

Model Question Paper

Cash budget - Part I

12th Standard

Accountancy

Reg.No. :

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I. Answer all the questions.

II. Use blue pen only.

Time : 02:00:00 Hrs

Total Marks : 110

5 x 1 = 5

Part-A

- 1) The term 'cash' in cash budget stands for _____ and _____.
- 2) Cash budget is also called as _____.
- 3) There are _____ methods by which a cash budget is prepared.
- 4) The opening balance of cash in April is Rs.1250. Total receipts for the month are Rs.4300 and total payments amounted to Rs.3750. Opening balance of cash in May will be _____.
- 5) Cash budget is a useful tool for _____.

Part-B

5 x 5 = 25

- 6) Define Budget.
- 7) What are the characteristics of a budget?
- 8) Write notes on Cash budget.
- 9) What are the advantages of cash budget?
- 10) List the methods that can be used for the preparation of the cash budget.

Part-C

5 x 12 = 60

- 11) Prepare a cash budget for the month of August and September 2004 from the following information

	Credit sales Rs.	Credit purchases Rs.	Wages Rs.	Selling Expenses Rs.
June 2004	1,87,000	1,24,800	12,000	8,600
July 2004	1,92,000	1,83,600	14,000	4,800
August 2004	1,94,000	1,46,000	11,000	6,600
September 2004	1,26,000	1,73,400	10,000	7,500

1. Suppliers allowed two months credit. 2. Customers were given one month credit. 3. Wages are payable in the same month. 4. Delay in payment of selling expenses was one month. 5. Commission receivable Rs.11,025 in August. 6. Estimated cash balance as on 1st August Rs.9,075

- 12) Prepare a cash budget for the month of January, February and March 2005 from the following information.

Month & Year	Credit purchases Rs.	Credit Sales Rs.	Wages Rs.
November 2004	2,00,000	2,50,000	50,000
December 2004	3,00,000	3,50,000	60,000
January 2005	3,00,000	4,50,000	60,000
February 2005	4,00,000	2,00,000	80,000
March 2005	5,00,000	3,50,000	70,000

1. Expected Cash balance on 1.1.2005 is Rs.75,000 2. Suppliers allowed a credit period of two months 3. A credit period of two months is allowed to customers 4. Lag in payment of wages is one month

- 13) From the following, prepare a cash budget for August & September 2004

	July Rs.	August Rs.	September Rs.
Cash purchases	1,00,000	2,00,000	3,00,000
cash sales	2,75,000	3,25,000	4,75,000
credit purchases	1,45,000	2,45,000	3,25,000
credit sales	2,75,000	3,45,000	4,00,000
Expenses	50,000	60,000	70,000

1. Estimated Opening balance of cash on 1st August Rs.80,000 2. Credit allowed by suppliers and to customer is one month 3. Expenses are payable in the same month 4. Dividend receivable in August is Rs.16,000 5. Commission payable in September is Rs.2,70,000.

- 14) Prepare a cash budget for January, February and March 2005 from the following information

Month & year	Sales Rs.	Purchases Rs.	Expenses Rs.
December 2004	5,00,000	4,00,000	55,000
January 2005	6,00,000	6,00,000	65,000
February 2005	7,00,000	4,00,000	75,000
March 2005	8,00,000	5,00,000	85,000

1. All sales are for cash. 2. The period of credit allowed by the suppliers is one month. 3. Lag in payment of expenses is one month. 4. Opening cash balance on 1.1.2005 is Rs.45,000. 5. In March, an asset for Rs.2,00,000 is to be purchased.

15) From the following, prepare a cash budget for June & July 2005

	May Rs.	June Rs.	July Rs.
Cash purchases	50,000	1,00,000	1,50,000
Cash sales	1,37,500	1,62,500	2,37,500
Credit purchases	72,500	1,22,500	1,62,500
Credit sales	1,37,500	1,72,500	2,00,000
Expenses	25,000	30,000	35,000

1. Estimated Opening balance of cash on 1st June Rs.40,000 2. Credit allowed by suppliers and to customer is one month 3. Expenses are payable in the same month 4. Dividend receivable in June is Rs.8,000 5. Commission payable in July is Rs.1,35,000.

Part-D

1 x 20 = 20

16) From the following prepare a cash budget for August and September 2003.

Particulars	July Rs.	Aug Rs.	Sep Rs.
Cash Purchases	50,000	1,00,000	1,50,000
Cash sales	37,500	62,500	2,37,500
Credit purchase	72,500	1,22,500	1,62,500
Credit sales	1,37,500	1,72,500	2,00,000
Expenses	25,000	30,000	35,000

- a) Estimated opening balance of cash on 1.8.2003 is Rs.40,000
 b) Credit allowed by suppliers and to customers is one month.
 c) Expenses are payable in the same month.
 d) Dividend receivable in August is Rs.8,000
 e) Commission payable in September is Rs.1,35,000.

