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3. 

The following information pertains to Boeck Company:

| <u>Month</u> | <u>Sales</u> | <u>Purchases</u> |
|--------------|--------------|------------------|
| January | \$30,000 | \$10,000 |
| February | \$10,000 | \$ 5,000 |
| March | \$20,000 | \$12,000 |

Thirty percent of purchases are paid for in cash in the month of purchase, and the balance is paid the following month. Cash is collected from customers in the following manner:

Month of sale: 40%

Month following sale: 60%

Boeck expects to incur labor costs equal to 15 percent of sales and other operating costs of \$15,000 per month (including \$4,000 of depreciation). Both of these are paid in the month incurred. The cash balance on March 1 is \$3,500. A minimum cash balance of \$2,500 is required at the end of the month. Money can be borrowed in multiples of \$500.

How much cash will be disbursed for operations in March?

A. B. C. D.

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