

ABC Company budgeted the following cash receipts and cash disbursements from operations for the first quarter of the following year.

	Receipts	Disbursements
January	\$435,000	\$416,400
February	525,000	467,580
March	600,000	631,500

An agreement with the bank promised that the company will always have a minimum cash balance of \$30,000 at the end of each month. In return, the bank has agreed that the company can borrow up to \$150,000 with interest of 12% per year, paid on the last day of every month. The interest is calculated on the beginning balance of the loan for the month. The company is expected to have a cash balance of \$30,000 and a loan balance of \$60,000 at the beginning of January.

Worksheet

	January	February	March

Loan Schedule

	January	February	March

Answer

ABC Company

Cash Budget

First Quarter

	January	February	March
Cash at the Beginning	30,000	30,000	45,000
Receipts	435,000	525,000	600,000
	465,000	555,000	645,000
Disbursements	416,400	467,580	631,500
	48,600	87,420	13,500
Interest	600	420	0
	48,000	87,000	13,500
Change in Loan	(18,000)	(42,000)	16,500
Cash at the End	30,000	45,000	30,000

Loan Schedule

	January	February	March
Loan at the Beginning	60,000	42,000	0
Change in Loan	(18,000)	(42,000)	16,500
Loan at the End	42,000	0	16,500