Information for Tyler Paints Cash Budget

- Sales are expected to be $1,200,000 in April, $1,000,000 in May, and $1,000,000 in June.

- Sales in February and March were $500,000 and $600,000, respectively.

- 20% of each month’s sales are paid in cash during the month, and the rest are carried as Accounts Receivable. In any given month, 45% of last month’s accounts are collected and 35% of the sales from the month before that (2 months ago) are collected.

- Purchases of inventory average 60% of next month’s expected sales.

- Wages average 20% of the current month’s sales.

- Fixed costs are $120,000 per month.

- A quarterly tax payment of $200,000 is due in June.

- The financial manager likes to begin each month with a $100,000 cash balance. This is the beginning cash balance for April.

- At the beginning of April, the company had a $50,000 position in marketable securities and no outstanding short term debt.