**20. Budgets Mark: /24**

1. Whitby Kippers Ltd produced an income, expenditure and profit budget for the 6 months from April to September. At the end of September it reviewed its actual performance against budget. Income was 5% and expenditure 10% above budget. Complete the table below. /6 marks

|  |  |  |  |
| --- | --- | --- | --- |
|  | Budget £ | Actual £ | Variance £ (F/A) |
| Income | 115 200 | 119 070 | 3 870 (F) |
| Expenditure | 64 900 | 69 850 | 4 950 (A) |
| Profit | 50 300 | 49 220 | 1 080 (A) |

1. The MD asked finance for a more detailed breakdown of the budgeted and actual expenditure. This is shown below. Complete the variance column. /5 marks

|  |  |  |  |
| --- | --- | --- | --- |
|  | Budget £ | Actual £ | Variance £ (F/A) |
| Raw materials | 28 800 | 30 690 | 2 160 (A) |
| Labour costs | 32 000 | 34 650 | 2 650 (A) |
| Utilities | 800 | 880 | 80 (A) |
| Other expenses | 3 300 | 3 630 | 330 (A) |
| Total | 64 900 | 69 850 | 4 950 (A) |

1. This information is used to inform the October to December cash flow forecast. Fill in the blanks in the table below. /13 marks

|  |  |  |  |
| --- | --- | --- | --- |
|  | October | November | December |
| Cash in | £ | £ | £ |
| Online sales | 12 000 | 12 000 | 12 000 |
| Deli sales | 6 000 | 6 000 | 6 000 |
| Total cash inflow | 18 000 | 18 000 | 18 000 |
| Cash out |  |  |  |
| Raw materials | 4 500 | 4 500 | 4 500 |
| Labour | 5 000 | 5 000 | 5 000 |
| Utilities | 400 | 0 | 0 |
| Other costs | 550 | 550 | 550 |
| Total cash outflow | 10 450 | 10 050 | 10 050 |
| Net cash flow | 7 550 | 7 950 | 7 950 |
| Opening balance | 15 550 | 23 100 | 31 050 |
| Closing balance | 23 100 | 31 050 | 39 000 |