Jack Hanson, the assistant controller, is now preparing a monthly budget for the first quarter of 20x1. In the process, the following information has been accumulated:

1. Projected sales for December of 20x0 are $800,000. Credit sales typically are 75 percent of total sales. Global's credit experience indicates that 10 percent of the credit sales are collected during the month of sale, and the remainder are collected during the following month.
2. Global Electronics' cost of goods sold generally runs at 70 percent of sales. Inventory is purchased on account, and 40 percent of each month's purchases are paid during the month of purchase. The remainder is paid during the following month. In order to have adequate stocks of inventory on hand, the firm attempts to have inventory at the end of each month equal to half of the next month's projected cost of goods sold.
3. Hanson has estimated that Global's other monthly expenses will be as follows:

Sales salaries	$42,000
Advertising and promotion	32,000
Administrative salaries	42,000
Depreciation	50,000
Interest on bonds	5,000
Property taxes	1,800

In addition, sales commissions run at the rate of 1 percent of sales.

4. Global Electronics' president, Davies-Lowry, has indicated that the firm should invest $250,000 in an automated inventory-handling system to control the movement of inventory in the firm's warehouse just after the new year begins. These equipment purchases will be financed primarily from the firm's cash and marketable securities. However, Davies-Lowry believes that the company needs to keep a minimum cash balance of $50,000. If necessary, the remainder of the equipment purchases will be financed using short-term credit from a local bank. The minimum period for such a loan is three months. Hanson believes short-term interest rates will be 10 percent per year at the time of the equipment purchases. If a loan is necessary, Davies-Lowry has decided it should be paid off by the end of the first quarter if possible.
5. Global Electronics' board of directors has indicated an intention to declare and pay dividends of $100,000 on the last day of each quarter.
6. The interest on any short-term borrowing will be paid when the loan is repaid. Interest on Global Electronics' bonds is paid semiannually on January 31 and July 31 for the preceding six-month period.
7. Property taxes are paid semiannually on February 28 and August 31 for the preceding six-month period.

Required: Prepare Global Electronics Company's master budget for the first quarter of 20x1 by completing the following schedules and statements.

1. Sales budget:

	20x0	20x1			
	December	January	February	March	1st Quarter
Total sales					
Cash sales					
Sales on account					

2. Cash receipts budget:

	20x1			
	January	February	March	1st Quarter
Cash sales				
Cash collections from credit sales made during current month				
Cash collections from credit sales made during preceding month				
Total cash receipts				