Unit 5 - Week 4

Assignment 4

Due on 2019-03-30, 23:59 IST.

The tax department has requested that this assignment is handed in before 12 noon on 30th March 2019.

A manufacturer is preparing cash budget for its finance department. Which of the following items would not be included in the cash budget?

- Capital cost of a new collection service
- Capitalization of the machinery
- Operating expenses
- Raw material warehouse

No, the answer is incorrect.

- Accepted.

A company is preparing its cash budget for the year ended 30th June 2019. An extract from its cash budget for the year to 30th June 2019 is shown below and relates to the following statements.

- March
  - Cash balance 12,000
  - Receipt 20,000
  - Operations 8,000
  - Payment 10,000
  - Cash balance 10,000

- April
  - Cash balance 10,000
  - Receipt 22,000
  - Operations 10,000
  - Payment 12,000
  - Cash balance 10,000

- May
  - Cash balance 10,000
  - Receipt 25,000
  - Operations 12,000
  - Payment 15,000
  - Cash balance 10,000

- June
  - Cash balance 10,000
  - Receipt 28,000
  - Operations 14,000
  - Payment 18,000
  - Cash balance 10,000

No, the answer is incorrect.

- Accepted.

The following table is intended to help the company in preparing the cash budget for the next financial year. What period would the following budget be relevant to?

- March
- April
- May
- June
- July

- Accepted.

Which of the following is a major advantage of preparing a cash budget?

- Improved cash flow management
- Increased profitability
- Enhanced decision-making
- Reduced financial risk

No, the answer is incorrect.

- Accepted.

Which of the following is not a part of the cash budget?

- Cost of goods sold
- Cash receipts
- Cash expenses
- Financing

No, the answer is incorrect.

- Accepted.

The master budget does not contain which of the following?

- Operating budget
- Financial budget
- Sales budget
- All of the above

No, the answer is incorrect.

- Accepted.

Which of the following statements is not correct concerning the Manufacturing Overhead Budget?

- The Manufacturing Overhead Budget provides a schedule of all costs of production other than direct materials and labor costs.
- The Manufacturing Overhead Budget shows only the variable portion of manufacturing overhead.
- The Manufacturing Overhead Budget shows the expected cost of all overhead activities for manufacturing overhead.
- The Manufacturing Overhead Budget is prepared after the Sales Budget.

No, the answer is incorrect.

- Accepted.

A manufacturing company's relevant production budget indicates the following required production units:

<table>
<thead>
<tr>
<th>Month</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>10,000</td>
</tr>
<tr>
<td>February</td>
<td>12,000</td>
</tr>
<tr>
<td>March</td>
<td>15,000</td>
</tr>
</tbody>
</table>

Determine total production required if 8,000 units remain in inventory at the end of March.

- 30,000
- 28,000
- 20,000
- 24,000

No, the answer is incorrect.

- Accepted.

A manufacturer's cash budget for the year is given below:

<table>
<thead>
<tr>
<th>Month</th>
<th>Cash Balance</th>
<th>Receipts</th>
<th>Operations</th>
<th>Payments</th>
<th>Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>September</td>
<td>15,000</td>
<td>20,000</td>
<td>10,000</td>
<td>5,000</td>
<td>20,000</td>
</tr>
<tr>
<td>October</td>
<td>20,000</td>
<td>22,000</td>
<td>12,000</td>
<td>7,000</td>
<td>25,000</td>
</tr>
<tr>
<td>November</td>
<td>25,000</td>
<td>25,000</td>
<td>15,000</td>
<td>8,000</td>
<td>32,000</td>
</tr>
<tr>
<td>December</td>
<td>30,000</td>
<td>28,000</td>
<td>18,000</td>
<td>10,000</td>
<td>38,000</td>
</tr>
</tbody>
</table>

Which of the following month has the highest index number and should therefore be reviewed by the company for possible adjustments?

- September
- October
- November
- December

No, the answer is incorrect.

- Accepted.

According to the budget, the cash payments on the trade note are equal to the amount budgeted as a result of the collection of trade receivables.

- March
- April
- May
- June

No, the answer is incorrect.

- Accepted.