**Question 37**

The following information relates to Country Gardens, a garden centre owned by   
Rosemary Green:

Balance of cash and cash equivalents at end of July Year 5 — £16,000

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **June** | **July** | **August** | **September** | | **October** |
|  | **£** | **£** | **£** | **£** | | **£** |
| Cash Sales Revenue | 18,400 | 22,655 | 24,810 | 15,275 | 19,640 | |
| Credit Sales Revenue | 8,340 | 6,265 | 7,490 | 7,820 | 8,130 | |
| Purchases | 17,450 | 17,100 | 15,360 | 17,940 | 18,290 | |

Country Gardens allows credit customers to pay **one month after sale** and they pay suppliers for goods bought on credit **two months after purchase**.

Monthly expenses are expected to be:

Salaries £10,500

Insurance £270

Rent of Premises £1,100

**Planned expenditure for period August–October:**

* Rent is to be increased by 10% commencing in September.
* New equipment costing £12,000 is to be purchased and paid for in August.
* Country Gardens has organised an advertising campaign costing a total of   
  £10,000. The first payment of £2,500 is due to be made in October.

Prepare a Cash Budget for Country Gardens for the period August–October Year 5.

**Total marks 10**

|  |  |  |  |
| --- | --- | --- | --- |
| **Question** | **Expected answer(s)** | **Max mark** | **Additional guidance** |
| **37** | **Cash Budget of Country Gardens for August-October Year 5**   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | |  | **Aug** |  | **Sep** |  | **Oct** |  | | Opening Balance | 16,000 |  | 5,755 |  | (560) | **(1)** | | **Receipts** |  |  |  |  |  |  | | Cash Sales Revenue | 24,810 |  | 15,275 |  | 19,640 | **(1)** | | Credit Sales Revenue | 6,265 |  | 7,490 |  | 7,820 | **(1)** | |  | 31,075 |  | 22,765 |  | 27,460 |  | |  |  |  |  |  |  |  | | **Payments** |  |  |  |  |  |  | | Purchases | 17,450 |  | 17,100 |  | 15,360 | **(1)** | | Rent | 1,100 | **(1)** | 1,210 |  | 1,210 | **(1)** | | Insurance | 270 |  | 270 |  | 270 |  | | Salaries | 10,500 |  | 10,500 |  | 10,500 | **(1)** | | Equipment | 12,000 | **(1)** |  |  |  |  | | Advertising |  |  |  |  | 2,500 | **(1)** | |  | 41,320 |  | 29,080 |  | 29,840 |  | |  |  |  |  |  |  |  | | Closing Balance | 5,755 |  | (560) |  | (2,940) |  | |  |  |  |  |  |  |  |   **All arithmetic correct (1)** | **10** | Watch for consequentiality throughout. |