A company has adopted the following policies regarding merchandise purchases and inventory. At the end of any month, the inventory should be $18,500 plus 80% of the cost of goods to be sold during the following month. The cost of merchandise sold averages 75% of sales. Purchase terms are generally net 30 days. A given month’s purchases are paid as follows: 35% during that month and 65% during the following month. Purchases in May had been $160,000 and the inventory on May 31 was higher than planned at $220,000. The manager was upset because the inventory was too high. Sales are expected to be June, $320,000; July, $305,000; August, $340,000; and September, $400,000.

(1) Compute the amount by which the inventory on May 31 exceeded the company’s policies.

 (2) Prepare budget schedules for June, July, and August for purchases and for disbursements for purchases