



1 Hanssen's budgeted total cash receipts in July 2001 11002

From

July	Cash sales		\$ 60,000
July	Credit sales		
	[60.00%	]x[100.00% - 5.00%]x \$ 180,000 =	\$ 102,600
June	Credit sales		
	[100.00% - 60.00%]x[100.00% - 5.00%]x \$ 360,000 =		\$ 136,800
			\$ 299,400

2 Hanssen's budgeted total cash payments in June 2001 for inventory purchases

Cost of goods sold	May	320,000 /	1.25 =	256,000
	June	460,000 /	1.25 =	368,000
	July	240,000 /	1.25 =	192,000
May purchases for May sales paid in June	[100.00% - 70.00%]x[	100.00% - 25.00%]x	\$ 256,000 =	\$ 57,600
May purchases for June sales paid in June	[70.00%	]x[100.00% - 25.00%]x	\$ 368,000 =	\$ 193,200
June purchases for June sales paid in June	[100.00% - 70.00%]x[	25.00%	]x \$ 368,000 =	\$ 27,600
June purchases for July sales paid in June	[70.00%	]x[25.00%	]x \$ 192,000 =	\$ 33,600
			\$ 312,000	

		May	June	July
Sales		256,000	368,000	192,000
Purchased in previous month	70.00%	179,200	257,600	134,400
Purchased in same month	30.00%	76,800	110,400	40,320
Total purchases		334,400	244,800	
Paid in the following month	75.00%	250,800	183,600	
Paid in the same month	25.00%	83,600	61,200	
Total payments			312,000	

		May	June	July
Sales		256,000	368,000	192,000
Purchased for next month	70.00%	257,600	134,400	134,400
Purchased for same month	30.00%	76,800	110,400	40,320
Total purchases		334,400	244,800	
Paid in the last month's purchases	75.00%	0	250,800	
Paid in the same month's purchases	25.00%	83,600	61,200	
Total payments			312,000	