

X Ltd Cash budget For the month of September to October			
Details	September Tk.	October Tk.	
Balance b/d	25,000	13,500	
Cash receipts:			
Cash sales	80,000	1,20,000	
Collection from debtors (note-1)	1,88,500	1,77,000	
Total receipts-(a)	2,93,500	310,500	
Cash payment:			
Cash purchase	40,000	40,000	
Payment to creditors (N-2)	1,85,000	1,60,000	
Cash operating expenses	55,000	20,000	
Total payment-(b)	2,80,000	2,20,000	
Balance c/d (a-b)	13,500	90,500	

Problem 6

[NU. BBA - 2008]

Tanis kids fashion is ready to begin its third quarter, in which peak sales occur. The company has the highest cash requirement in this quarter and they got an option of borrowing from bank in the maximum amount of Tk. 10,000 with an interest of 10%. They generally borrow at the beginning of the month and repay at the end. The following data have been assembled to find their cash need for the upcoming months:

On July 1 the company has a cash balance of Tk. 44,500.

" Actual sales for the last two months and budgeted sales (all sales are on account) are as follows:

	Taka
May (actual)	2,50,000
June (actual)	3,00,000
July (budgeted)	4,00,000
August (budgeted)	6,00,000
September (budgeted)	3,20,000

Past experience shows that the sales are collected in the following pattern:

25% of sales are collected in the month of sales

75% of sales are collected in the month following sales

Budgeted merchandise purchases and other expenditure are given below:

	July Taka	August Taka	September Taka
Merchandise purchases	2,40,000	3,50,000	1,75,000
Salaries and wages	45,000	50,000	40,000
Advertising	1,30,000	1,45,000	80,000
Rent payments	9,000	9,000	9,000
Depreciation	10,000	10,000	10,000

Merchandise purchases are paid in full in the month following purchase. Accounts payable for merchandise purchases on June 30 was Tk. 1,80,000.

Equipment costing Tk. 10,000 will be purchased in July for cash.

The company needs a minimum cash balance of Tk. 20,000 to start each month.