



# SNS College of Technology

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INSTITUTIONS

Coimbatore - 35

23BAT605 – FINANCIAL STATEMENT ANALYSIS

Unit V – BUDGETING

Topic: Guess?????



Presented by

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**1<sup>st</sup> Indian Institution to Implement Design Thinking Curriculum**

**Redesigning Common Mind and Business Towards Excellence**



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Topic....





# PROBLEM:1

Saurashtra Co. Ltd. wishes to arrange overdraft facilities with its bankers from the period August to October 2010 when it will be manufacturing mostly for stock.

Prepare a cash budget for the above period from the following data given below:

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Mfg. Exp. (Rs.)	Office Exp. (Rs.)	Selling Exp. (Rs.)
June	1,80,000	1,24,800	12,000	3,000	2,000	2,000
July	1,92,000	1,44,000	14,000	4,000	1,000	4,000
August	1,08,000	2,43,000	11,000	3,000	1,500	2,000
September	1,74,000	2,46,000	12,000	4,500	2,000	5,000
October	1,26,000	2,68,000	15,000	5,000	2,500	4,000
November	1,40,000	2,80,000	17,000	5,500	3,000	4,500
December	1,60,000	3,00,000	18,000	6,000	3,000	5,000

# Contd.,

## **Additional Information:**

- Cash on hand 1-08-2010 Rs.25,000.
- 50% of credit sales are realized in the month following the sale and the remaining 50% in the second month following. Creditors are paid in the month following the month of purchase.
- Lag in payment of manufacturing expenses half month.
- Lag in payment of other expenses one month





# SOLUTION

Particulars	August (Rs.)	September (Rs.)	October (Rs.)
<b>Receipts:</b>			
Opening balance	25,000	44,500	(66,750)
Sales	1,86,000	1,50,000	1,41,000
<b>Total Receipts(A)</b>	<b>2,11,000</b>	<b>1,94,500</b>	<b>74,250</b>
<b>Payments:</b>			
Purchases	1,44,000	2,43,000	2,46,000
Wages	14,000	11,000	12,000
Mfg. Exp.	3,500	3,750	4,750
Office Exp.	1,000	1,500	2,000
Selling Exp.	4,000	2,000	5,000
<b>Total payments(B)</b>	<b>1,66,500</b>	<b>2,61,250</b>	<b>2,69,750</b>
<b>Closing Balance(A-B)</b>	<b>44,500</b>	<b>(66,750)</b>	<b>(1,95,500)</b>





# Time for the assessment...



Spell out the Procedure for preparing cash budget







# Summary

## CASH BUDGET PROBLEM





# References...

- <https://bansi203.files.wordpress.com/2016/07/practicals-budgetory-control.pdf>





Thank  
you





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