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Cash budgets and projected income statement

- A forecast financial plan over a short/medium/long period of time
- Benefits of a cash budget-
 - Helps predict what will happen in the business
 - Allows for appropriate action to be taken
 - Helps set targets and goals
 - Helps monitor and control performance
- Deals only with physical cash
 - Expected receipts-
 - ♥ Cash sales, receipts from debtors, sale of fixed asset, interest/maturing of investments, loans received, bad debts recovered, incomes.
 - Expected Payments-
 - ♥ Cash purchases of Trading stock, payments to creditors, purchase of fixed assets, making investments, loan repayments, expenses.
 - Following don't appear in a cash budget
 - ♥ Depreciation, discounts allowed/received, bad debts, profit/loss on sale of fixed asset
- **Debtors collection Schedule**
 - Shows a general amount of when debtors pay us back.
 - To prepare this you need the amount owing by debtors at the beginning of each month, expected credit sales (%), expected debtors receipts.
 - Refer to book or photo copy for example
- **Creditors payment schedule**
 - Shows who we pay creditors.
 - To prepare this you need the amount owing to creditors, expected credit purchases and expected payments to creditors.
 - Refer to book or photo copy for example
- **Wording**
 - Same month=the month you brought it in
 - Within 30 days=The same month
 - After 30 days=Next month
 - Month following= next month
 - After 60 days =2 months later