

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

	Receipts	Disbursements
January	\$145,000	\$138,800
February	175,000	155,860
March	200,000	220,500

An agreement with the bank promised that the company will always have a minimum cash balance of \$10,000 at the end of each month. In return, the bank has agreed that the company can borrow up to \$50,000 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 \$10,000 and a loan balance of \$20,000 at the beginning of January.

### Worksheet

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	January	February	March

### Loan Schedule

	January	February	March

Answer

## ABC Company

## Cash Budget

## First Quarter

	January	February	March
Cash at the Beginning	10,000	10,000	15,000
Receipts	145,000	175,000	200,000
	155,000	185,000	215,000
Disbursements	138,800	155,860	220,500
	16,200	29,140	(5,500)
Interest	200	140	0
	16,000	29,000	(5,500)
Change in Loan	(6,000)	(14,000)	15,500
Cash at the End	10,000	15,000	10,000

## Loan Schedule

	January	February	March
Loan at the Beginning	20,000	14,000	0
Change in Loan	(6,000)	(14,000)	15,500
Loan at the End	14,000	0	15,500