The GST amount payable each quarter is the difference between the GST collected from sales and the GST paid – format as per policy and procedures.

CASH FLOW ANALYSIS – GST	2013/14	Qtr 1	Qtr 2	Qtr 3	Qtr 4
GST Collected	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx
Less GST Paid	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx
GST Payable	Calculation	Calculation	Calculation	Calculation	Calculation

Debtors ageing budget

The historical records show that the debtors balance at the end of each quarter is usually about 20% of the quarter's sales. At any time in the debtors balances 1% of the total debtors is overdue 90 days and over, 5% is 60 days overdue, 10% is 30 days overdue and the balance of the total debtors is current. The aged debtors' budgets are only distributed to the accountant and the accounts receivable clerk.

Houzit Budgeting Policy and Procedures

Budget development process

The standard process for developing budgets will follow the following steps:

1. Establish the budget objective.
2. Gather prior period data.
3. Discuss prior period information and anticipated changes in the budget period with stakeholders.
4. Research relevant external information.
5. Incorporate identified trends to determine assumptions and parameters.
6. Prepare budgets in standard formats.
7. Submit budgets for approval.

Budget objectives

Houzit prepares budgets to meet various company objectives. Budgets are prepared:

- for a specific expansion of the business activities:
    - business case to be prepared covering a cost-benefit analysis, market research report and summary profit and investment expectations
- to outline a specific debt reduction initiative:
    - company-wide summary of profit expectations, planned debt and equity funding arrangements, CAPEX plans summarised
- annually to cover the next financial year:
    - for the 12 month period from the beginning to the end of the financial year
    - budget to include four quarter milestones in line with seasonal trends identified from prior year data
    - initial preparation includes a preliminary overview of the financial year ahead
    - sales budget for next year to be prepared by department by quarter
    - profit budget (including detailed expenses) for the next year to be prepared by quarter