4.

value:
3.00 points

Minden Company is a wholesale distributor of premium European chocolates. The company's balance sheet as of April 30 is given below:

Minden Company Balance Sheet April 30	
Assets	
Cash	$ 9,000
Accounts receivable	54,000
Inventory	30,000
Buildings and equipment, net of depreciation	207,000
Total assets	$ 300,000
Liabilities and Stockholders' Equity	
Accounts payable	$ 63,000
Note payable	14,500
Common stock	180,000
Retained earnings	42,500
Total liabilities and stockholders' equity	$ 300,000

The company is in the process of preparing a budget for May and has assembled the following data:

a. Sales are budgeted at $220,000 for May. Of these sales, $60,000 will be for cash; the remainder will be credit sales. Each month's credit sales are collected 60% in the month of sale and 40% in the month

1-b. Prepare a cash budget for May. **(Cash deficiency, repayments and interest should be indicated by a minus sign.)**

Minden Company	
Cash Budget	
For the Month of May	
Beginning cash balance	
Add collections from customers	
Total cash available	
Less cash disbursements:	
Purchase of inventory	
Selling and administrative expenses	
Purchases of equipment	
Total cash disbursements	
Excess of cash available over disbursements	
Financing:	
Borrowing—note	
Repayments—note	
Interest	
Total financing	
Ending cash balance	

2. Prepare a budgeted income statement for May.

Minden Company		
Budgeted Income Statement		
For the Month of May		
Cost of goods sold:		

3. Prepare a budgeted balance sheet as of May 31.

Minden Company	
Budgeted Balance Sheet	
May 31	
Assets	
Total assets	
Liabilities and Stockholders' Equity	
Total liabilities and stockholders' equity	

The company is in the process of preparing a budget for May and has assembled the following data:

a. Sales are budgeted at $220,000 for May. Of these sales, $60,000 will be for cash; the remainder will be credit sales. Each month's credit sales are collected 60% in the month of sale and 40% in the month following the sale. All of the April 30 accounts receivable will be collected in May.
b. Purchases of inventory are expected to total $120,000 during May. These purchases will all be on account. The company pays for 50% of its merchandise purchases in the month of the purchase and the remaining 50% in the month following the purchase. All of the April 30 accounts payable to suppliers will be paid during May.
c. The May 31 inventory balance is budgeted at $40,000.
d. Selling and administrative expenses for May are budgeted at $72,000, exclusive of depreciation. These expenses will be paid in cash. Depreciation is budgeted at $2,000 for the month.
e. The note payable on the April 30 balance sheet will be paid during May, with $100 in interest. (All of the interest relates to May.)
f. New refrigerating equipment costing $6,500 will be purchased for cash during May.
g. During May, the company will borrow $20,000 from its bank by giving a new note payable to the bank for that amount. The new note will be due in one year.

Required:
1-a. Prepare a schedule of expected cash collections from sales and a schedule of expected cash disbursements for merchandise purchases..

Schedule of Expected Cash Collections	
Cash sales—May	
Collections on account receivable:	
April 30 balance	
May sales	
Total cash receipts	

Required:

1-a. Prepare a schedule of expected cash collections from sales and a schedule of expected cash disbursements for merchandise purchases..

Schedule of Expected Cash Collections	
Cash sales—May	
Collections on account receivable:	
April 30 balance	
May sales	
Total cash receipts	

Schedule of Expected Cash Disbursements	
April 30 accounts payable balance	
May purchases	
Total cash payments	