

Homework: Cash Budget for Zuber

Zuber Company makes remote-controlled toy jets, and it has the following Sales information:

Jan-15 (Actual)	\$	160,000
Feb-15 (Actual)	\$	150,000
Mar-15 (Actual)	\$	145,000
Apr-15 (Forecast)	\$	140,000
May-15 (Forecast)	\$	280,000
June-15 (Forecast)	\$	170,000
July-15 (Forecast)	\$	120,000

- Collections: 40% of customers pay cash, 25% pay one month after the sale, 20% pay two months after-sale, 10% pay three months after-sale, and 5% never pay (default).
 - Payments: Estimated purchase of inventory is 75% of sales and is made two months before a sale and paid for one month after delivery.
 - The company has a monthly recurring expense of \$14,000.
 - The company has to pay a one-time lease payment of \$10,000 due in June.
 - The company has a Cash Balance of \$48,000 on April 1st, 2015.
 - The company is required by the bank to keep a minimum balance of \$40,000.
 - The short term borrowing rate is 7% annually.
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Step 1) Forecast monthly collections and other cash inflows

Step 2) Forecast purchases and other cash outflows

Step 3) Create a cash budget, as shown in the class lecture notes (details on pages 13 to 47).

Step 4) Create a Scenario Manager with the following Sales Scenario and compute borrowing and repayment schedule for each month (i.e., Apr/May/June/July).

Month	Sales (Normal)	Sales (Good)	Sales (Bad)
Apr-15 (Forecast)	\$ 140,000	180,000	110,000
May-15 (Forecast)	\$ 280,000	330,000	230,000
June-15 (Forecast)	\$ 170,000	210,000	140,000
July-15 (Forecast)	\$ 120,000	150,000	100,000