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| Province of the  EASTERN CAPE  EDUCATION  **DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**  **HOME SCHOOLING SELF-STUDY**  **MARKING GUIDELINE**   |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **SUBJECT** | ACCOUNTING | **GRADE** | 11 | **DATE** |  | | | | | **TOPIC** | Cash Budgets | | | | **Term** | 3 | **Week** | 5 | |

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| **ACTIVITY 1** | |
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| **QZX STORES** | |
| **CASH BUDGET FOR THE MONTHS APRIL 2020 AND MAY 2020.** | |
| |  |  |  |  | | --- | --- | --- | --- | | **RECEIPTS** |  | **April** | **May** | | Cash sales |  | 432 000 | 600 000 | | Capital |  | 195 000 | - | | Rent Income |  | - | 9 600 | | Sale of vehicles |  | - | 32 250 | | Interest on fixed deposit | 1 | - | 3 600 | | **Total Receipts** |  | 627 000 | 645 450 | | **PAYMENTS** |  |  |  | | Cash purchase of merchandise |  | 270 000 | 375 000 | | Salaries | 2 | 50 250 | 55 275 | | Packing materials | 3 | 12 150 | 18 000 | | Other cash operating expenses |  | 50 550 | 58 500 | | Purchase of equipment |  | 60 000 | - | | **Total payments** |  | 442 950 | 506 775 | | **CASH SURPLUS/DEFICIT** |  | 184 050 | 138 675 | | **Bank at beginning of month** |  | 48 000 | 232 050 | | **Bank at end of the month** |  | 232 050 | 370 725 | | |
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| **NOTES:** | |
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| 1. Interest on fixed deposit R30 000 X 12% X = 3 600 | |
| 1. Salaries will be calculated from April - amount of R50 250 x = 55 275 | |
| 1. Packing Material 600 000 X 3% = 18 000 | |
| 1. Depreciation is omitted because it is a non – cash item it does not result in an outflow of cash. | |
| 1. Calculations are rounded off to the nearest rand. | |
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| **ACTIVITY 2** | |
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| **KUYASA STORES** | |
| **CASH BUDGET FOR THE 3-MONTH PERIOD 1 APRIL 2020 AND MAY 2020.** | |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | | **RECEIPTS** |  | **April** | **May** | **June** | | Cash sales |  | 540 000 | 594 000 | 623 700 | | Rent Income |  | 30 000 | 30 000 | 30 000 | |  |  |  |  |  | |  |  |  |  |  | | **Total Receipts** |  | 570 000 | 624 000 | 653 700 | | **PAYMENTS** |  |  |  |  | | Cash purchase of merchandise | 1 | 360 000 | 396 000 | 415 800 | | Salaries |  | 112 000 | 128 800 | 128 800 | | Advertising |  | 4 000 | 4 000 | 4 000 | | Bond repayments |  | 29 600 | 32 600 | 32 600 | | Sundry expenses |  | 42 000 | 44 100 | 46 305 | | Drawings |  | 8 000 | 8 000 | 9 600 | | Equipment |  | - | 30 000 | - | |  |  |  |  |  | | **Total payments** |  | 555 600 | 643 500 | 637 105 | | **CASH SURPLUS/DEFICIT** |  | (14 400) | (19 500) | 16 595 | | **Bank at beginning of month** |  | (13 600) | (28 000) | (47 500) | | **Bank at end of the month** |  | (28 000) | (47 500) | (30 905) | | |
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| **NOTES:** | |
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| 1. Trading stock sold each month is replenished in the same month. This statement implies that the stock sold in that month is replaced by that amount. In other words, the amount that is sold is replaced; therefore, the cost of sales for each month represents the amount of stock purchased for that month. | |
| 1. The rent increase falls outside the budget period of July. | |

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| **ACTIVITY 3** | |
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| **EC TRADERS** | |
| **DEBTORS COLLECTION SCHEDULE** | |
| |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | |  | **Credit sales** | **Collection from debtors** | | | | | | | **April 2020** | | **May 2020** | | **June 2020** | | |  | Calculation | Amount | Calculation | Amount | Calculation | Amount | | **FEB** | 162 000 | 162 000 X 15% | 24 300 |  |  |  |  | | **MARCH** | 176 400 | 176 600 X 60% | 105 840 | 176 400 X 15% | 26 460 |  |  | | **APRIL** | 183 600 | 183 600 X 25% X 97% | 44 523 | 183 600 X 60% | 110 160 | 183 600 X15% | 27 540 | | **MAY** | 171 000 |  | | 171 000 X 25% X 97% | 41 468 | 171 000 X 60% | 102 600 | | **JUNE** | 234 000 |  | |  | | 234 000 X 25% X 97% | 56 745 | |  |  |  | 174 663 |  | 178 088 |  | 186 885 | | |
| **NOTES:** | |
| * Always start by working out credit sales first. Write down that figure like the total sales for FEB were R270 000 x 60% = R162 000 * The column for calculation is for illustration of the workings. * Debtors are given 3 months to pay with the first amount to be collected in the month of sale. E.g. April sales will be collected as April 25%, May 60% and June 15%. Debtors will also get a 3% discount on payments in the same month. This therefore means the business will not get 100%. It will be 100% – 3% = 97% * Cash sales and collections from debtors (**NB not credit sales**) are entered in the cash budget as follows: | |
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| **EC TRADERS** | |
| **CASH BUDGET FOR THE PERIOD 1 APRIL 2020 – 30 JUNE 2020** | |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | | **RECEIPTS** | **APRIL** | **MAY** | **JUNE** | **TOTAL** | | Cash sales | 122 400 | 114 000 | 156 000 | 392 400 | | Collection from debtors | 174 663 | 178 088 | 186 885 | 539 636 | | |

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| **ACTIVITY 4** | |
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| **4.1** | **Identify TWO items that cannot be included in a Cash Budget** |
|  | Any TWO of the following  Profit on sale of assets, Bad debts, Trading stock deficit, Discount received, Depreciation |
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| **4.2** | **DEBTORS’ COLLECTION SCHEDULE: 1 MAY TO 31 JULY** |
|  | |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Credit sales** | | **Collections** | | | | **May** | **June** | **July** | | **March** | 324 000 x 18% | 58 320 |  |  | | **April** | 360 000  x 50% and x 18% | 180 000 | 64 800 |  | | **May** | 348 000  x 30% and x 50% and x 18% | 104 400 | 174 000 | 62 640 | | **June** | 300 000  x 30% and x 50% |  | 90 000 | 150 000 | | **July** | 276 000 X 30% |  |  | 82 800 | |  |  | 342 720 | 328 800 | 295 440 | |
|  |  |
| **4.3** | **The business is concerned that some debtors are paying too slowly. Suggest TWO ways to solve this problem** |
|  | Grant discount to debtors paying within 30 days  Charge interest on overdue accounts |