

 XLRI Jamshedpur <small>School of Business & Human Resources</small>		2011 Accenture Batch 6	
Course: "Finance for HR"		End Term	
Weightage	40%	Duration	70 minutes

Name _____

Roll No. _____

Answer All Questions**QUESTION 1** (MAX: 10 MARKS)

This question is based on Case 5 of the Cash Flow Statement material titled 'Ram Traders'. Please fill in the blanks below:

Ram Traders

Statement of Cash Flow for the Period 1st to 30th June Using the Direct Method (all figures in Rs.)

A. Cash Flow from Operating Activities	
Net Cash from operating activities	?
B. Cash Flow from Investing Activities	
Net Cash from investing activities	?
C. Cash Flow from Financing Activities	
Net Cash from financing activities	?
Net Increase / (Decrease) in cash and cash equivalents	?
Cash and cash equivalents at the beginning of the period	?
Cash and cash equivalents at the end of the period	?

QUESTION 2 (MAX: 30 MARKS)

You are launching into a business in the name and style of your choice. It has to be a manufacturing business. It means that your business would involve, buying materials, transforming it using plant and machinery, and selling it. Keep in mind the conditions given in this assignment and adhere to them.

ASSUMPTIONS AND REQUIREMENTS:

You can make any assumption, provided they are subject to the conditions 1 to 4 (detailed below).

1. Capital to be contributed will depend on your Roll number in the class as listed below:

- ◆ 001 to 010: Your Register/roll number multiplied by Rs 65760
- ◆ 011 to 020: Your Register/roll number multiplied by Rs 130000
- ◆ 021 to 030: Your Register/roll number multiplied by Rs 4560
- ◆ 031 to 040: Your Register/roll number multiplied by Rs 65760

So, Roll Number 01 will have a contributed capital of Rs 65,760.

2. Long term loans at least equal to capital is to be taken. The rate of interest would be 10% per annum.

3. Fixed assets to start with will vary for the different students based on their month of birth as follows:

- ◆ January to April: 21% to 40% of long term funds available
- ◆ May to August: 41% to 60% of long term funds available
- ◆ September to December: 61% to 80% of long term funds available

4. You need to have only 4-7 transactions per year. And only the first two years of operations need accounting.

Students can assume depreciation rates. Life of asset can vary between 5 to 10 years for different assets. Assume no gestation period. That is, the business starts operations from day one.

REQUIRED:

1. You are required to prepare the accounts of the business as if owned by you as an individual proprietorship in any name and style of your choice, with in the frame work of the conditions one through four detailed above, for two years (accounting periods).
2. List down chronologically all the transactions.
3. Prepare the balance sheet and profit & loss statement for the above two periods. List down the assumptions you have taken while doing the same.
4. Give a quick summary on the liquidity and profitability position of your company.