rs.	Wages Rs.	Overheads Rs.
August	3,00,000	1,80,000	51,000	70,000
September	3,50,000	2,50,000	66,000	80,000
October	4,00,000	3,20,000	75,000	90,000
November	4,20,000	2,50,000	90,000	1,00,000
December	4,50,000	2,50,000	99,000	1,10,000

- (3) Cash sales are 20% of total sales.  
 (4) 60% amount of credit sales is received in next month of selling and remaining 40% amount of credit sales is receive in second month.  
 (5) Commission on sales at 2% on total sales is to be paid in the next month of actual sales.  
 (6) Cash purchase is 20% of total purchase, time lag for credit purchase is one month.  
 (7) Depreciation amount Rs. 10,000 per month included in overheads.  
 (8) Advance income tax will be paid in November 2022 Rs. 26,000.  
 (9) The time lag for payment of wages is  $\frac{1}{3}$  month and the time lag for payment of overheads is  $\frac{1}{4}$  month.  
 (10) The company has 10% Government Security of Rs. 5,00,000 interest is payable on 30th June and 31st December  
 (11) Cash can be borrowed in multiple of Rs. 50,000 at interest of 12% per annum to maintain minimum cash balance. Maintain minimum cash balance Rs. 40,000 every month.

(12) Company issue 10% debenture of Rs. 3,00,000 at 2% discount rate in December 2022

6. Prepare a cash budget of Vijay Co. Ltd. for the period from July to September, 2022.

Cash and Bank balance on 1st July, Rs. 5,00,000.

Gross profit budgeted:

April.....	Rs. 2,50,000
May .....	Rs. 2,00,000
June .....	Rs. 2,50,000
July .....	Rs. 2,75,000
August .....	Rs. 3,00,000
September .....	Rs. 2,00,000

The proportion of material, wages and variable overheads in cost of sales of each month is 2:1:1.

Fixed overheads are Rs. 3, 75,000 which include Rs. 1,25,000 depreciation on machinery.

20% of sales are cash sales. 50% of credit sales are collected in first month after sales, 40% in the second month after sales and remaining third month after sales.

Materials are purchased equally from two merchants Ram Traders and Shyam Traders respectively. The purchases of Ram Traders and Shyam Traders are made two months advance and one month advance respectively. The amount all the purchases is paid in the month after the month of purchases. Materials and Wages are strictly variable. A uniform gross profit on variable cost is maintained by the company. Wages and variable overheads are paid after one month. Gross profit is 25% on Cost. At the end of each month cash on hand Rs. 2,50,000 is to be kept and the additional amount be invested in the Government securities.

7.

Hetal Co. Ltd. closes its account on 31st March every year. For next three months ending on 30th June 2020 it wants to prepare cash budget. The details are as follows:

- 1) The figures of estimated sales are as follows:

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March	: 50,00,000
April	: 60,00,000
May	: 55,00,000
June	: 70,00,000

- 2) The details regarding the cost of sales for month of March are as follows:

Materials	Rs : 22,50,000
Labour	Rs : 7,50,000

Indirect fixed expenses Rs. 7,50,000

Indirect variable expenses Rs. 5,00,000

- 3) The Depreciation of Rs. 2,00,000 on plant and machinery is included in indirect fixed expenses.
- 4) 1/5 of the total sales is in cash and the remaining sales is on credit, customers are provided one month credit.
- 5) Also the one month credit is available from the suppliers.
- 6) Labour and variable expenses are paid in the month following the month in which they are incurred. While fixed indirect expenses are paid in the same month. Material and Labour expenses are perfectly variable.
- 7) Income tax of Rs. 6,00,000 will be paid in June-2020
- 8) Staff will be given Bonus of Rs. 3,00,000 in the month of May.
- 9) Company maintains gross profit at the same standard on variable expenses.
- 10) The production of each month is sold out completely.
- 11) It is assumed to have the cash balance of Rs. 2,00,000 on hand on 1st April 2020.

8.

Prepare cash budget for three months ending to June-2019 from the following information of Sagar Ltd.

Month	Total Sales (Rs.)	Wages (Rs.)	Overheads (Rs.)
January - 2019	4,00,000	20,000	40,000
February- 2019	6,00,000	40,000	60,000
March- 2019	7,00,000	60,000	70,000
April - 2019	9,00,000	50,000	90,000
May - 2019	10,00,000	70,000	60,000
June - 2019	12,00,000	80,000	80,000

Other Informations:

- (1) Assume 80% of total sales are credit and 20% cash sales.
- (2) 60% of credit sales are collected in next month after sales, 30% in the second month and 10% in the third month after sales.
- (3) The company has gross profit margin of 25% on sales.
- (4) Anticipating sales of each month 50% necessary purchases are made in the proceeding month and 50% purchases are made in the month of sales.
- (5) 15% Debentures of Rs. 2,00,000 are to be issued at 10% discount on 1st April 2019. Interest on it is to be paid on every three months.
- (6) Plant costing Rs. 1,60,000 is due for delivery in April, Payable 60% on delivery and the balance in June-2019.
- (7) The Time Lag:  
 Wages : Week  
 Overheads : Fortnight  
 Creditors : 1 Month
- (8) Cash and bank balance in 31st March-2019 Rs. 1,28,000.