

Problem 9-9 (30 minutes)

1. December cash sales	\$ 83,000
Collections on account:	
October sales: \$400,000 × 18%	72,000
November sales: \$525,000 × 60%	315,000
December sales: \$600,000 × 20%	<u>120,000</u>
Total cash collections	<u>\$590,000</u>
2. Payments to suppliers:	
November purchases (accounts payable)	\$161,000
December purchases: \$280,000 × 30%	<u>84,000</u>
Total cash payments	<u>\$245,000</u>

3. **ASHTON COMPANY**
Cash Budget
For the Month of December

Cash balance, beginning	\$ 40,000
Add cash receipts: Collections from customers ..	<u>590,000</u>
Total cash available before current financing	630,000
Less disbursements:	
Payments to suppliers for inventory	\$245,000
Selling and administrative expenses*	380,000
New web server	76,000
Dividends paid	<u>9,000</u>
Total disbursements	<u>710,000</u>
Excess (deficiency) of cash available over disbursements	<u>(80,000)</u>
Financing:	
Borrowings	100,000
Repayments	—
Interest	<u>—</u>
Total financing	<u>100,000</u>
Cash balance, ending	<u>\$ 20,000</u>

*\$430,000 – \$50,000 = \$380,000.