1. **An entrepreneur proposes to start a manufacturing business with the following financial estimates :-**

**Investment in machinery Rs. 10,00,000**

**Investment in Buildings Rs. 5,00,000**

**Estimated Sales per year Rs.15,00,000 (80% is on account)**

**,, Purchases ,, Rs. 6,00,000 (40% is against payment)**

**Gross Profit Ratio 30 %**

**Raw material stock 1 month level**

**Material in process 0.50 months level**

**Finished goods stock 2 months ,,**

**Receivables expected 1 month ,,**

**Cash balance to be maintained Rs. 20,000**

**Credit period allowed by suppliers 1.50 months level**

**Advances to be made with suppliers Rs. 50,000**

**Advances expected from customers Rs. 40,000**

1. Find out the working capital requirement with the following information :-

Initial investment in plant & machinery Rs. 12,00,000

Estimated Sales per year Rs. 600000

,, Purchases ,, Rs. 240000

Gross Profit Ratio 25 %

Raw material stock 1 month level

Material in process 0.5 months ,,

Finished goods stock 1.5 months ,,

Receivables expected 1.25 months ,,

Payables ,, 0.75 months ,,

Long term investment in Rs. 25,000

Govt. Bonds

Advances to be made with Rs. 15000

Suppliers

Advances expected from Rs. 25000

Customers

Deposit with Electricity Board Rs. 5000