

COMPREHENSIVE ASSIGNMENT
(CP Manufacturing)
OF
Financial Reporting & Control Course
(PGEXP IIM RANCHI)

THE 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 would involve buying materials transferring it using plant & machinery and selling it.

My BUSINESS

I am launching a business having name CP Manufacturing in this business I will purchase Galvanized plain sheet as a raw material & I will transform it in Galvanized Corrugate sheet .It would be basically having 0.6 mm Thickness and 1350mm input width & after corrugation thickness will remain 0.6mm Width will be 1200mm.Sales would be done to defined whole sellers. Transportation will be responsibility of purchaser & Supplier

PROCESS:

Galvanized Sheet
Input



Process: Barrel forming Machine



OUTPUT: Galvanized Corrugated Sheet



Uses Roofing Application

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Input material Galvanized Sheet (0.6mm*1350mm Pallet of Size 100kg each)

Output Material: Galvanised Corrugated Sheet (0.6mm*1200 mm Pallet 100Kg Each)

ORDER: Order taken from whole seller

INVENTORY: As low as Possible (Nil) Only Made to Order
 Purchasing Done from Uttam Sales & Sales to pasa sales

Purchasing & sells can be done in credit & Cash credit rules

1. Credit Sales can be 4 times cash sales
2. Credit Purchase can be 3 times cash Purchase
 Maximum credit period 30 days
3. Straight Line Depreciation for 10years
4. Sales Volume increased 10 % Every Year
5. Sales price increased 5 % Every Year

Other assumption

1. No Income tax for earning less than Rs 100000.
2. Interest will be paid only once in a year.
3. Part Loan can be paid once in a year
4. Labour is contract in nature as when employed when not required not paid .
5. NO PF NO ESI

Price of Goods

Table1: Purchase & Selling
 Price for Period 1

Purchasing		Selling Price	
Period	Rs/Kg	Period	Rs/Kg
1	30	1	45

Other Consumables

Gear Lubricating Oil for gear teeth

Above Price fixed for Period 1 (10th Jan2007 to 31st Mar-2008)

RESOURCE PLANNING:

- a) FUND
- b) MACHINERY & WORKSHOP
- C) MAN POWER
- D) RAW MATERIAL
- E) ENERGY SOURCE (ELECTRICITY)

1. So first of all I have started business with cash of Rs 340000(My Roll no 34 so as per Sheet I would get Roll no*10000 =34*10000=340000
2. My date of birth is 10th January 74 so business started on 10th January 2007.
3. One ready made workshop was found interested party was ready to sale it was only 2 Years old after several round of negotiation he agrees to sale for Rs 550000.
4. Taken Bank Loan on 1st of April 2007, Loan amount was Rs 500000 where agreement was to mortgage, workshop after years old.

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My Transactions Detail for Period 1(10th Jan2007 to 31st Mar-2008)

Table 2: Transaction Detail of CP Manufacturing of Period 1

Period 1 , 10Jan-2007 to 31st Mar -2008		
Sno	Date	Transactions
1	10-Jan-07	Business started with fund of Rs 340000
2	01-Apr-07	Secured Loan Rs 500000taken from Bank @10 % pa
3	01-May-07	Workshop with equipment purchased for Rs 550000 Payment made in cash
4	01-Jun-07	Manpower recruited 1.4 Contract Person Rs6000/month 2.4 Operator 9000/month 3.1 Supervisor 10000/month
5	10-Jun-07	GP Sheet Purchased 15 Ton @ 30000/Ton Rs 150000Paid in cash & Rs 300000 in Credit(1month max)
6	15-Jun-07	Gear Box 200lit Oil Purchased for 10000 IN CASH
7	25-Jun-07	15T Corrugated Sheet sale to Whole sales @ Rs45000/t.Rs 175000 in cash sales & Rs 500000 in credit for 1 month max
8	01-Jul-07	Rs 70000 Salaries Paid to staff & asked not to come in job from today
9	01-Jul-07	Electricity Bill of Rs 3500 paid in cash
10	09-Jul-07	Credit Payment of RS 300000 Paid in cash
11	14-Jul-07	Credit sales money 300000 Received in cash
12	25-Jul-07	100 lit Gear Box Oil Consumed
13	31-Mar-08	Rs 200000 Lakh Loan Refunded
14	31-Mar-08	1 Year Interest of Rs 50000 Paid as Interest
15	31-Mar-08	Rs 15000 Consumed for personnel use
16	31-Mar-08	at rate of 10 % Rs 50000 Depreciation calculated

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(CP Manufacturing)
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Table 3: Transactions Equations for CP Manufacturing for period 1

Period 1		10/01/2007 to 31-MAR-08				Liabilities			Owners Equity					
Date	Transaction	Asset				Trade Payables	Interest Payable	Loan,	Contributed Capital	Reserves,	Profit for the Period	Revenue	Expenses	Dividends
		Cash	Receivables	Inventory	Machines									
10-Jan-07	Business Starts	340000							340,000					
01-Apr-07	Loan	500000						500000			0			
01-May-07	Machine purchasing	-550000			550000						0			
01-Jun-07	Hired Man Power										0			
10-Jun-07	Raw Matl	-150000		450000		300000					0			
15-Jun-07	Gear Box Oil	-10000		10000							0			
25-Jun-07	Sales	175000	500000	-450000							225000	675000	450000	
01-Jul-07	Salaries	-70000									-70000		70000	
01-Jul-07	Electricity	-3500									-3500		3500	
09-Jul-07	Credit Pay	-300000				-300000					0			
14-Jul-07	Credit receive	500000	-500000								0			
25-Jul-07	Oil Top up			-5000							-5000		5000	
31-Mar-08	Loan	-200000						-200000			0			
31-Mar-08	Interest	-50000									-50000		50000	
31-Mar-08	personel	-15000									-15000			15000
31-Mar-08		166500	0	5000	550000	0	0	300000	340000	0	81500	675000	578500	15000
31-Mar-08	Depriation				-55000						55000		55000	
31-Mar-08	Period 1 Closing fig	166500	0	5000	495000	0	0	300000	340000	0	26500			

Table 4: Balance sheet of CP Manufacturing for Period 1

Submitted by: Chandra Prakash
Roll No: 034
PGEXP, IIM RANCHI

COMPREHENSIVE ASSIGNMENT
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Assets		Liabilities	
Item	Period 1 Amount	Item	Period 1 Amount
Current Assets		Current Liabilities	
Cash	166,500	Trade Payables	0
Receivables	0	Interest Payables	0
Inventory	5,000	Total Current Liabilities	0
Total Current Assets	171,500	Long Term Liabilities	
Fixed Assets		Loan,	300,000
Machine & Workshop	495,000	Total Long Term Liabilities	300,000
Total Fixed Assets	495,000	Shareholders' Funds	
Other Assets		Contributed Capital	340,000
Investments	0	Reserves	26,500
Total Other Assets	0	Total Shareholders Funds	366,500
Total Assets	666,500	Total Liabilities	666,500

Table 5: Income Statement of CP Manufacturing for period 1

Item	Period 1 Amount
Sales	675,000
Less: Cost of Goods Sold (including Salaries)	528,500
Gross Profit	146,500
Less: Sales Expenses	0
Less: Administration Expenses (includes Rent Expenses)	0
Less: General Expenses (includes Supplies Consumed)	0
EBIDTA	146,500
Less: Depreciation & Amortization Expenses	55,000
Operating Profit	91,500
Add: Other Income(FD Interest)	0
Adjusted for Extraordinary & Past Period Items	0
EBIT	91,500
Less: Interest Expenses	50,000
Profit Before Tax (PBT)	41,500
Less: Income Tax Expenses	0
Profit After Tax (PAT Net Income)	41,500
Less: Dividends for the Period	15,000
Profit/Loss Transferred to the Balance Sheet	26,500

Table: 6 Costs of Good Sold

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Sno	Item	Value
1	Input GP Sheet (Raw Material)	450000
2	Salaries	70000
3	Electricity Bill	3500
4	Gear Box Oil	5000
	Total	528500

Table 7: Cash Flow statement for CP manufacturing for Period 1

<i>CP manufacturer, Statement of Cash Flow for Period 1</i>		Amount
<u>Operating Activities</u>		
	Cash received from customers	675,000
	Cash paid to suppliers	-460,000
	Cash paid to salaries	-70,000
	Electricity Bill	-3,500
A) Net Cash Flow from Operating Activities		141,500
<u>Investing Activities</u>		
	Work Shop & Purchase	-550,000
B) Net Cash Flow from Investing Activities		-550,000
<u>Financing Activities</u>		
	Equity Invested	
	Loan Taken	500,000
	Loan Paid	-200,000
	Interest Paid	-50,000
	Divident	-15,000
C) Net Cash Flow from Financing Activities		235,000
Starting Cash Balance		340,000
Changes in Cash during the Year due to the above activities i.e., (A) + (B) + (C)		-173,500
Ending Cash Balance		166,500

COMPREHENSIVE ASSIGNMENT
(CP Manufacturing)
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Period 2 Starts from 1st April 2008 & Ends 31st March 2009
 Now following Transaction done in Period 2

Table 8 : Transaction Detail of CP Manufacturing of Period 2
 (1st April 2008 to 31st March 2009)

Period 2 , 1st April-2008 to 31st Mar -2009		
Sno	Date	Transactions
1	01-Apr-08	Period 2 Beginning with Cash 166500
2	01-Jun-08	Paid Rs 10000for Maintenance of Machine
3	01-Jun-08	Manpower recruited 1.4 Contract Person Rs7500/month 2.4 Operator 10500/month 3.1 Supervisor 13000/month
4	05-Jun-08	GP Sheet Purchased 16.5 Ton @ 32000/Ton Rs 128000Paid in cash & Rs 400000 in Credit(1month max)
	18-Jun-08	100 lit Gear Box Oil Top up done in Gear Box
5	27-Jun-08	16.5T Corrugated Sheet sale to Whole sales @ Rs47250/t.Rs479625 in cash sales & Rs 300000 in credit for 1 month max
6	01-Jul-08	Rs 85000 Salaries Paid to staff & asked not to come in job from today
7	01-Jul-08	Electricity Bill of Rs 4700 paid in cash
8	04-Jul-08	Credit Payment of RS 400000 Paid in cash
9	26-Jul-08	Credit sales money 300000 Received in cash
10	03-Aug-08	Customer raised a Complaints for some defective sheet so complaints settled by giving Rs 10000 a Complaints money
11	25-Aug-08	RS 25000 Spend for Personnel Purpose
12	10-Nov-08	Laxmi Puja done in Work shop expenses Rs 10000
13	31-Mar-09	Yearly Interest of Rs 30000 Paid
14	31-Mar-09	Loan Payment made for Rs 50000
15	31-Mar-09	Depreciation Calculated Rs 55000

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Table 9: Transactions Equations for CP Manufacturing for period 2

	Transaction	Cash	Receivables	Inventory	Machines	Trade Payables	Interest Payable	Loan,	Contributed Capital	Reserves,	Profit for	Revenue	Expenses	Dividends
01-Apr-08	Period 2 Beginning	166500	0	5000	495000	0	0	300000	340000	26500				
01-Jun-08	Maintenance of Machine	-10000									-10000		10000	
01-Jun-08	Hired Man Power										0			
05-Jun-08	Raw Matl	-128000	0	528000		400000	0				0			
18-Jun-08	Oil Top up			-5000							-5000		5000	
27-Jun-08	Sales	479625	300000	-528000	0						251625	779625	528000	
01-Jul-08	Salaries	-85000									-85000		85000	
01-Jul-08	Elect Bill	-4700									-4700		4700	
04-Jul-08	Credit Payment	-400000				-400000					0			
26-Jul-08	Payment received	300000	-300000								0			
03-Aug-08	Customer Complaints	-10000									-10000		10000	
25-Aug-08	Divident	-25000									-25000			25000
10-Nov-08	Puja	-10000									-10000		10000	
31-Mar-09	Interest	-30000									-30000		30000	
31-Mar-09	Loan Payment	-50000						-50000			0			
31-Mar-09	As on Status	193425	0	0	495000	0	0	250000	340000	26500	71925			
31-Mar-09	Depriciation				-55000						-55000			

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Table 10: Balance sheet of CP Manufacturing for Period 1 & 2

Assets	Period 1	Period 2	Liabilities	Period 1	Period 2
Item	Amount	Amount	Item	Amount	Amount
Current Assets			Current Liabilities		
Cash	166,500	193,425	Trade Payables	0	0
Receivables	0	0	Interest Payables	0	0
Inventory	5,000	0	Total Current Liabilities	0	0
Total Current Assets	171,500	193,425	Long Term Liabilities		
Fixed Assets			Loan,	300,000	250,000
Machine & Workshop	495,000	440,000	Total Long Term Liabilities	300,000	250,000
Total Fixed Assets	495,000	440,000	Shareholders' Funds		
Other Assets			Contributed Capital	340,000	340,000
Investments	0	0	Reserves	26,500	43,425
Total Other Assets	0	0	Total Shareholders Funds	366,500	383,425
Total Assets	666,500	633,425	Total Liabilities	666,500	633,425

Table 11: Income Statement of CP Manufacturing for period 1 & 2

	Period 1	Period 2
Item	Amount	Amount
Sales	675,000	779,625
Less: Cost of Goods Sold (including Salaries)	528,500	642,700
Gross Profit	146,500	136,925
Less: Sales Expenses	0	0
Less: Administration Expenses (includes Rent Expenses)	0	0
Less: General Expenses (includes Supplies Consumed)	0	10,000
EBIDTA	146,500	126,925
Less: Depreciation & Amortization Expenses	55,000	55,000
Operating Profit	91,500	71,925
Add: Other Income(FD Interest)	0	0
Adjusted for Extraordinary & Past Period Items	0	0
EBIT	91,500	71,925
Less: Interest Expenses	50,000	30,000
Profit Before Tax (PBT)	41,500	41,925
Less: Income Tax Expenses	0	0
Profit After Tax (PAT Net Income)	41,500	41,925
Less: Dividends for the Period	15,000	25,000
Profit/Loss Transferred to the Balance Sheet	26,500	16,925

222

COMPREHENSIVE ASSIGNMENT
(CP Manufacturing)
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Table 12: Cash Flow statement for CP manufacturing for Period 2

<i>CP manufacturer, Statement of Cash Flow for Period 2</i>		
<u>Operating Activities</u>		Amount
	Cash received from customers	779,625
	Cash paid to suppliers	-528,000
	Cash paid to salaries	-85,000
	Cash paid for Machine Maint	-10,000
	Cash Paid for Complaints	-10,000
	Puja Expenses in Work Shop	-10,000
	Cash Paid for Electricity Bill	-4,700
	<i>A) Net Cash Flow from Operating Activities</i>	131,925
<u>Investing Activities</u>		
	No Transactions	0
	<i>B) Net Cash Flow from Investing Activities</i>	0
<u>Financing Activities</u>		
	Equity Invested	0
	Loan Repaid	-50,000
	Interest Paid	-30,000
	Divident	-25,000
	I tax	0
	<i>C) Net Cash Flow from Financing Activities</i>	-105,000
	Starting Cash Balance	166,500
	<i>Changes in Cash during the Year due to the above activities i.e., (A) + (B) + (C)</i>	26,925
	Ending Cash Balance	193,425

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Period 3 Starts from 1st April 2009 & Ends 31st March 2010

Now following Transaction done in Period 3

Table 13 : Transaction Detail of CP Manufacturing of Period 3

Sno	Date	Transactions
		Period 3
1	01-Apr-09	Beginning with Cash 193425
2	01-Apr-09	Paid Rs 15000 in cash for Maintenance of Machine
3	01-Apr-09	Manpower recruited 1.4 Contract Person Rs8500/month 2.4 Operator 11500/month 3.1 Supervisor 15000/month
4	03-Apr-09	GP Sheet Purchased 18.15 Ton @ 35000/Ton Rs 200000 Paid in cash & Rs 435250 in Credit(1month max)
5	03-Apr-09	Gear Oiled Purchased for Rs 6000 in cash and Used
6	14-Apr-09	Breakdown occur Maint cost Rs 7000 paid in cash
7	26-Apr-09	18.15T Corrugated Sheet sale to Whole sales @ Rs49612/ft.Rs700467 in cash sales & Rs 200000 in credit for 1 month max
8	02-May-09	Credit Payment made for 43520 through cash
9	25-May-09	Credit Pay received Rs 200000 in cash
10	01-Jun-09	Rs 95000 Salaries Paid to staff & asked not to come in job from today
11	01-Jun-09	Elect Bill of 6200 Paid in cash
12	01-Jun-09	RS 30000 Spend for Personnel Purpose
13	01-Jun-09	Rs 200000 deposited in Bank FD 10% PA(Min 6 month Investment)
14	11-Nov-09	Plant Painting done for Rs 22000 in cash
15	01-Jan-10	FD Withdrawal from Bank received 10000 as Interest
16	31-Mar-10	Loan Payment made for RS 50000 in cash
17	31-Mar-10	Interest Payment FOR Rs 25000 in cash
18	31-Mar-10	Depreciation calculated Rs 55000

COMPREHENSIVE ASSIGNMENT
(CP Manufacturing)
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Table 14: Balance sheet of CP Manufacturing for Period 1, 2 & 3

<i>CP Manufacturer Balance Sheet for the Periods 1, 2 & 3 (Ending)</i>							
Assets	Period 1	Period 2	Period 3	Liabilities	Period 1	Period 2	Period 3
Item	Amount	Amount	Amount	Item	Amount	Amount	Amount
Current Assets				Current Liabilities			
Cash	166,500	193,425	212,442	Trade Payables	0	0	0
Receivables	0	0	0	Interest Payables	0	0	0
Inventory	5,000	0	0	Total Current Liabilities	0	0	0
Total Current Assets	171,500	193,425	212,442	Long Term Liabilities			
Fixed Assets				Loan,	300,000	250,000	200,000
Machine & Workshop	495,000	440,000	385,000	Total Long Term Liabilities	300,000	250,000	200,000
Total Fixed Assets	495,000	440,000	385,000	Shareholders' Funds			
Other Assets				Contributed Capital	340,000	340,000	340,000
Investments	0	0	0	Reserves	26,500	43,425	57,442
Total Other Assets	0	0	0	Total Shareholders Funds	366,500	383,425	397,442
Total Assets	666,500	633,425	597,442	Total Liabilities	666,500	633,425	597,442

Table 15: Income Statement of CP Manufacturing for period 1, 2 & 3

<i>CP Manufacturer, Profit & Loss Statement for the Periods 1, 2 & 3</i>			
	Period 1	Period 2	Period 3
Item	Amount	Amount	Amount
Sales	675,000	779,625	900,467
Less: Cost of Goods Sold (including Salaries)	528,500	642,700	764,450
Gross Profit	146,500	136,925	136,017
Less: Sales Expenses	0	0	0
Less: Administration Expenses (includes Rent Expenses)	0	0	0
Less: General Expenses (includes Supplies Consumed)	0	10,000	22,000
EBIDTA	146,500	126,925	114,017
Less: Depreciation & Amortization Expenses	55,000	55,000	55,000
Operating Profit	91,500	71,925	59,017
Add: Other Income (FD Interest)	0	0	10,000
Adjusted for Extraordinary & Past Period Items	0	0	0
EBIT	91,500	71,925	69,017
Less: Interest Expenses	50,000	30,000	25,000
Profit Before Tax (PBT)	41,500	41,925	44,017
Less: Income Tax Expenses	0	0	0
Profit After Tax (PAT Net Income)	41,500	41,925	44,017
Less: Dividends for the Period	15,000	25,000	30,000
Profit/Loss Transferred to the Balance Sheet	26,500	16,925	14,017

Table 16: Cash Flow statement for CP manufacturing for Period 3

Submitted by: Chandra Prakash
 Roll No: 034
 PGEXP, IIM RANCHI

COMPREHENSIVE ASSIGNMENT
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<i>CP manufacturer, Statement of Cash Flow for Period 3</i>		
<u>Operating Activities</u>		Amount
	Cash received from customers	900,467
	Cash paid to suppliers	-641,250
	Cash paid to salaries	-95,000
	Cash paid for Machine Maint	-22,000
	Cash Paid for Complaints	0
	Paiting Expenses	-22,000
	Cash for Electricity	-6,200
<i>A) Net Cash Flow from Operating Activities</i>		<i>114,017</i>
<u>Investing Acitivites</u>		
	FD to Bank	-200,000
	FD Withdrawl	210,000
<i>B) Net Cash Flow from Investing Activities</i>		<i>10,000</i>
<u>Financing Activities</u>		
	Equity Invested	0
	Loan Repaid	-50,000
	Interest Paid	-25,000
	Divident	-30,000
<i>C) Net Cash Flow from Financing Activities</i>		<i>-105,000</i>
Starting Cash Balance		193,425
<i>Changes in Cash during the Year due to the above activities i.e., (A) + (B) + (C)</i>		<i>19,017</i>
Ending Cash Balance		212,442

Table 17: Data for sales & Prices

Period	Purchase PriceRs/Kg	Sale Price Rs/Kg	Volume in ton	Turnover in Rs	%Increase in Sales Volume	%Increase in Sales Price	%Increase in Turnover
1	30	45	15	675,000	0	0	0
2	32	47.25	16.5	779,625	10	5	15.5
3	35	49.6125	18.15	900467	10	5	15.5

Table 18: Complainace Report

Submitted by: Chandra Prakash
 Roll No: 034
 PGEXP, IIM RANCHI

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Sno	Condition	Compliance
1	Date of Commencement of Business is your date of Birth My date of birth is 10 January 1974 so business starts on 10th January	Complied
2	My Roll No is 34 so starting Contributed Capital would be $34 * 10000 = 340000$	Complied
3	Long Term Loan Max 2 times & Atleast One Time it meand Long term Loan ≥ 34000 & ≤ 680000 In CP Manufacturer it is 500000	Complied
4	Depriciation Straight Line & can vary 5 to 10yrs In My Case it is 10 Yrs Straight Line	Complied
4	Every Student has to invested atleast 20 % of Total asset in Fixed Asset My Case Period 1 Total 666500 & Fixed asset 495000 which is more than 20 % Period 2 Total 633425 & Fixed asset 440000 which is more than 20 % Period 3 Total 597442 & Fixed asset 385000 which is more than 20 %	Complied
5	Sales Volume will increase 10 % over previous year , Period 1 Period 1 sales Volume 15000Kg Period 2 sales Volume 16500Kg(10 % Increase) Period 3 sales Volume 18150Kg(10 % Increase)	Complied
5	Sales Price will increase 5 % over previous year , Period 1 sales Price RS 45/Kg Period 2 sales Price RS 47.25/Kg(5 % Increase) Period 3 sales Price RS 49.60/Kg(5% Increase)	Complied
Sno	Condition	Compliance

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Sno	Condition	Complaine
6	Credit Sales can be 4 times cash sales Period 1 Credit Purchase 500000(2.85 times cash sales i.e within 4 times) Cash Sales 175000 Period 2 credit sales 300000 (0.6times cash sales i.e within 4 times Cash sales 479625 Period 3 credit sales 200000 (0.29times cash sales i.e within 4 times Cash sales 700467	Complied
7	Credit Purchase can be 3 times cash Purchase Period 1 credit Purchase 300000(0.42 times cash Purchase i.e within 3 times) Cash Purchase 710000 Period 2 credit Purchase 300000(0.42 times cash Purchase i.e within 3 times) Cash Purchase 710000 Period 3 credit Purchase 435000(2.11 times cash Purchase i.e within 3 times) Cash Purchase 206000	Complied

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Sno	Condition	Compliance
8	Wage Cost Could be 10 % to 30 % of sales Period 1 Wage cost 70000(10.37 %) Sales 675000 Period 2 Wage cost 85000(10.90 %) Sales 779625 Period 3 Wage cost 95000(10.55 %) Sales 900467	Complied
9	Assume No gestation period That is the business starts operation from day 1 irrespective of your starting date of business first accounting period would end 31st march(With a condition of business running for at least 3 month) Business starts 10th January 2007 Period 1 end 31st March 2008 Period 2 ends 31st March 2009 Period 3 ends 31st March 2010	
10	You Need to have atleast 10Trasaction /Year Period 1 16 Trasactions(More than 10) Period 2 15Trasactions(More Than 10) Period 3 18Trasactions (More than 10)	Complied