

Comprehensive assignment for Management Accounting Course

PGCBM21

Submitted by: 110337

Study Center: Bangalore.

Submitted to: Dr. Ram Kumar Kakani

Problem:

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 could involve, buying materials transforming it using plant and machinery and selling it.

As everyone in the center started setting up their business in order to complete the MANAC assignment. I also started thinking about the kind of business I am going to start and discussed with my friends and well-wishers and decided to start "Chetan Plastics". The firm would manufacture plastic water buckets as the end product. The firm would buy or procure raw materials from the suppliers and convert or process it into finished goods using machinery. With an initial investment of Rs 4,41,348/- from personal savings.

I started my business in the name and style of "Chetan Plastics" a sole proprietorship firm which started its operation from 12th of July 2008.

Let's discuss what my business is all about.

- It is basically a manufacturing unit wherein we would produce plastic water buckets and sell it to whole sale distributors.
- Firm will purchase or procure raw material from dealers or suppliers.
- Firm will use plant and machinery to convert raw materials in to finished goods (plastic buckets).
- Firm will employ manpower to run machinery.
- Dispatch the finished goods to the customers.

Raw materials: The firm had identified the suppliers of raw materials and after several rounds of discussion and negotiation about the rate and volume of the raw materials to be purchased, the firm decided on "XYZ suppliers" who would be responsible of providing the raw materials, to the firm.

Rates: The rates were fixed @ Rs 70/kg of raw materials and which would increase 5% every 15days over the previous price.

Raw materials: Plastic pallets: The raw materials will come in 25kg packets and the firm needs to order in multiples of 25kg packets.

Selling Price:

We had discussion with “Iaxmi Distributors” who are the wholesale dealers in the region and they agreed to buy our products and we fixed our initial selling price @ Rs 100/bucket.

Also agreed that the selling prices will rise 5% every month over the previous month price, effective from the 1st day of the every month

Selling Price

Sl.no	Item	Dimensions	Price
1	Plastic Buckets	Weight 670gms Height 380mm Top diameter 320mm Base diameter 260mm	Per piece Rs 100/-

Assumptions:

- The firm will work 6 days a week, with Sunday being the weekly holiday.
- The firm will declare holidays on all national holidays.
- One machine will generate 2000 plastic buckets per month when running on optimum capacity. (If the order increases beyond 2000 the firm need to buy one more machinery)
- All costs i.e electricity bills, telephone bills and daily expenses apart from salary expensed need not rise even if the sales increase.
- The customer will pay the freight charges, we will just dispatch them.
- As transactions are based on accrual basis.

Note: Please refer to MANAC.zip file attached @ the end of this document for references to balance sheets, Income statements, Cashflow statements and Ratio analysis for 3 accounting periods.

Transactions for the period 12th July 2008 to 31st march 2009

	Date	Transaction
1	12/7/2008	Capital invested in Business "Chetan Plastics" Rs 4,41,348/-
2	13/07/2008	Opened Bank account in SBM in the name of "Chetan Plastics" A/c opening charge's Rs 1000/-
3	14/07/2008	Deposited Rs 4,10,000/- in Bank Account
4	14/07/2008	Registered "Chetan plastics" in SSI and applied for license Rs 1000/- by cash
5	16/07/2008	Took factory Building on lease for 4 yrs by paying Rs 4,00,000/- to the owner of the property. By cheque: cheque 001
6	17/07/2008	Expenses for preparing lease agreement and commission Rs 1000/- by cash
7	18/07/2008	Applied for bank loan from SBM for Rs 7,50,000/- @ 10% per annum. Loan against my personal property. Loan taken for 5yrs playable in equal monthly installments.
8	18/07/2008	Loan Processing charges Rs 10,000/- debited from loan account.
9		From the sanctioned loan amount I purchased Plant and Machinery from "SAI machines"
	21/07/2008	a. Plastic Bucket making machine 1No Rs4,00,000/- Issued cheque in the name of "SAI Machines" for RS 4,00,000/- from loan A/c
10		Purchased furniture for the plant for Rs 10,000/- by cheque 002. From Bank A/c
	22/07/2008	a. Chairs 6nos 3000/-
		b. Table 1nos 3000/-
		c. Inspection table 1nos 2000/-
		d. Fans 2nos 2000/-
11		I recruited experienced manpower for running my plant and machinery.
	24/07/2008	1 worker @ 3000/pm
		1 officeboy/helper @ 2000/pm
		1 security Guard @ 2000/pm
		and asked them to report to work from 1st Aug 2008

12	26/07/2008	Plant and machinery was installed by technicians from "SAI Machines" and trials were run. Installation and Trial run charges @ Rs 10,000/- cheque issued in the name of "Sai machines" cheque no:003								
13	27/07/2008	Stationary and printing charges Stationary 1000/- Printing of invoice books 2000/- Total RS3000/- by cash								
14	28/07/2008	Applied for telephone connection. Installation charges Rs 500/- by cash								
15	2/8/2008	Invoice raised in the name of "Laxmi Distributors" with and Advance payment of Rs 10000/- by cash : Invoice 001								
		<table border="1"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>200</td> <td>100</td> <td>20000</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	200	100	20000
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	200	100	20000							
16	4/8/2008	Ordered for Purchase of Raw materials from "XYZ Suppliers" for the future order of "laxmi Distributors" Issued cheque in the name of "XYZ suppliers" Cheque no 004								
		<table border="1"> <thead> <tr> <th>Raw Materials</th> <th>Quantity</th> <th>Rate/Package</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Pellets</td> <td>10</td> <td>1000</td> <td>10000/-</td> </tr> </tbody> </table>	Raw Materials	Quantity	Rate/Package	Amount	Plastic Pellets	10	1000	10000/-
Raw Materials	Quantity	Rate/Package	Amount							
Plastic Pellets	10	1000	10000/-							
17	28/08/2008	Delivered Finished goods to "laxmi Distributors"								
18	28/08/2008	Daily on tea and snacks for Workers from 01/08/01 to 28/08/08 Rs 2000/- by cash								
19	30/08/2008	Salaries paid to workers for Aug 08 Rs 7000/- by cash.								
20	1/9/2008	Received Rs 10,000 by cash from "laxmi Distributors" against Invoice 001.								
21	1/9/2008	Received Rs 10,000 by Cheque from "laxmi Distributors" against future order for 220 Buckets								
22	2/9/2008	Invoice raised in the name of "Laxmi Distributors" : Invoice 002								
		<table border="1"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>220</td> <td>105</td> <td>23100</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	220	105	23100
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	220	105	23100							
23	2/9/2008	Placed and order for Purchase of Raw materials from "XYZ Suppliers" for the future order of "laxmi Distributors" Issued cheque in the name of "XYZ suppliers" Cheque no 005								
		<table border="1"> <thead> <tr> <th>Raw Materials</th> <th>Quantity</th> <th>Rate/Package</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Pellets</td> <td>10</td> <td>1102.5</td> <td>11025-</td> </tr> </tbody> </table>	Raw Materials	Quantity	Rate/Package	Amount	Plastic Pellets	10	1102.5	11025-
Raw Materials	Quantity	Rate/Package	Amount							
Plastic Pellets	10	1102.5	11025-							
24	3/9/2008	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of Aug 2008 Principle paid Rs9685.28/- Interest Paid Rs 6250/-								
25	7/9/2008	Paid electricity Bill for Aug 2008 Rs 1500/- by cash								
26	7/9/2008	paid Telephone Bill for Aug 2008 Rs 500/- by cash								

26	25/09/2008	Delivered Finished goods to "laxmi Distributors" and collected cheque worth Rs 13,100/-								
27	26/09/2008	Placed and order for Purchase of Raw materials from "XYZ Suppliers" for the future order of "laxmi Distributors "By paying Rs 20,000/- by cheque and promise to pay remaining by next order: cheque No :006								
		<table border="1"> <thead> <tr> <th>Raw Materials</th> <th>Quantity</th> <th>Rate/Packet</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Pellets</td> <td>30</td> <td>1157.62</td> <td>34729/-</td> </tr> </tbody> </table>	Raw Materials	Quantity	Rate/Packet	Amount	Plastic Pellets	30	1157.62	34729/-
Raw Materials	Quantity	Rate/Packet	Amount							
Plastic Pellets	30	1157.62	34729/-							
28	29/09/2008	Paid electricity Bill for Sept 2008 Rs 1500/- by cash								
29	29/09/2008	paid Telephone Bill for Sept 2008 Rs 500/- by cash								
30	28/09/2008	Daily expenses on tea and snacks for Workers from 28/08/01 to 28/09/08 Rs 1500- by cash								
31	30/09/2008	Salaries paid to workers for Sept 08 Rs 7000/- by cash.								
32	31/09/2009	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of Sept 2008 Principle paid Rs 9765.99/- Interest Paid Rs 6169.29/-								
33	2/9/2009	Invoice raised in the name of "Laxmi Distributors" for their next order and agreed that they will make full payment on delivery. Invoice 003								
		<table border="1"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>242</td> <td>110.25</td> <td>22681/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	242	110.25	22681/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	242	110.25	22681/-							
34	5/10/2008	Withdrew Rs 5000/- for personal expenses. From bank A/c/								
35	25/10/2008	Delivered Finished goods to "laxmi Distributors" and collected cheque worth Rs 26681/- against invoice 003 by cheque.								
36	28/10/2008	Daily expenses on tea and snacks for Workers from 28/09/01 to 28/10/08 Rs 1500- by cash								
37	28/10/2008	Paid electricity Bill for Oct 2008 Rs 1500/- by cash								
38	28/10/2008	paid Telephone Bill for Oct 2008 Rs 500/- by cash								
39	31/10/2008	Salaries being paid to the workers by cash Rs 7000/-								
40	31/10/2008	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of Oct 2008 Principle paid Rs 9847.38/- Interest Paid Rs 6081.91/-								
41	1/11/2008	Invoice raised in the name of "Laxmi Distributors" by taking Rs 15,000/- by cheque and agreed that remaining will be paid on next order. Invoice No: 004								
		<table border="1"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>266</td> <td>115.75</td> <td>30815.9/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	266	115.75	30815.9/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	266	115.75	30815.9/-							
42	24/11/2008	Delivered Finished goods to "laxmi Distributors" for order against invoice 004.								

43	28/11/2008	Daily expenses on tea and snacks for Workers from 28/10/01 to 28/11/08 Rs 900- by cash								
44	28/11/2008	Paid electricity Bill for Nov 2008 Rs 1800/- by cash								
45	28/11/2008	paid Telephone Bill for Nov 2008 Rs 500/- by cash								
46	30/11/2008	Salaries being paid to the workers for month of Nov by cash Rs 7000/-								
47	30/11/2008	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of Nov 2008 Principle paid Rs 9929.44/- Interest Paid Rs 6005.84/-								
48	1/12/2008	Withdrew Rs 20000/- from bank A/c to hold in cash for day-2-day activities and expenses.								
49	2/12/2008	Received Cheque for Rs 35,000/- from "Laxmi Distributors" against Invoice 004 and partly against advance payment for next order. Invoice 005 raised.								
		<table border="1"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>293</td> <td>121.55</td> <td>35592/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	293	121.55	35592/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	293	121.55	35592/-							
50	3/12/2008	Issued cheque in the name of "XYZ Suppliers" for Rs 14,729/- to clear the balance Cheque No 007 issued.								
51	3/12/2008	placed an order for raw materials and agreeing to pay in full amount by 28 days.								
		<table border="1"> <thead> <tr> <th>Raw Materials</th> <th>Quantity</th> <th>Rate/Packet</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Pellets</td> <td>40</td> <td>1477.45</td> <td>59098/-</td> </tr> </tbody> </table>	Raw Materials	Quantity	Rate/Packet	Amount	Plastic Pellets	40	1477.45	59098/-
Raw Materials	Quantity	Rate/Packet	Amount							
Plastic Pellets	40	1477.45	59098/-							
52	24/12/2008	Delivered Finished goods to "laxmi Distributors" for order against invoice 005.								
53	24/12/2008	Received cheque for Rs16,408/- from " Laxmi Distributors" to clear all balance and pending A/c's.								
54	26/12/2008	Issued cheque in the name of "XYZ Suppliers" for Rs 59098/- to clear the balance. Cheque No 008 issued.								
55	28/12/2008	Daily expenses on tea and snacks for Workers from 28/11/2008 to 28/12/08 Rs 1000- by cash								
56	28/12/2008	Paid electricity Bill for Dec 2008 Rs 1600- by cash								
57	28/12/2008	paid Telephone Bill for Dec 2008 Rs 500/- by cash								
58	31/12/2008	Salaries being paid to the workers for month of Dec by cash Rs 7000/-								
59	31/12/2008	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of Dec 2008 Principle paid Rs 10,012.18/- Interest Paid Rs 5923.10/-								
60	31/12/2008	Withdrew Rs 30,000/- for cash from bank A/c.								
61	2/1/2009	Invoice raised in the name of "laxmi distributors" Invoice no: 006 Received Rs 20,000/- in advance.								

		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	322	127.62	41094/-
62	2/1/2009	Distributed gifts and sweets to workers for new year. Gifts and sweets worth Rs 3000/- by cash.			
63	25/01/2009	Delivered Finished goods to "Iaxmi Distributors" for order against invoice 006.			
64	28/01/2009	Daily expenses on tea and snacks for Workers from 28/12/2008 to 28/01/2009 Rs 1000- by cash			
65	28/01/2009	Paid electricity Bill for Jan 2009 Rs 1650/- by cash			
66	28/01/2009	paid Telephone Bill for Jan 2009 Rs 500/- by cash			
67	31/01/2009	Salaries being paid to the workers for month of Jan 2009 by cash Rs 7000/-			
68	31/01/2009	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of Jan 2009 Principle paid Rs 10,095.62/- Interest Paid Rs 5839.66/-			
69	2/2/2009	Invoice raised in the name of "Iaxmi distributors" Invoice no: 007			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	354	134	47436/-
70	2/2/2009	Received Cheque from "Iaxmi Distributors" for clearing balance and advance payment against Invoice 007. Received Rs 50,000/- by cheque			
71	24/02/2009	Delivered Finished goods to "Iaxmi Distributors" for order against invoice 007.			
72	28/02/2009	Daily expenses on tea and snacks for Workers from 28/01/2009 to 28/02/2009 Rs 900- by cash			
73	28/02/2009	Paid electricity Bill for Feb 2009 Rs 1650/- by cash			
74	28/02/2009	paid Telephone Bill for Feb 2009 Rs 500/- by cash			
75	28/02/2009	Salaries being paid to the workers for month of Feb 2009 by cash Rs 7000/-			
76	28/02/2009	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of Feb 2009 Principle paid Rs 10,095.62/- Interest Paid Rs 5839.66/-			
78	3/3/2009	Invoice raised in the name of "Iaxmi distributors" for their next order Invoice no: 008. On credit.			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	390	140.71	54877/-
79	25/03/2009	Delivered Finished goods to "Iaxmi Distributors" for order against invoice 008.			
80	28/03/2009	Daily expenses on tea and snacks for Workers from 28/02/2009 to 28/03/2009 Rs 900- by cash			
81	28/03/2009	Paid electricity Bill for mar 2009 Rs 1800/- by cash			

82	28/03/2009	paid Telephone Bill for mar 2009 Rs 500/- by cash						
83	31/03/2009	Salaries being paid to the workers for month of Mar 2009 by cash Rs 7000/-						
84	31/03/2009	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of mar 2009 Principle paid Rs 10,264.58/- Interest Paid Rs 5760.7/-						
85	31/03/2009	Sold 64 empty plastic bags of raw material packets by cash. Rs 1600/-						
		<table border="1"> <thead> <tr> <th>QTY</th> <th>Price</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>64</td> <td>25</td> <td>1600/-</td> </tr> </tbody> </table>	QTY	Price	Amount	64	25	1600/-
QTY	Price	Amount						
64	25	1600/-						
86	31/03/2009	Depreciation Expenses considered for plant and machinery, assuming life of machinery to be 5 years. Depreciation is calculated by straight line method on monthly basis. Total Asset value remaining is 3,40,000/-						
		<table border="1"> <thead> <tr> <th>Asset value</th> <th>Dep value(01ug 08 to31 Mar 09)</th> </tr> </thead> <tbody> <tr> <td>machinery/plant 4,00,000/-</td> <td>60,000/-</td> </tr> </tbody> </table>	Asset value	Dep value(01ug 08 to31 Mar 09)	machinery/plant 4,00,000/-	60,000/-		
Asset value	Dep value(01ug 08 to31 Mar 09)							
machinery/plant 4,00,000/-	60,000/-							
87	31/03/2009	Depreciation Expenses considered for Furniture, assuming life to be 5 years. Depreciation is calculated by straight line method on monthly basis. Total furniture value remaining is Rs 8,666.66/-						
		<table border="1"> <thead> <tr> <th>Asset value</th> <th>Dep value(01ug 08 to31 Mar 09)</th> </tr> </thead> <tbody> <tr> <td>Furniture 10,000/-</td> <td>1,333.33/-</td> </tr> </tbody> </table>	Asset value	Dep value(01ug 08 to31 Mar 09)	Furniture 10,000/-	1,333.33/-		
Asset value	Dep value(01ug 08 to31 Mar 09)							
Furniture 10,000/-	1,333.33/-							
		Total furniture value remaining is Rs 8,666.66/-						

Worksheet Entries for the Period 12 July 2008 to 31 March 2009

Balance sheet as on 31st March 2009

Assets			Liabilities		
Current Assets					
Cash	10698		Payables	0	
Bank	218854.82		Provisions	0	
Acc receivables	73407		Bank loan	670219.78	
Inventory	38363.61		Total	670219.78	670219.78
Advances	0				
			Owners' Equity		
Total	341323.43	341323.4	Owners invested Capital	441348	
			loss in 2008-2009	-21577.68	
Fixed Assets			Total	419770.32	419770.32
Furniture	8666.66				
machinery and plant	340000				
Rent Deposit	400000				
Total	748666.66	748666.7			
Total Assets		1089990			1089990.1

Income statement for 2008-2009 as on 31st march 2009

Income statement for 2008-2009

Profit and loss account

Cost of goods sold	76488.35			
Salaries	56000		Sales	279596
Firm Registration Fees	1000		Sales scrap	1600
bank A/c opening charges	1000			
Bank loan processing charges	10000		Total sales	281196
Stationary	3000			
Telephone Bills	4400			
Electricity Bills	13050			
Daily Expenses	9800			
Gifts and Sweets	3000			
Plant Installation charges	10000			

commission on lease agreement	1000			
EBITDA	92457.65			
Depreciation machinery	60000			
Depreciation furniture	1333.33			
operating profit (EBIT)	31124.32			
Bank Interest paid	47702			
Profit and Loss account Period 12-07-2008 to 31-03-2009				
Profit before tax	-16577.68		Operating profit	31124.32
Income tax	0		Profit before tax(PBT)	-16577.68
Net profit after tax	-16577.68		Profit after tax (PAT)	-16577.68
Dividends	5000			
Retained earnings or losses	-21577.68		Losses for 2008-2009	-21577.68

Cash-flow statements for the year 2008-2009

Cash Flow Statement for the period 12-07-2008 to 31-07-2009		
Cash flow from operation Activities		
Cash received from Customers	206189	
Salaries	-56000	
Firm Registration Fees	-1000	
bank A/c opening charges	-1000	
Raw materials purchased	-114851.96	
Bank loan processing charges	-10000	
Stationary	-3000	
Telephone Bills	-4000	
Electricity Bills	-13050	
Daily Expenses	-9800	
Gifts and Sweets	-3000	
Plant Installation charges	-10000	
commission on lease agreement	-1000	
	-20512.96	-20513

Cash flow from Investing Activities		
Purchase of machinery	-400000	
Purchase of Furniture	-10000	
Lease amount for building	-400000	
	-810000	-810000
Cash flow from financing Activities		
Bank loans	750000	
Capital Invested by owner	441348	
Bank loan repayment	-79,780.22	
Bank Interest paid	-47702	
Dividends	-5000	
	1058865.78	1058866
		228352.8

Compilation Conditions:

1. Date of commencement of Business is to be your date of birth.
Date of Birth is 12/07/1984 and hence the firm "Chetan Plastic" was started on 12/07/2008.
2. Capital to be contributed will depend on the last three digits of your SMS Id SMS id: 110337 multiplying factor is 4 based on condition.
So the total sum invested is Rs 441348/-

2.2

Long term loans equal to maximum of 2 times the capital is available at the rate of 10% per annum. Long term loan has to be at least equal to capital.
Long term loan taken is Rs 7,50,000/-

3. Every student will have at least 30% of his total assets invested in fixed assets. Depreciation on monthly basis is to be computed using the straight line method of depreciation. Life of asset can vary between 5 to 10 years for different assets.

Total Assets:

Plant/machinery and Furniture: Rs 4,10,000/- is 34.4% of total assets. Life of machines and furniture is 5 yrs and depreciation is calculated on monthly basis.

Depreciation value of plant and machinery: Rs 60,000/-

Depreciation value for Furniture is : Rs 1,333.33/-

4. Credit sales can be seven times cash sales.
Figures from 01 Aug 2008 to 31st march 2009
Total sales: Rs 279596/-
Cash sales: Rs 206189/-
Credit sales: Rs 73407/-

5. Credit purchase can be eight times cash purchase.
Figures from 01 Aug 2008 to 31st march 2009
Total Purchase: Rs 114852/-
Cash Purchase: Rs 114852/-
Credit Purchase: Rs 0/-
6. Wage cost could be 10% to 30% of sales.
Wage costs: 56000/-
Total sales: Rs 279596/-
Total wage cost is 20.2% of the total sales.
7. Cash balance at the end of any year is to be maximum of 4 month and minimums of 1 month cash expenses. Deployment of surplus cash on short term inter-corporate market at 6% per annum is possible.
 - Surplus cash will be used to buy new machinery or pay off the loans in the subsequent year.
8. Sales volume will increase by 10% over the previous month, sale price will increase by 5% over the previous month and purchase price will increase by 5% every 15 days, all reckoned on a calendar month basis.
 - All the costs increase is taken care while making the transactions please refer to the transactions page.
9. Assume no gestation period. That is, the business starts operations from day one. Irrespective of your starting date of business – your first accounting period would end on 31st march of that year [with a condition of business running for at least 3 months].
 - Business is started from Day 1 and 1st accounting period had 8 months from Aug08 to Mar09.
10. All other costs will remain stable over the period.
 - Assumed that all other costs remain constant over the period, while making necessary changes whenever required.
11. You need to have at least 10 transactions per accounting period.
 - 1st accounting Period had more than 10 transactions.

Transaction for the period 01 April 2009 - 31st march 2010

1	2/4/2009	Invoice raised in the name of "laxmi distributors" Invoice no: 009. Received cheque of 1,00,000/- to clear previous balance and advance for current order.								
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Item</th> <th style="text-align: left;">Quantity</th> <th style="text-align: left;">Rate/Item</th> <th style="text-align: left;">Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>429</td> <td>147.45</td> <td>63256.05/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	429	147.45	63256.05/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	429	147.45	63256.05/-							
2	3/4/2009	Placed an order for raw materials from "XYZ suppliers" and paid Rs 20,000/- in advance. And agreed to clear the entire amount before next purchase. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Raw Materials</th> <th style="text-align: left;">Quantity</th> <th style="text-align: left;">Rate/Item</th> <th style="text-align: left;">Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Pellets</td> <td>50</td> <td>2183</td> <td>109150/-</td> </tr> </tbody> </table>	Raw Materials	Quantity	Rate/Item	Amount	Plastic Pellets	50	2183	109150/-
Raw Materials	Quantity	Rate/Item	Amount							
Plastic Pellets	50	2183	109150/-							
3	24/04/2009	Delivered Finished goods to "laxmi Distributors" for order against invoice 009.								
4	28/04/2009	Daily expenses on tea and snacks for Workers from 28/03/2009 to 28/04/2009 Rs 900- by cash								
5	28/04/2009	Paid electricity Bill for Apr 2009 Rs 1600/- by cash								
6	28/04/2009	paid Telephone Bill for Apr 2009 Rs 500/- by cash								
7	30/04/2009	Salaries being paid to the workers for month of Apr 2009 by cash Rs 7000/-								
8	30/04/2009	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of Apr 2009 Principle paid Rs 10350.12/- Interest Paid Rs 5585.16/-								
9	30/04/2009	Removed Rs 30,000/- from ban account for cash in hand for Day-2-day use.								
10	3/5/2009	Invoice raised in the name of "laxmi distributors" Invoice no: 010 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Item</th> <th style="text-align: left;">Quantity</th> <th style="text-align: left;">Rate/Item</th> <th style="text-align: left;">Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>472</td> <td>155</td> <td>73160/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	472	155	73160/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	472	155	73160/-							
11	26/05/2009	Delivered Finished goods to "laxmi Distributors" for order against invoice 010								
12	26/05/2009	Received cheque from "laxmi distributors" for Rs 1,00,000/-								
13	28/05/2009	Daily expenses on tea and snacks for Workers from 28/04/2009 to 28/05/2009 Rs 900- by cash								
14	28/05/2009	Paid electricity Bill for May 2009 Rs 1600/- by cash								
15	28/05/2009	paid Telephone Bill for May 2009 Rs 500/- by cash								
16	31/05/2009	Salaries being paid to the workers for month of May 2009 by cash Rs 7000/-								
17	31/05/2009	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of May 2009 Principle paid Rs 10,436.37/- Interest Paid Rs 5,498.91/-								

18	2/6/2009	Invoice raised in the name of "laxmi distributors" Invoice no: 011			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	519	163	84597/-
20	26/06/2009	Delivered Finished goods to "laxmi Distributors" for order against invoice 011			
21	26/06/2009	Received cheque from "laxmi distributors" for Rs 1,00,000/-			
22	28/06/2009	Daily expenses on tea and snacks for Workers from 28/05/2009 to 28/06/2009 Rs 900- by cash			
23	28/06/2009	Paid electricity Bill for June 2009 Rs 1600/- by cash			
24	28/06/2009	paid Telephone Bill for June 2009 Rs 500/- by cash			
25	28/06/2009	Salaries being paid to the workers for month of June 2009 by cash Rs 7000/-			
26	30/06/2009	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of June 2009			
		Principle paid Rs 10,523.34/-			
		Interest Paid Rs 5411.94/--			
27	2/7/2009	Invoice raised in the name of "laxmi distributors" Invoice no: 012			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	571	171.1	97698.1/-
	4/7/2009	Placed an order for raw materials from "XYZ suppliers" and paid Rs 1,00,000/- by cheque to clear previous balance. And agreed to pay the remaining in subsequent months.			
		Raw Materials	Quantity	Rate/Packet	Amount
		Plastic Pellets	50	2925.26	146263/-
28	26/07/2009	Delivered Finished goods to "laxmi Distributors" for order against invoice 012			
29	26/07/2009	Received cheque from "laxmi distributors" for Rs 1,00,000/-			
30	28/07/2009	Daily expenses on tea and snacks for Workers from 28/06/2009 to 28/06/2009 Rs 900- by cash			
31	28/07/2009	Paid electricity Bill for July 2009 Rs 1600/- by cash			
32	28/07/2009	paid Telephone Bill for July 2009 Rs 500/- by cash			
33	28/07/2009	Salaries being paid to the workers for month of July 2009 by cash Rs 7000/-			
34	30/07/2009	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of July 2009			
		Principle paid Rs 10,611.03/-			
		Interest Paid Rs 5,324.25/--			
35	2/8/2009	Invoice raised in the name of "laxmi distributors" Invoice no: 013			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	628	180	113040/-
36	26/08/2009	Delivered Finished goods to "laxmi Distributors" for order against invoice 013			

37	26/08/2009	Received cheque from "laxmi distributors" for Rs 1,00,000/-								
38	28/08/2009	Daily expenses on tea and snacks for Workers from 28/07/2009 to 28/08/2009 Rs 900- by cash								
39	28/08/2009	Paid electricity Bill for Aug 2009 Rs 1600/- by cash								
40	28/08/2009	paid Telephone Bill for Aug 2009 Rs 500/- by cash								
41	28/08/2009	Salaries being paid to the workers for month of Aug 2009 by cash Rs 7000/-								
42	30/08/2009	EMI paid on Loan Account Rs 15,935.28 to loan A/c from Bank A/c for the month of Aug 2009								
		Principle paid Rs 10,699.46/-								
		Interest Paid Rs 5,235.82/-								
43	1/9/2009	Paid advance salaries to all the employees for OCT 01 09 to Mar 31 09. Paid Rs 42000/- by cheque								
44	1/9/2009	Electricity bill is paid in advance from OCT 01 09 to Mar 31 09. Rs 9600/- by cheque. If anything above this will be adjusted in future.								
45	1/9/2009	Telephone bill is paid in advance from OCT 01 09 to Mar 31 09. Rs 3000/- by cheque. If anything above this will be adjusted in future.								
46	1/9/2009	Paid Rs 2,50,000 at once to clear some portion of the loan amount. Discussed with the bank manager and asked him to Recalculate my EMI considering the remaining Principle for a period of 2 yrs								
47	3/9/2009	Invoice raised in the name of "laxmi distributors" Invoice no: 014 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>691</td> <td>188</td> <td>129908/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	691	188	129908/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	691	188	129908/-							
48	26/09/2009	Delivered Finished goods to "laxmi Distributors" for order against invoice 014								
49	26/09/2009	Received cheque from "laxmi distributors" for Rs 1,00,000/-								
50	28/09/2009	Daily expenses on tea and snacks for Workers from 28/08/2009 to 28/09/2009 Rs 900- by cash								
51	30/09/2009	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Sept 2009								
		Principle paid Rs 13900/-								
		Interest Paid Rs 3063/-								
52	3/10/2009	Invoice raised in the name of "laxmi distributors" Invoice no: 015 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>760</td> <td>198</td> <td>150480/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	760	198	150480/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	760	198	150480/-							
53	26/10/2009	Delivered Finished goods to "laxmi Distributors" for order against invoice 015								
54	26/10/2009	Received cheque from "laxmi distributors" for Rs 1,00,000/-								
55	28/10/2009	Daily expenses on tea and snacks for Workers from 28/9/2009 to 28/10/2009 Rs 900- by cash								
56	30/10/2009	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Oct 2009								

		Principle paid Rs 14015/-								
		Interest Paid Rs 2948/-								
	30/10/2009	Issued cheque in the name of "XYZ suppliers" to clear all the previous remaining balance. For Rs 135413/- by cheque.								
57	30/10/2009	Placed an order for raw materials from "XYZ suppliers" and paid Rs 50,000/- in advance. And agreed to clear the entire amount before next purchase. <table border="1"> <thead> <tr> <th>Raw Materials</th> <th>Quantity</th> <th>Rate/Package</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Pellets</td> <td>100</td> <td>3733.45</td> <td>373345.63/-</td> </tr> </tbody> </table>	Raw Materials	Quantity	Rate/Package	Amount	Plastic Pellets	100	3733.45	373345.63/-
Raw Materials	Quantity	Rate/Package	Amount							
Plastic Pellets	100	3733.45	373345.63/-							
58	3/11/2009	Invoice raised in the name of "laxmi distributors" Invoice no: 016 <table border="1"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>836</td> <td>208</td> <td>173888/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	836	208	173888/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	836	208	173888/-							
60	26/11/2009	Delivered Finished goods to "laxmi Distributors" for order against invoice 016								
61	26/11/2009	Received cheque from "laxmi distributors" for Rs 1,00,000/-								
62	28/11/2009	Daily expenses on tea and snacks for Workers from 28/10/2009 to 28/11/2009 Rs 900- by cash								
63	30/11/2009	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Nov 2009								
		Principle paid Rs 14132/-								
		Interest Paid Rs 2831/-								
64	3/12/2009	Invoice raised in the name of "laxmi distributors" Invoice no: 017 <table border="1"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>920</td> <td>219</td> <td>201480/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	920	219	201480/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	920	219	201480/-							
65	26/12/2009	Delivered Finished goods to "laxmi Distributors" for order against invoice 017								
66	26/12/2009	Received cheque from "laxmi distributors" for Rs 2,00,000/-								
67	28/12/2009	Daily expenses on tea and snacks for Workers from 28/11/2009 to 28/12/2009 Rs 900- by cash								
68	30/12/2009	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Dec 2009								
		Principle paid Rs 14250/-								
		Interest Paid Rs 2713/-								
69	3/1/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 018 <table border="1"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>1011</td> <td>230</td> <td>232530/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	1011	230	232530/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	1011	230	232530/-							
70	25/01/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 018								
71	25/01/2010	Received cheque from "laxmi distributors" for Rs 2,00,000/-								
72	28/1/2010	Daily expenses on tea and snacks for Workers from 28/12/2009 to 28/1/2010 Rs 900- by cash								

73	30/1/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Jan 2010			
		Principle paid Rs 14369/-			
		Interest Paid Rs 2594/-			
74	30/01/2010	Issued cheque in the name of "XYZ suppliers" to clear all the previous remaining balance. For Rs 323345.63/- by cheque.			
75	30/01/2010	Placed an order for raw materials from "XYZ suppliers" and paid Rs 50,000/- in advance. And agreed to clear the entire amount before next purchase.			
		Raw Materials	Quantity	Rate/Packet	Amount
		Plastic Pellets	200	5003	1000600/-
76	2/2/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 019			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	1112	241	267992/-
77	24/02/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 019			
78	25/02/2010	Received cheque from "laxmi distributors" for Rs 2,00,000/-			
79	28/2/2010	Daily expenses on tea and snacks for Workers from 28/01/2010 to 28/2/2010 Rs 900- by cash			
80	28/2/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Mar 2010			
		Principle paid Rs 14488/-			
		Interest Paid Rs 2474/-			
81	2/3/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 019			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	1224	253	309672/-
82	24/03/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 019			
83	25/03/2010	Received cheque from "laxmi distributors" for Rs 2,00,000/-			
84	28/03/2010	Daily expenses on tea and snacks for Workers from 28/01/2010 to 28/2/2010 Rs 900- by cash			
85	30/03/2010	As the working CEO of the company I withdrew Rs 10,000 Pm from 01 April 2009 to 31st March 2010. As salary to CEO. From bank A/c.			
86	30/03/2010	Sold 256 empty plastic raw materials Bags @ 30/bag.			
		Quantity	Nos	Amount	
		256	30	7680	
87	31/03/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Mar 2010			
		Principle paid Rs 14609/-			
		Interest Paid Rs 2354/-			
89	31/03/2010	Income tax with interest paid for the year 2009-2010. Rs 97,488.58/- by cheque to Income tax dept. form bank A/c.			

90	31/03/2010	Depreciation Expenses considered for plant and machinery, assuming life of machinery to be 5 years. Depreciation is calculated by straight line method on monthly basis. Total Asset value remaining is 2,60,000/-
		Asset value Dep value(01Apr 09to31 Mar 10) machinery/plant 3,40,000/- 80,000/-
91	31/03/2010	Depreciation Expenses considered for Furniture, assuming life to be 5 years. Depreciation is calculated by straight line method on monthly basis. Total furniture value remaining is Rs 6,666.66/-
		Asset value Dep value(01Apr 09to31 Mar 10) Furniture 8,666.66/- 2000/-
		Total furniture value remaining is Rs 6,666.66/-

Trial Balance sheet from 01 April 2009 to 31st march 2010

Balance sheet from 01 April 2009- 31 march 2010

Balance sheet for 01 April 2009 to 31st March 2010					
Assets			Liabilities		
Current Assets					
Cash	27830		Payables to suppliers	950600	
Bank	339590.873		Provisions	0	
Acc receivables	371108.15		Bank loan	267837	
Inventory	767686.737		Total	1218437	1218437
Advances	0				
			Owners Equity		
Total	1506215.76	1506215.76	Owners invested Capital	419770.32	
			Retained capital	534675.1	
Fixed Assets			OE Total		
Furniture	6666.66				
machinery and plant	260000				
Rent Deposit	400000				
Total	666666.66	666666.66			
Total Assets		2172882.42			2172882.42

Income statement for 2009-2010

Income statement for 2009-2010

Profit and loss account

Cost of goods sold	900034.73		Sales	1897701.15
Salaries	84000		Sales scrap	7680
Salary to CEO	120000			
Telephone Bills	6000			
Electricity Bills	19200		Total sales	1905381.15
Daily Expenses	10800			
EBITDA	1140034.73			
Depreciation machinery	80000			

Depreciation furniture	2000			
Operating prft (EBIT)	683346.42			
Bank Interest paid	51182.74			
Profit and Loss account Period01-04-2009 to 31-03-2010				
Profit before tax	632163.68		Operating profit	683346.42
Income tax	97,488.58		Profit before tax (PBT)	632163.68
Net profit after tax	534675.1		Profit after tax (PAT)	534675.1
Dividends	0			
Retained earnings	534675.1			

Cash-Flow Statement for period 01-04-2009 to 31-03-2010

Cash-Flow Statement for period 01-04-2009 to 31-03-2010

Cash flow from operation Activities		
Cash received from Customers	1526593	
Raw materials purchased with cash	-628758	
Salaries to workers	-84000	
SalAry to CEO	-120000	
Telephone Bills	-6000	
Electricity Bills	-19200	
Daily Expenses	-10800	
Gifts and Sweets	0	
Income tax	-97,488.58	
Total cash flow Operations	560346.42	560346.42
Cash flow from Investing Activities		
No investing activity done in this period		0
Cash flow from financing Activities		
Bank loans	-398921.94	
Bank Interest paid	-51179.74	
Dividends	0	
Total cash flow Financing	-450101.68	-450101.68

Total cash flow	110244.74
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Compilation Conditions: for period 2

1. Date of commencement of Business is to be your date of birth.
Date of Birth is 12/07/1984 and hence the firm "Chetan Plastic" was started on 12/07/2008.
2. Capital to be contributed will depend on the last three digits of your SMS Id SMS id: 110337 multiplying factor is 4 based on condition.
So the total sum invested is Rs 441348/-

2.2

Long term loans equal to maximum of 2 times the capital is available at the rate of 10% per annum. Long term loan has to be at least equal to capital.
Long term loan taken is Rs 7,50,000/-

3. Every student will have at least 30% of his total assets invested in fixed assets. Depreciation on monthly basis is to be computed using the straight line method of depreciation. Life of asset can vary between 5 to 10 years for different assets.

Total Assets:

Assets consist of Plant/machinery and Furniture. Life of machines and furniture is 5 yrs and depreciation is calculated on monthly basis.

Current depreciated value of plant as on 31March 2010 is: Rs 2,60,000/-

Current depreciated value of Furniture as on 31March 2010 is: Rs 6666.66/-

Factory on lease @Rs 4,00,000/-

Total fixed assets: Rs 66666.66/- which is more than 30% of total assets

4. Credit sales can be seven times cash sales.
Figures from 01 April 2009 to 31st march 2010
Total sales: Rs 1897701.15/-
Cash sales: Rs 1526593 /-
Credit sales: Rs 371108.15/-
5. Credit purchase can be eight times cash purchase.
Figures from 01 April 2009 to 31st march 2010
Total Purchase: Rs 1629358/-
Cash Purchase: Rs 678758/-
Credit Purchase: Rs 950600/-
6. Wage cost could be 10% to 30% of sales.
Wage costs: 204000/-
Total sales: Rs 1897701.15/-
Total wage cost it 10.74% of the total sales.
7. Cash balance at the end of any year is to be maximum of 4 month and minimums of 1 month cash expenses. Deployment of surplus cash on short term inter-corporate market at 6% per

annum is possible.

- Cash Balance @ year end for 2009-10 is: Rs 367420.9/- which is 1.26 times the cash expense for that period. Hence nothing will be done in terms of investing for a short period.
- 8 Sales volume will increase by 10% over the previous month, sale price will increase by 5% over the previous month and purchase price will increase by 5% every 15 days, all reckoned on a calendar month basis.
- All the sales volume, costs increase is taken care while making the transactions please refer to the transactions page.
- 9 Assume no gestation period. That is, the business starts operations from day one. Irrespective of your starting date of business – your first accounting period would end on 31st march of that year [with a condition of business running for at least 3 months].
- Business is started from Day 1 and 1st accounting period had 8 months from Aug08 to Mar09.
- 10 All other costs will remain stable over the period.
- Assumed that all other costs remain constant over the period, while making necessary changes whenever required.
- 11 You need to have at least 10 transactions per accounting period.
- 2st accounting Period had more than 10 transactions.

Transaction for the year 2010-11. (From -1 April 2010 to 31 march 2011)

1	2/4/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 020			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	1346	265.32	357120.72/-

2	28/04/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 020								
3	28/04/2010	Received cheque from "laxmi distributors" for Rs 3,50,000/-								
4	28/04/2010	Daily expenses on tea and snacks for Workers from 28/03/2010 to 28/4/2010 Rs 900- by cash								
5	30/04/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of April 2010								
		Principle paid Rs 14731/-								
		Interest Paid Rs 2232/-								
6	30/04/2010	Increased the wages of the workers from 1 st April 2010 and fixed it till the next year. Worker @ 5000/PM officeboy@ 3000/PM Security guard@ 3000/PM								
7	30/04/2010	Paid advance salaries to all the workers. Rs 1,32,000/- by cheque								
8	30/04/2010	Paid the electricity bill in advance assuming it stays constant over the period. @ Rs 2000/pm. Paid Rs 24000/- by cheque. For the period 1 st April 10 to 31 st march 11								
9	30/04/2010	Paid the telephone bill in advance assuming it stays constant over the period. @ Rs 500/pm. Paid Rs 6000/- by cheque. For the period 1 st April 10 to 31 st march 11								
10	2/5/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 021 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>1481</td> <td>279</td> <td>413199/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	1481	279	413199/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	1481	279	413199/-							
11	28/05/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 021								
12	28/05/2010	Received cheque from "laxmi distributors" for Rs 5,00,000/-								
13	28/05/2010	Daily expenses on tea and snacks for Workers from 28/04/2010 to 28/5/2010 Rs 900- by cash								
14	31/05/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of may 2010								
		Principle paid Rs 14854/-								
		Interest Paid Rs 2109/-								
15	1/6/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 022 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>1629</td> <td>292.5</td> <td>476482.5/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	1629	292.5	476482.5/-
Item	Quantity	Rate/Item	Amount							
Plastic Buckets	1629	292.5	476482.5/-							
16	28/06/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 022								
17	28/06/2010	Received cheque from "laxmi distributors" for Rs 5,00,000/-								
18	28/06/2010	Issued cheque in the name of "XYZ suppliers" to clear all the previous remaining balance. For Rs 950600/- by cheque.								

19	28/06/2010	placed an order for raw materials from "XYZ suppliers" And agreed to clear 50% of the amount before next purchase. Raw Materials Quantity Rate/Packet Amount Plastic Pellets 500 8150 4075000/-
20	28/06/2010	Daily expenses on tea and snacks for Workers from 28/05/2010 to 28/6/2010 Rs 900- by cash
21	30/06/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of June 2010
		Principle paid Rs 14977/-
		Interest Paid Rs 1985/-
22	2/7/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 023 Item Quantity Rate/Item Amount Plastic Buckets 1791 307.15 550105.65/-
23	28/07/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 023
24	28/07/2010	Received cheque from "laxmi distributors" for Rs 5,00,000/-
25	28/07/2010	Daily expenses on tea and snacks for Workers from 28/06/2010 to 28/7/2010 Rs 900- by cash
26	31/07/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of July 2010
		Principle paid Rs 15102/-
		Interest Paid Rs 1861/-
27	2/8/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 024 Item Quantity Rate/Item Amount Plastic Buckets 1970 322.5 635325/-
28	4/8/2010	I purchased one more Machinery from "SAI machines" a. Plastic Bucket making machine 1No Rs 5,00,000/- Issued cheque in the name of "SAI Machines" for RS 5,00,000/- from Bank A/c
29	6/8/2010	Installation and Trial run charges @ 10,000 paid to "SAI machines"
30	7/8/2010	I recruited one more worker to run machinery and asked him to report to work from 1 st of September 2010. Monthly salary of 5000/PM
31	7/8/2010	Salary paid to in advance to new worker from 1 st sept 2010 to 31 st march 2011. Salary paid Rs 35,000/-
32	28/08/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 024
33	28/08/2010	Received cheque from "laxmi distributors" for Rs 5,00,000/-
34	28/08/2010	Daily expenses on tea and snacks for Workers from 28/06/2010 to 28/7/2010 Rs 900- by cash

35	30/08/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Aug 2010			
		Principle paid Rs 15228/-			
		Interest Paid Rs 1735/-			
36	2/9/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 025			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	2167	338.63	733811.21/-
37	28/09/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 025			
38	28/09/2010	Received cheque from "laxmi distributors" for Rs 10,00,000/-			
39	28/09/2010	Daily expenses on tea and snacks for Workers from 28/08/2010 to 28/9/2010 Rs 900- by cash			
40	30/09/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of sept 2010			
		Principle paid Rs 15355/-			
		Interest Paid Rs 1608/-			
41	2/10/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 026			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	2384	355.56	847655.04/-
42	28/10/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 026			
43	28/10/2010	Received cheque from "laxmi distributors" for Rs 10,00,000/-			
44	28/10/2010	Daily expenses on tea and snacks for Workers from 28/09/2010 to 28/10/2010 Rs 900- by cash			
45	31/10/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Oct 2010			
		Principle paid Rs 15483/-			
		Interest Paid Rs 1480/-			
46	2/11/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 027			
		Item	Quantity	Rate/Item	Amount
		Plastic Buckets	2622	373.34	978897.48/-
47	28/11/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 027			
48	28/11/2010	Received cheque from "laxmi distributors" for Rs 10,00,000/-			
49	28/11/2010	Daily expenses on tea and snacks for Workers from 28/10/2010 to 28/11/2010 Rs 900- by cash			
50	30/11/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Nov 2010			
		Principle paid Rs 15612/-			
		Interest Paid Rs 1351/-			

51	2/12/2010	Invoice raised in the name of "laxmi distributors" Invoice no: 029 Item Quantity Rate/Item Amount Plastic Buckets 2884 392 1130528/-
52	28/12/2010	Delivered Finished goods to "laxmi Distributors" for order against invoice 029
53	28/12/2010	Received cheque from "laxmi distributors" for Rs 10,00,000/-
54	28/12/2010	Daily expenses on tea and snacks for Workers from 28/10/2010 to 28/11/2010 Rs 900- by cash
55	30/12/2010	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Dec 2010
		Principle paid Rs 15742/-
		Interest Paid Rs 1221/-
56	30/12/2010	Gifts and sweets worth 20,000/- on account of new year. To all the workers.
57	2/1/2011	Invoice raised in the name of "laxmi distributors" Invoice no: 030 Item Quantity Rate/Item Amount Plastic Buckets 3173 411.61 1306038.53/-
58	28/1/2011	Delivered Finished goods to "laxmi Distributors" for order against invoice 030
59	28/1/2011	Received cheque from "laxmi distributors" for Rs 10,00,000/-
60	28/1/2011	Daily expenses on tea and snacks for Workers from 28/11/2010 to 28/12/2010 Rs 900- by cash
61	30/1/2011	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Jan 2011
		Principle paid Rs 15873/-
		Interest Paid Rs 1090/-
62	30/1/2011	Issued cheque in the name of "XYZ suppliers" For Rs 25,00,000/- by cheque.
		Placed an order for raw materials from "XYZ suppliers" And agreed to clear all the amount before next order.
		Raw Materials Quantity Rate/Packet Amount Plastic Pellets 400 16135.78 6454312/-
63	2/2/2011	Invoice raised in the name of "laxmi distributors" Invoice no: 031 Item Quantity Rate/Item Amount Plastic Buckets 3490 432.19 1508343.1/-
64	28/2/2011	Delivered Finished goods to "laxmi Distributors" for order against invoice 031
65	28/2/2011	Received cheque from "laxmi distributors" for Rs 10,00,000/-
66	28/2/2011	Daily expenses on tea and snacks for Workers from 28/11/2010 to 28/12/2010 Rs 900- by cash

67	30/2/2011	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of Feb 2011									
		Principle paid Rs 16006/-									
		Interest Paid Rs 957/--									
68	2/3/2011	Invoice raised in the name of "laxmi distributors" Invoice no: 031 <table border="1"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Rate/Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plastic Buckets</td> <td>3839</td> <td>453.8</td> <td>1742138.2/-</td> </tr> </tbody> </table>	Item	Quantity	Rate/Item	Amount	Plastic Buckets	3839	453.8	1742138.2/-	
Item	Quantity	Rate/Item	Amount								
Plastic Buckets	3839	453.8	1742138.2/-								
69	28/3/2011	Delivered Finished goods to "laxmi Distributors" for order against invoice 031									
70	28/3/2011	Received cheque from "laxmi distributors" for Rs 10,00,000/-									
71	28/3/2011	Daily expenses on tea and snacks for Workers from 28/11/2010 to 28/12/2010 Rs 900- by cash									
72	30/3/2011	EMI paid on Loan Account Rs 16963 to loan A/c from Bank A/c for the month of march 2011									
		Principle paid Rs 16139/-									
		Interest Paid Rs 824/-									
73	31/03/2011	Depreciation Expenses considered for plant and machinery, assuming life of machinery to be 5 years. Depreciation is calculated by straight line method on monthly basis.									
		Total Asset value remaining is 613333.33/-									
		<table border="1"> <thead> <tr> <th>Asset</th> <th>value</th> <th>Dep value(01Apr 10 to 31 Mar 11)</th> </tr> </thead> <tbody> <tr> <td>1.machinery/plant</td> <td>2,60,000/-</td> <td>80,000/-</td> </tr> <tr> <td>2.machinery/plant</td> <td>5,00,000/-</td> <td>66666.66/-</td> </tr> </tbody> </table>	Asset	value	Dep value(01Apr 10 to 31 Mar 11)	1.machinery/plant	2,60,000/-	80,000/-	2.machinery/plant	5,00,000/-	66666.66/-
Asset	value	Dep value(01Apr 10 to 31 Mar 11)									
1.machinery/plant	2,60,000/-	80,000/-									
2.machinery/plant	5,00,000/-	66666.66/-									
74	31/03/2011	Depreciation Expenses considered for Furniture, assuming life to be 5 years. Depreciation is calculated by straight line method on monthly basis.									
		Total furniture value remaining is Rs 4,666.66/-									
		<table border="1"> <thead> <tr> <th>Asset</th> <th>value</th> <th>Dep value (01Apr 10 to 31 Mar 11)</th> </tr> </thead> <tbody> <tr> <td>Furniture</td> <td>6,666.66/-</td> <td>2000/-</td> </tr> </tbody> </table>	Asset	value	Dep value (01Apr 10 to 31 Mar 11)	Furniture	6,666.66/-	2000/-			
Asset	value	Dep value (01Apr 10 to 31 Mar 11)									
Furniture	6,666.66/-	2000/-									
		Total furniture value remaining is Rs 4,666.66/-									
75	31/03/2011	As the working CEO of the company I withdrew Rs 15,000/Pm from 01 April 2010 to 31 st March 2011. As salary to CEO. From bank A/c. total Rs 1,80,000/-									
76	31/03/2011	Bonus paid out to workers of the firm. Rs 40,000/-									

77	31/03/2011	Sold 600 empty plastic raw materials Bags @ 30/bag. <table border="1"> <thead> <tr> <th>Quantity</th> <th>Amount</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>600</td> <td>30</td> <td>18000</td> </tr> </tbody> </table>	Quantity	Amount	Total	600	30	18000
Quantity	Amount	Total						
600	30	18000						
78	31/03/2011	Income tax with interest paid for the year 2010-11. Rs 612,167.78/- by cheque to Income tax dept. form bank A/c.						

Balance sheet from 01 April 2010- 31 march 2011

Balance sheet for 01 April 2010 to 31st March 2011

Assets		Liabilities	
Current Assets			
Cash	35030	Payables	0
Bank	4397596.32	Sundry Creditors	8029312
Acc receivables	1700752.58	Bank loan	82735
Inventory	3564071.242	Total	8112047
Advances	0		
Total	9697450.145		
		Owners' Equity	
		Owners invested Capital	954445.42
		Retained earnings	1648957.722
Fixed Assets		OE Total	2603403.142
Furniture	4666.66		
machinery and plant	613333.33		
Rent Deposit	400000		
Total	1017999.99		
Total Assets			10715450.14

Income Statement for 2010-2011 from (01 April 2010- 31 march 2011)

Income statement for 2010-2011

Profit and loss account

Cost of goods sold	7811598.268	Sales	.43
Salaries	167000	Sales scrap	18000
Salary to CEO	180000		10679644
Telephone Bills	6000		
Electricity Bills	24000	Total sales	10697644.43
Daily Expenses	10800		
Gifts and Sweets	20000		
Plant Installation charges	10000		
EBITDA	2468246.162		
Depreciation machinery	146666.66		

Depreciation furniture	2000		
Operating prft (EBIT)	2319579.502		
Bank Interest paid	18454		
Profit and Loss account Period 01 April 2010 to 31st March 2011			
Profit before tax	2301125.502	Operating profit	2319579.502
Income tax	612,167.78	Profit before tax (PBT)	2301125.502
Net profit after tax	1688957.722	Profit after tax (PAT)	1676519.722
Dividends	40000		
Retained earnings	1648957.722		

Cash Flow Statement for the period 01-04-2010 to 31-03-2011

Cash Flow Statement for the period 01-04-2010 to 31-03-2011		
Cash flow from operation Activities		
Cash received from Customers	9350000	
Raw materials purchased with cash	-3450600	
Salaries to workers	-167000	
Salary to CEO	-180000	
Telephone Bills	-6000	
Electricity Bills	-24000	
Daily Expenses	-10800	
Gifts and Sweets	-20000	
Plant Installation charges	-10000	
Income tax	-606,605.78	
Total cash flow operations	4874994.22	4874994.22
Cash flow from Investing Activities		
Plant and Machinery	-500000	
Total cash flow investing		-500000
Cash flow from financing Activities		
Bank loans	-185192	
Bank Interest paid	-18454	
Dividends	-40000	

Total cash flow Financing	-243646	-243646
Total cash flow		4131348.22

Compilation Conditions: for period 3

- 1 Date of commencement of Business is to be your date of birth.
Date of Birth is 12/07/1984 and hence the firm "Chetan Plastic" was started on 12/07/2008.
- 2 Capital to be contributed will depend on the last three digits of your SMS Id SMS id: 110337 multiplying factor is 4 based on condition.
So the total sum invested is Rs 441348/-

2.2

Long term loans equal to maximum of 2 times the capital is available at the rate of 10% per annum. Long term loan has to be at least equal to capital.
Long term loan taken is Rs 7,50,000/-

- 3 Every student will have at least 30% of his total assets invested in fixed assets. Depreciation on monthly basis is to be computed using the straight line method of depreciation. Life of asset can vary between 5 to 10 years for different assets.

Total Assets:

Assets consist of Plant/machinery and Furniture. Life of machines and furniture is 5 yrs and depreciation is calculated on monthly basis.

Current depreciated value of plant as on 31March 2010 is: Rs 613333.33/-

Current depreciated value of Furniture as on 31March 2010 is: Rs 4666.66/-

Factory on lease @Rs 4,00,000/-

Total fixed assets: Rs 1018000/-

- 4 Credit sales can be seven times cash sales.
Figures from 01 April 2010 to 31st march 2011
Total sales: Rs 10679644/-
Cash sales: Rs 8978892 /-
Credit sales: Rs 1700752/-
- 5 Credit purchase can be eight times cash purchase.
- 6 Figures from 01 April 2010 to 31st march 2011
Total Purchase: Rs 11375669.51/-
Cash Purchase: Rs 3346357.51/-
Credit Purchase: Rs 8029312.00/-
- 7 Wage cost could be 10% to 30% of sales. Is only 3.25%
Wage costs: 347000/-
Total sales: Rs 10679644.43/-
Did not meet thing criteria in the last accounting period since the sales volume and sale prices very exponentially hence this criteria was not met in the last accounting period.

- 8 Cash balance at the end of any year is to be maximum of 4 month and minimums of 1 month cash expenses. Deployment of surplus cash on short term inter-corporate market at 6% per annum is possible.
 - Since this is the last accounting period for the assignment we will not undertake any investing activity
- 9 Sales volume will increase by 10% over the previous month, sale price will increase by 5% over the previous month and purchase price will increase by 5% every 15 days, all reckoned on a calendar month basis.
 - All the sales volume, costs increase is taken care while making the transactions please refer to the transactions page.
- 10 Assume no gestation period. That is, the business starts operations from day one. Irrespective of your starting date of business – your first accounting period would end on 31st march of that year [with a condition of business running for at least 3 months].
 - Business is started from Day 1 and 1st accounting period had 8 months from Aug08 to Mar09.
- 11 All other costs will remain stable over the period.
 - Assumed that all other costs remain constant over the period, while making necessary changes whenever required.
- 12 You need to have at least 10 transactions per accounting period.
 - 3rd accounting Period had more than 10 transactions.

Part B:

Analyze the financial statement of the company using common ratios discussed in the class, for the above three accounting periods.

Asset side	FY2011	FY2010	FY2009
Cash and Bank Balance	4432626.323	367420.873	229552.82
Accounts receivables	1700752.58	371108.15	73407
Inventories	3564071.242	767686.737	38363.61
Total Current Assets	9697450.145	1506215.76	341323.43
Total Fixed Assets	1017999.99	666666.66	748666.7
Total Assets	10715450.14	2172882.42	1089990.13
Liabilities side			
Accounts payable	8029312	950600	0
Long term liabilities	82735	267837	670219.78
Net worth	2603403.142	954445.42	419770.32
Total Liabilities	10715450.14	2172882.42	1089990.1

Index Based balance sheet of "Chetan Plastics"

Taking FY2010 as base year.

Common size ratio of balance sheet.

Balance sheet Items	FY2011	FY2010	FY2009
Asset side			
Cash and Bank Balance	1206.4166	100	62.476804
Accounts receivables	458.29028	100	19.780487
Inventories	464.26115	100	4.9973001
Total Current Assets	643.82875	100	22.660992
Total Fixed Assets	152.7	100	112.30001
Total Assets	493.1445	100	50.163328
Liabilities side			
Accounts payable	844.65727	100	0
Long term liabilities	30.890056	100	250.2342
Net worth	272.76606	100	43.980547
Total Liabilities	493.1445	100	50.163326

Analysis of Balance sheet of “Chetan Plastics” using Index based analysis.

From the data above in the tables which gives you the index based analysis of Balance sheets of “Chetan plastics”. I have taken year FY2010 as base year.

- The above tables shows that during the 3 yrs period, “Chetan Plastics” assets increased exponentially in the 3rd year to about 493%, this was mainly due to the increase in sales volume and also steep increase in the sales prices, which resulted in the increase of cash assets to about 1200% in the FY2011 as compared to FY2010.
- Accounts receivables for the 3 years i.e (FY09- Fy11) shows that the company is expanding in its sales volume and it also is giving credit period to the customers. This may be because “Chetan plastics” has only one customer and it has very good relationship with it.
- With respect to inventories “Chetan plastics” has steadily increased its inventory stocks, as the sales volume increases, this may be because the purchase price if inventory increases 5% every 15 days and hence to maximize the profits, it has increased the inventory stock steadily.
- Coming to the fixed assets, “Chetan plastics” was able to survive with existing fixed assets for FY2009 and Fy2010. But it expanded its operations/machinery in the year FY2011 with fixed assets going up to 157% over FY2010.
- With respect to accounts payable the firm had done mostly cash transactions or with very little credit period with the suppliers for year FY2009 since the firm was new and the volume was low “Chetan plastics” was made to buy its inventory on cash. AS we see for FY2010 and FY2011 the account payables increased which states that the credit history maintained by the firm was good and also the purchase volume increased which in turn increased the confidence of suppliers in “Chetan plastics”
- The long term liabilities are reducing continuously which means that “Chetan Plastics” is repaying it long term loans and paying of its debts. For Fy11 the long term liability is only 30% of FY10. Which means that “Chetan plastics” is paying its bank loan off.
- Coming to the net worth of “Chetan plastics” it has increased exponentially in the 3rd year this is due to huge profits made by the firm. Also we can see from the statements that the net worth has increased to a great extent over the 3 yr period.

Common size income or Profit and loss Statement

Common size income or Profit and loss statement " Chetan Plastics"

Items	FY2011	FY2010	FY2009
Sales	10697644.43	1905381.15	281196
Cost of goods sold	7811598.268	900034.73	76488.35
Gross profit	2886046.162	1005346.42	204707.65
General expenses	40800	10800	38800
Operating expenses	377000	229200	73450
EBITDA	2468246.162	1140034.73	92457.65
Operating income (EBIT)	2319579.502	683346.42	31124.32
Interest expenses	18454	51182.74	47702
Net income before tax (PBT)	2301125.502	632163.68	-16577.68
Income tax	612,167.78	97488.58	0
Profit after tax (PAT)	1688957.722	534675.1	-16577.68

dividends	40000	0	5000
Profits retained	1648957.722	534675.1	-21577.68

Common size income or Profit and loss statement " Chetan Plastics"	FY2011	FY2010	FY2009
Items	%	%	%
Sales	100	100	100
Cost of goods sold	73.02166677	47.23646657	27.20108039
Gross profit	26.97833323	52.76353343	72.79891961
General expenses	0.381392373	0.566815726	13.79820481
Operating expenses	3.524140314	12.0290893	26.12057071
EBITDA	23.07280054	59.8323716	32.8801441
Operating income	21.68308656	35.86402752	11.06855005
Interest expenses	0.172505266	2.68622055	16.96396819
Net income before tax	21.5105813	33.17780697	-5.895418143
Income tax	5.722453985	5.116487061	0
Profit after tax	15.78812731	28.06131991	-5.895418143
dividends	0.373914092	0	1.778119177
Profits retained	15.41421322	28.06131991	-7.673537319

Analysis of Income statement or profit and loss statements of "Chetan Plastics" using Common ratio analysis.

From the data above in the tables which gives you the common ratio based analysis of Income statement of "Chetan plastics".

- The cost of goods sold is increasing steadily which means that the cost of raw materials is getting increased steadily during the 3 year period.
- Since the COGS is increasing Year on year basis the Gross profit margin is decreasing steadily @ the same rate.
- Considering the general expenses for "Chetan Plastics" for FY08-09 it is @ 13.8% and for FY10 and FY11 it is @ 0.56 and 0.38 respectively. We can infer that the general expenses (i.e administration expenses, registration fees, installation fees. etc.) for "Chetan plastics" were much higher in the year 08-09 during with it was started. Hence it might be also one of the reasons for "Chetan plastics" to show losses in FY08-09.
- Looking @ operation expenses, this has also reduced over the 3yr period but not @ the rate at which General expenses reduced this means that "Chetan plastics" is increasing in its sales volume and hence gradually increasing the total sales.
- EBITDA had increased in FY10 to 59% but again came down to 23% in FY11, which is again because of the higher COGS which reduced the Gross profit and in-turn reduced the EBITDA.
- The same is the case with operation income.
- We can see that the interest expenses had greatly reduced in terms of % with respect to sales, which means that major part of Principle amount is being paid back, and very little loan amount is pending.

- With respect to dividends the firm had given very minimal or no dividends to its workers during the 3 accounting periods.

Analysis of Cashflow statements for FY2009, FY2010, FY2011

Cash Flow Statement for the period 12-07-2008 to 31-07-2009

Cash Flow Statement for the period 12-07-2008 to 31-07-2009		
Cash flow from operation Activities		
Cash received from Customers	206189	
Salaries	-56000	
Firm Registration Fees	-1000	
bank A/c opening charges	-1000	
Raw materials purchased	-114851.96	
Bank loan processing charges	-10000	
Stationary	-3000	
Telephone Bills	-4000	
Electricity Bills	-13050	
Daily Expenses	-9800	
Gifts and Sweets	-3000	
Plant Installation charges	-10000	
commission on lease agreement	-1000	
	-20512.96	-20513
Cash flow from Investing Activities		
Purchase of machinery	-400000	
Purchase of Furniture	-10000	
Lease amount for building	-400000	
	-810000	-810000
Cash flow from financing Activities		
Bank loans	750000	
Capital Invested by owner	441348	
Bank loan repayment	-79,780.22	
Bank Interest paid	-47702	
Dividends	-5000	
	1058865.78	1058866
		228352.8

Cash Flow Statement for the period 01-04-2009 to 31-03-2010

Cash flow from operation Activities		
Cash received from Customers	1526593	
Raw materials purchased with cash	-628758	
Salaries to workers	-84000	
Salary to CEO	-120000	
Telephone Bills	-6000	
Electricity Bills	-19200	
Daily Expenses	-10800	
Gifts and Sweets	0	
Income tax	-97,488.58	
Total cash flow Operations	560346.42	560346.42
Cash flow from Investing Activities		
No investing activity done in this period		0
Cash flow from financing Activities		
Bank loans	-398921.94	
Bank Interest paid	-51179.74	
Dividends	0	
Total cash flow Financing	-450101.68	-450101.68
Total cash flow		110244.74

Cash Flow Statement for the period 01-04-2010 to 31-03-2011

Cash Flow Statement for the period 01-04-2010 to 31-03-2011		
Cash flow from operation Activities		
Cash received from Customers	9350000	
Raw materials purchased with cash	-3450600	
Salaries to workers	-167000	
Salary to CEO	-180000	
Telephone Bills	-6000	
Electricity Bills	-24000	
Daily Expenses	-10800	
Gifts and Sweets	-20000	
Plant Installation charges	-10000	
Income tax	-606,605.78	
Total cashflow operations	4874994.22	4874994.22

Cash flow from Investing Activities		
Plant and Machinery	-500000	
Total cashflow investing		-500000
Cash flow from financing Activities		
Bank loans	-185192	
Bank Interest paid	-18454	
Dividends	-40000	
Total cashflow Financing	-243646	-243646
Total cashflow		4131348.22

From the about cashflow statements for the 3 periods it can be noted that.

- That during the period FY2008-09 the firm just started its operations, the cash flowing in were one raised from the loans taken from bank and also some portion was invested by the owner, in terms of owners' equity.
- During the 1st year the sales were minimum, and the gross profit generated out of sales were just sufficient to meet the administration, general expenses, the net cash flow due to operations went into negative suggesting that the owner was about to make losses for that period.
- The total cashflow due to investing activity in FY09 was maximum, and the firm invested in buying new machinery and also in taking the building on lease.
- For the FY10 the inward cashflow due to sales increased suggesting that the sales were increasing steadily during that period, also the outward cashflow due to operations such as salaries, taxes, dividends were considerably less compared to the sales. Thus the cashflow due to operation were +ve during this period
- There was no new investing activity during this period, when considered along with the increase in sales, suggests that the firm was trying to maximize the profits during FY10
- There was minimal cashflow due to financial activity in the form of interests and principal amounts being paid as part of EMI to banks.
- FY11 was the best year in terms of sales for the firm, the inward cashflow due to sales increased very rapidly, due to increase in sales prices and also due to increase in sales volume.
- The firm also made a purchase in FY11 to increase the fixed assets by buying new machinery, suggesting that the firm is expanding with the increase in sales volume. Thus there was an investing activity done during this period.
- There were few outward cashflow operation due to financial activities, i.e. paying of interest and principle of the loan from banks.

In all we can safely infer from the cashflow statements that the firm is a cash rich firm, trying to expand its business, paid almost all of its long term loans or debts and doing pretty well in terms of business and will continue to do so.

Note: Please refer to the attached MANAC.zip file for all the Balance sheets, Income statement, Cashflow statements of 3 years.



MANAC.zip