

## CASH BUDGET

### REQUIRED:

Prepare the cash budget of Ding Dong Traders for February and March 2023. Show workings for the collection from debtors and the payments to creditors.

### INFORMATION:

#### 1. Information for the three months ended 31 March 2023:

|                        | Actual  | Budgeted |         |
|------------------------|---------|----------|---------|
|                        | January | February | March   |
| Sales (80 % on credit) | 240 000 | 252 000  | 273 000 |
| Wages paid             | 18 000  | 18 000   | ?       |
| Sundry cash expenses   | 13 000  | ?        | 12 000  |
| Depreciation           | 1 000   | 1 000    | 1 000   |

#### 2. Additional information:

- 2.1 It is expected that debtors will settle their accounts as follows:  
10 % within the same month as the sale subject to the 2 % discount  
70 % during the first month after the month of sale, and  
18 % during the second month after the month of sale.  
The remaining 2 % usually represent bad debts.
- 2.2 The credit sales for December 2022 were R186 200.
- 2.3 Goods are sold at a markup of 50%. 60% of all purchases are on credit. Trade creditors are paid in the month following the month in which the transaction was made at a discount of 2 %.
- 2.4 Expenses and income, unless otherwise stated, are paid and received as they arise.
- 2.5 Sundry cash expenses increased by 20% in March.
- 2.6 Wages increased by 12% on the 1<sup>st</sup> of March.
- 2.7 The unfavourable bank balance on 1 February 2023 was R46 300.

**COLLECTION SCHEDULE**

|       |  | <b>FEBR</b> | <b>MARCH</b> |
|-------|--|-------------|--------------|
| DEC   |  |             |              |
| JAN   |  |             |              |
| FEBR  |  |             |              |
| MARCH |  |             |              |
|       |  |             |              |

**CREDIT PAYMENT SCHEDULE**

|                  | <b>JAN</b> | <b>FEBR</b> | <b>MARCH</b> |
|------------------|------------|-------------|--------------|
| PURCHASES        |            |             |              |
| CASH PURCHASES   |            |             |              |
| CREDIT PURCHASES |            |             |              |
| PAYMENTS         |            |             |              |

**CASH BUDGET**

|                       | <b>FEBR</b> | <b>MARCH</b> |
|-----------------------|-------------|--------------|
| <b>RECEIPTS</b>       |             |              |
| Cash sales            |             |              |
| Cash from debtors     |             |              |
| <b>TOTAL</b>          |             |              |
|                       |             |              |
| <b>PAYMENTS</b>       |             |              |
| Cash purchases        |             |              |
| Payments to creditors |             |              |
| Wages                 |             |              |
| Sundry expenses       |             |              |
| <b>TOTAL</b>          |             |              |
| Surplus               |             |              |
| Bank Opening          |             |              |
| Bank Closing          |             |              |

