

Unilate Textiles: Cash Budget (millions of dollars)

	May	June	July	Aug	Sept	Oct	Nov	Dec
Credit Sales	\$100.0	\$125.0	\$150.0	\$200.0	\$250.0	\$180.0	\$130.0	\$100.0
Credit Purchases = 60% of next month's sales		90.0	120.0	150.0	108.0	78.0	60.0	
Cash Receipts:								
Collections from this month's sales = (0.2) (0.98) (current sales)			29.4	39.2	49.0	35.3	25.5	19.6
Collections from previous month's sales = (0.7) (previous month's sales)			87.5	105.0	140.0	175.0	126.0	91.0
Collections from sales two months previously = (0.1) (sales 2 months ago)			10.0	12.5	15.0	20.0	25.0	18.0
Total Cash Receipts			<u>\$126.9</u>	<u>\$156.7</u>	<u>\$204.0</u>	<u>\$230.3</u>	<u>\$176.5</u>	<u>\$128.6</u>
Cash Disbursements:								
Payments for credit purchases (1-month lag)			\$ 90.0	\$120.0	\$150.0	\$108.0	\$ 78.0	\$ 60.0
Wages and salaries (21.33% of monthly sales)			32.0	42.7	53.3	38.4	27.7	21.3
Rent			9.0	9.0	9.0	9.0	9.0	9.0
Other expenses			7.0	8.0	11.0	10.0	5.0	4.0
Taxes					16.0			10.0
Payment for plant construction						20.0		
Total Cash Disbursements			<u>\$138.0</u>	<u>\$179.7</u>	<u>\$239.3</u>	<u>\$185.4</u>	<u>\$119.7</u>	<u>\$104.3</u>
Net Cash Flow (Receipts - Disbursements)			<u>\$ (11.1)</u>	<u>\$ (23.0)</u>	<u>\$ (35.3)</u>	<u>\$ 44.9</u>	<u>\$ 56.8</u>	<u>\$ 24.3</u>
Beginning Cash Balance			<u>\$ 8.0</u>	<u>\$ (3.1)</u>	<u>\$ (26.1)</u>	<u>\$ (61.4)</u>	<u>\$ (16.5)</u>	<u>\$ 40.3</u>
Ending Cash Balance			(3.1)	(26.1)	(61.4)	(16.5)	40.3	64.6
Target (Minimum) Cash Balance			<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
Surplus (Shortfall) Cash			<u>\$ (8.1)</u>	<u>\$ (31.1)</u>	<u>\$ (66.4)</u>	<u>\$ (21.5)</u>	<u>\$ 35.3</u>	<u>\$ 59.6</u>