A) Choose the best answer:–

1. Cash budget deals with------------------
   a) Estimated cash receipts  b) Estimated cash payments  c) Estimated cash receipts & Estimated cash payments

2. Budget is an estimate relating to-----------period.
   a) Future  b) current  c) past

3. Budget is expressed in terms of-----------
   a) Money  b) Physical units  c) Money & Physical units

4. The opening balance of cash in January is Rs.9,000. The estimated receipts are Rs.14,000 and the estimated payments are Rs.10,000. The opening balance of cash in February will be
   a) Rs. 21,000  b) Rs. 11,000  c) Rs. 13,000

5. Purchase of Furniture is an example for ----------------
   a) Cash receipts  b) Cash payments  c) None of the above

6. There are ________ methods by which a cash budget is prepared.
   a) Three  b) four  c) six

7. The closing balance of one month will be the __________ balance of the next month.
   a) Debit balance  b) Credit balance  c) Opening balance

8. The term ‘cash’ in cash budget stands for __________ and __________.
   a) Debit balance & Credit balance  b) Credit balance & Nil balance  c) Opening balance & closing balance

9. Cash budget is also called as __________.
   a) Financial control  b) Financial Planning  c) Financial budget

10. Cash budget is a useful tool for __________.
    a) Financial control  b) Financial Planning  c) Financial budget

B) Answer the following questions:–

11. The opening balance of Cash on 1.4.2009 was Rs 50,000. Estimated receipts during the month were Rs 80,000 and the estimated payments for the month were Rs 1,00,000. Determine the closing balance on 30.4.2009.

12. The opening balance of cash in January 2002 is Rs 1,50,000. The estimated cash receipts are Rs 50,000 and the estimated cash payments are Rs 30,000. What is the opening balance of cash in February 2002?


14. What are the methods of cash budget?

C) Answer the following questions:–

15. Give few examples for cash receipts?

16. What are the characteristics of cash budget?

17. Give few examples for cash payments?

18. What are the advantages of cash budget?
19. What do you mean by cash budget and explain the steps?

20. From the following information prepare a cash Budget for three months from October 2003.
1. Opening cash balance in October Rs 6,000
2. Cash sales: October Rs 50,000: November Rs 40,000: December Rs 30,000
3. Credit purchases: September Rs 20,000: October Rs 24,000: November Rs 28,000: December Rs 32,000 The period of credit allowed by suppliers is one month
4. Dividend to be received in December Rs 8,000
5. Sale of old assets for Rs 24,000 during November

21. From the following, prepare a cash budget for August & September 2004

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>JULY</th>
<th>AUGUST</th>
<th>SEPTEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash purchases</td>
<td>1,00,000</td>
<td>2,00,000</td>
<td>3,00,000</td>
</tr>
<tr>
<td>Credit purchase</td>
<td>1,45,000</td>
<td>2,45,000</td>
<td>3,25,000</td>
</tr>
<tr>
<td>Cash sales</td>
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<td>4,75,000</td>
</tr>
<tr>
<td>Credit sales</td>
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<td>4,00,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>50,000</td>
<td>60,000</td>
<td>70,000</td>
</tr>
</tbody>
</table>

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.

22. From the following, prepare a cash budget for June & July 2005

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>MAY</th>
<th>JUNE</th>
<th>JULY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash purchases</td>
<td>50,000</td>
<td>1,00,000</td>
<td>1,50,000</td>
</tr>
<tr>
<td>Cash sales</td>
<td>1,37,500</td>
<td>1,62,500</td>
<td>2,37,500</td>
</tr>
<tr>
<td>Credit purchase</td>
<td>72,500</td>
<td>1,22,500</td>
<td>1,62,500</td>
</tr>
<tr>
<td>Credit sales</td>
<td>1,37,500</td>
<td>1,72,500</td>
<td>2,00,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>25,000</td>
<td>30,000</td>
<td>35,000</td>
</tr>
</tbody>
</table>

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