

R J TIBREWAL COMMERCE COLLEGE
VASTRAPUR, AHMEDABAD
T Y B COM - SEMESTER- V
2020-2021 - ASSIGNMENT NO. 1 & 2
CE 302 A : MANAGEMENT ACCOUNTING-I :

ASSIGNMENT NO: 1

Prepare Cash Budget for the three months ending 30th September, 2021 from the following information of Prosperous Company. Cash and Bank Balance on 1st July, 2021 is expected to be Rs. 1,00,000.

Month	Cost of sales	Closing stock	Indirect wages	Overheads
May 2021	13,50,000	2,00,000	80,000	3,50,000
June 2021	16,50,000	3,50,000	1,20,000	5,00,000
July 2021	20,10,000	6,00,000	1,60,000	4,50,000
August 2021	27,00,000	7,00,000	2,00,000	4,00,000
September 2021	23,40,000	6,00,000	1,20,000	4,50,000
October 2021	25,20,000	5,00,000	2,00,000	3,50,000

- (1) There is no stock at the end of April, 2021.
- (2) Sales are effected so as to earn Gross Profit of 1/4th of the sales.
- (3) There are no credit purchases.
- (4) Cash sales are 40% of total sales. 50% of credit sales is collected in the month after sales and the balance 50% in the second month after sales.
- (5) The time lag in indirect wages is 1/4th month.
- (6) The overheads include fixed overheads of Rs.1,00,000 per month (including Rs. 20,000 monthly depreciation). The fixed overheads are paid two months after and the variable overheads are paid in the next month.
- (7) A machine of Rs. 1,50,000 will be sold at a profit of Rs.4,50,000 in the month of August, 2021. While another machine of Rs. 5,00,000 will be purchased in the same month. The 60% of the amount of the new machine will be paid at the time of purchase and the balance shall be paid in the month after that.
- (8) Income Tax of Rs. 1,00,000 will be paid in the month of July, 2021.

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The summarized Balance Sheets of XYZ Ltd. as on 31/03/2019 and as on 31/03/2020 are as follows:

	As on 31/03/2019 Rs.	As on 31/03/2020 Rs.
Fixed Assets: At Cost	1,500	1,950
Less: Depreciation	360	630
	1,140	1,320
Trade Investments	200	160
Current Assets	560	660
Preliminary Expenses	50	30
	1,950	2,170
Share Capital	610	910
Capital Reserve	-	20
General Reserve	440	400
Profit & Loss Account	20	150
Debentures	400	280
Liabilities for Goods and Services	240	160
Provision for Income Tax	180	170
Proposed Dividend	60	72
Unpaid Dividend	-	8
	1,950	2,170

During 2019-20, the company:

- Sold one machine for Rs.50; the cost of the machine was Rs.128 and the depreciation provided for it amounted to Rs.70.
- Provided Rs.190 as depreciation.
- Redeemed Debentures @ Rs.110.
- Sold some trade investments at profit credited to Capital Reserve.
- Decided to value the stock at cost, whereas previously the practice was to value stock at Cost less 10%. The stock according to books on 31.03.18 was Rs.108; the stock on 31.03.19 Rs.150 was correctly valued at cost.
- The Cash Balance as on 31-03-19 was Rs. 50 and on 31-03-20 was Rs. 60.

You are required to prepare **the Cash Flows Statement under AS-3** for the year 2019-20. Workings should form part of the answer.