

(a)

Sales Budget

	Micro	Excel	
Expected sales in units	11,000	6,500	
Expected selling price per unit	€240	€300	
Budgeted sales revenue	€2,640,000	€1,950,000	€4,590,000

Production budget

	Micro Units	Excel Units	
Required by sales	11,000	6,500	
Add Closing stock (80% of opening stock)	640	440	
	11,640	6,940	
Less Opening stock	(800)	(550)	
Budgeted production in units	10,840	6,390	

(b) **Raw Materials Purchases Budget**

		Material X Kgs		Material Y Kgs	
Required by production –					
Micro	(10,840 x 6)	65,040		54,200	(10,840 x 5)
Excel	(6,390 x 4)	25,560		44,730	(6,390 x 7)
		90,600		98,930	
Add Closing stock (80% of opening stock)		5,600		4,000	
		96,200		102,930	
Less Opening stock		(7,000)		(5,000)	
Required purchases of raw materials in Kg's		89,200		97,930	
Purchase Price		€		€	
Purchase cost		€178,400		€391,720	€570,120

(c) **Production Cost/Manufacturing Budget**

		€	€	
Cost of raw materials consumed:				
Opening stock of raw materials				
X	(7,000 x 1.80)	12,600		
Y	(5,000 x 3.60)	18,000	30,600	
Purchases	(178,400 + 391,720)		570,120	
			600,720	
Less Closing stock of raw materials				
X	(5,600 x 2)	11,200		
Y	(4,000 x 4)	16,000	(27,200)	
			573,520	
Cost of Labour	(10,840 x 7 x 12)	910,560		
	(6,390 x 8 x 12)	613,440	1,524,000	
Variable overheads	(10,840 x 7 x 5)	379,400		
	(6,390 x 8 x 5)	255,600	635,000	
Fixed overheads			180,400	
Cost of manufacture			2,912,920	

(d) Budgeted Trading Account			€	€	
Sales of finished goods	(2,640,000 + 1,950,000)			4,590,000	[2]
Opening stock of finished goods					
Micro	(800 x 130)	104,000			
Excel	(550 x 150)	<u>82,500</u>	186,500		[2]
Cost of Manufacture			<u>2,912,920</u>		[2]
			3,099,420		
Less Closing stock of finished goods					
Micro	(640 x 160)	102,400			
Excel	(440 x 184)	<u>80,960</u>	<u>(183,360)</u>		[4]
Gross Profit				<u>1,673,940</u>	[3]

(e)

[6]

Cash Budget

A Cash Budget is a plan or forecast that summarises the expected inflows and outflows of cash during a period. This budget is prepared by the management accountant or the financial accountant.

A cash budget will anticipate periods when the organization will have cash surpluses and will enable it to arrange short term investments.

A cash budget will anticipate periods when the organization will have cash deficits and will enable it to make arrangements for a loan or overdraft.

A cash budget will help in making sure that there is always enough funds available to meet the day to day needs of the business.

[2]

Principal Budget Factor: Apart from sales demand the principal budget factor could also be:

Availability of materials

Availability of labour

Capacity of the plant

Availability of capital