(12-4) s Increase Maggie's Muffins, Inc., generated $5,000,000 in sales during 2013, and its year-end total assets were $2,500,000. Also, at year-end 2013, current liabilities were $1,000,000, consisting of $300,000 of notes payable, $500,000 of accounts payable, and $200,000 of accruals. Looking ahead to 2014, the company estimates that its assets must increase at the same rate as sales, its spontaneous liabilities will increase at the same rate as sales, its profit margin will be 7%, and its payout ratio will be 80%. How large a sales increase can the company achieve without having to raise funds externally—that is, what is its self-supporting growth rate?

(12-5) At year-end 2013, Wallace L[illegible]

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(12-6) tional Funds Needed

The Booth Company's sales are forecasted to double from $1,000 in 2013 to $2,000 in 2014. Here is the December 31, 2013, balance sheet:

Cash	$ 100	Accounts payable	$ 50
Accounts receivable	200	Notes payable	150
Inventories	200	Accruals	50
Net fixed assets	500	Long-term debt	400
		Common stock	100
		Retained earnings	250
Total assets	$1,000	Total liabilities and equity	$1,000

Booth's fixed assets were used to only 50% of capacity during 2013, but its current assets were at their proper levels in relation to sales. All assets except fixed assets must increase at the same rate as sales, and fixed assets would also have to increase at the same rate if the current excess capacity did not exist. Booth's after-tax profit margin is forecasted to be 5% and its payout ratio to be 60%. What is Booth's additional funds needed (AFN) for the coming year?

Challenging Problems 7–9