

Other Information

- 1) Raw materials are held, in stock for two months.
- 2) The desired minimum cash balance is Rs.20,000.
- 3) Work in Progress (assume 50% completion state) will approximate to half a month's production.
- 4) Finished Goods remain in stock for one month.
- 5) Credit period allowed by suppliers is one month & given to debtors is two month.
- 6) 25% sales are on cash basis.
- 7) Time lag for wages payment is one month and for overheads half month.

OR

The following are the particulars of the receipt and issue of materials in a factory during December, 2008.

Date	Particulars	Quantity	Value
Dec.2	Op. Balance	1000 kgs@ 30	
3	Issued	140 kgs.	
4	Issued	200 kgs.	
8	Issued	160 kgs.	
13	Received	From Supplier 400 kgs @ Rs.35	
15	Received	From Supplier 30 kgs @ Rs.28	
16	Issued	360 kgs.	
18	Received	From Supplier 600 kgs @ Rs.32	
20	Issued	559 kgs.	
22	Received	From Supplier 400 kgs @ Rs.34	
24	Issued	250 kgs	
29	Received	From Supplier 40 kgs @ Rs.32	
30	Received	From Supplier 200 kgs @ Rs.36.	

Prepare the statement showing how the value of the issues noted above should be arrived at under FIFO method.

Q.3

Manisha Ltd., is considering two mutually exclusive projects. Both require an initial cash outlay of Rs.1,00,000 each for machinery and have a life of 5 yrs. The company's required rate of return is 10% and tax rate is 50%. The machinery will be depreciated on SLM Basis. The cash flow (before tax & depre.) is expected as below.

Year	Project I Cash Flow Rs.	Project II Cash Flow Rs.	PV factor@10%
1	40,000	60,000	0.909
2	40,000	30,000	0.826
3	40,000	20,000	0.751
4	40,000	50,000	0.683
5	40,000	50,000	0.621

Calculate for each project

- 1) Pay Back Period
 - 2) Average Rate of Return
 - 3) Profitability Index
 - 4) Net Present value
- and recommend which project should be accepted.

OR

Explain five phases of capital Investment Decisions.

Q.4

Which are the various categories of Equity share Capital? Explain the advantages and disadvantages.

OR