

CONTINUOUS ASSIGNMENT #2 – GROUP 29

Q1. Summarised Balance Sheet Equation: Assets = Liabilities + Owners Equity

Year	Assets (in Crs.)	Liabilities (in Crs.)	Owners' Equity (in Crs.)
2014	12109	8268.2	3840.8
2013	10897	7562.8	3334.2

- Highly Leveraged:** The Company has a debt/equity ratio of 2.17. This indicates poor financial health. Adding to the problem is that short term debt is a significant portion of it.
- Working Capital:** Company operates in a capital intensive industry. The current liabilities exceed the current assets when we remove the inventories since there is no guarantee of selling the inventories.

Q2. The company has very high reserve and surplus (95% of shareholder funds) which could have been invested further to say expand production or to pay of the liabilities. Short term borrowings are high at 61% of the total liabilities but the company has very less cash and cash equivalents at just 2% of the total assets.

All figures are in RS		March 31, 2014			March 31, 2013		
S. No	Type Of Asset	Value	Total Value of Assets	Proportion	Value	Total Value of Assets	Proportion
1	Inventories	32,83,56,00,525	93,90,03,08,999	0.35	46,72,26,75,387	94,25,69,99,866	0.50
2	Trade Receivables	27,41,82,16,726	93,90,03,08,999	0.29	12,82,88,69,199	94,25,69,99,866	0.14
3	Fixed Assets-Tangible Assets	25,40,85,41,411	93,90,03,08,999	0.27	13,38,13,12,919	94,25,69,99,866	0.14
4	Non-Current Investments	3,86,92,38,718	93,90,03,08,999	0.04	2,22,88,90,260	94,25,69,99,866	0.02
5	Cash and Cash Equivalents	1,89,37,99,776	93,90,03,08,999	0.02	1,90,95,24,560	94,25,69,99,866	0.02
S. No	Type Of Liability	Value	Total Value of Liabilities	Proportion	Value	Total Value of Assets	Proportion
1	Short Term Borrowings	41,79,92,75,412	67,99,46,40,229	0.61	38,06,46,70,061	68,11,64,52,779	0.56
2	Other Current Liabilities	15,12,00,40,402	67,99,46,40,229	0.22	6,92,26,29,952	68,11,64,52,779	0.10
3	Trade Payables	5,48,04,97,580	67,99,46,40,229	0.08	7,18,98,40,361	68,11,64,52,779	0.11
4	Long Term Borrowings	3,67,09,49,012	67,99,46,40,229	0.05	13,35,04,48,821	68,11,64,52,779	0.20
5	Deferred Tax Liabilities (Net)	1,31,08,47,128	67,99,46,40,229	0.02	1,45,94,71,997	68,11,64,52,779	0.02
S. No	Type Of Share Holder Fund	Value	Total Value of Share Holder Fund	Proportion	Value	Total Value of Share Holder Fund	Proportion
1	Share Capital	1,35,79,84,954	25,90,56,68,770	0.05	1,35,79,84,954	26,14,05,47,087	0.05
2	Reserves and Surplus	24,54,76,83,816	25,90,56,68,770	0.95	24,78,25,62,133	26,14,05,47,087	0.95
2 (a)	Securities Premium Account - balance from previous year	14,61,80,40,227	25,90,56,68,770	0.56	14,80,12,36,528	26,14,05,47,087	0.57
2 (b)	Debenture Redemption Reserve - balance from previous year	68,60,00,000	25,90,56,68,770	0.03	32,80,00,000	26,14,05,47,087	0.01
2 (c)	General Reserve - balance from previous year	8,90,00,00,000	25,90,56,68,770	0.34	7,50,00,00,000	26,14,05,47,087	0.29
2 (d)	Surplus in the Statement of profit and loss - balance from previous year	72,71,46,774	25,90,56,68,770	0.03	95,03,08,524	26,14,05,47,087	0.04

Q3.

CASE 1

- In $Assets = Liabilities + Owners\ equity$ of BOI vs. Sterilite, For Bank of India Loans are assets while for Sterilite the loans are liability. How can dividends taken out, affect the liabilities and assets in each of the case?

CASE 2

- Why deferred tax liabilities are categorized in sources of funds in balance sheets?
- How can goodwill be expressed in cash component terms for Raymond Limited?
- In two balance sheets details of net fixed assets is given and in rest two balance sheets they are not, so is there any rule regarding when to give details of net fixed assets ?

CASE 5:

EduComp Solutions:

Secured/Unsecured Loans: A privately owned business - Loans from friends/ relatives or bank.

Sundry Debtors: Fees from students, clients who sought accessories.

Sundry Creditors: Expenses for software licences, components, etc.

Value Diminution: Value of Computers/CDs/accessories depreciating due to evolving technology.

Losses Carried Forward: Books, CDs, Software education now out-dated with ready availability of all content online.

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