

Submitted by:

Sheikh Farhan Jibrail

BM15048

NEW AGE BAGS

Started in 1st April 2015 by Farhan Jibrail (B15048), "New Age Bags" is a sole proprietorship organization. It is into the manufacturing of Jute Bags of various kinds (Fashion, normal usage and waterproof). The company is mostly into wholesale business but does transactions with individual customers as well.

The choice of this business is due to the fact that jute bags are eco-friendly as compared to their counterparts such as paper bags and cotton bags. The demand for these products are very high essentially due to awareness among people about environment protection nowadays. These bags (gunny sack) are also used for mass transportation of agricultural products. Availability of Jute is also not an issue as the amount of production of Jute in India is very high.

INVESTMENTS

Initial Capital Invested – Rs. 3.36 crores

Additional Loan taken from SBI – Rs. 3.36 crores

Received a grant/subsidy for obtaining land from Govt. of India – Rs. 67.2 lakhs

Land value (after subsidy) – Rs. 1,42,80,000

Plant & Machinery – Rs. 2,89,00,000

(Includes

1. Jute Weaving and Laminating Machine

2. Fabric Cutting Machine

3. Printing Machines

4. Stitching Machines)

Others (Computers and Furniture) – Rs 2,00,000

EMPLOYEES

Employees – 100 (number to be increased if required)

Additional Contractual Labor hired as per requirement

GOODS PRODUCED

1. Designer Bags (Painted Hand Bags sold at premium prices)

2. Gunny Bags (Bags used for storage and transport of items, very cheap item)

3. Waterproof Jute Bags (Experimental bags used for waterproof transportation)

RAW MATERIALS

Jute Rolls (Available per unit Roll basis, 1 roll consists of 100 m of jute)

Quick Drying Paint (Available per liter basis)

Raw Material Requirements for Producing Output

| Bag Type | Jute Roll (units) | Paint (ml) |
|---------------------|-------------------|------------|
| Designer Bag | 0.1 | 30 |
| Gunny Bag | 0.1 | 0 |
| Waterproof Jute Bag | 0.1 | 3.9 |

PRICING

Finished Products

1. Designer Bags – Rs. 100/-
2. Gunny Bags – Rs. 10/-
3. Waterproof Jute Bags – Rs. 15/-

Raw Materials

1. Jute Rolls – Rs. 142/- per unit (Ankit Store)
Rs. 120/- per unit (Chandan Store)
2. Quick Dry Paint - Rs. 500/- per liter

Even though Chandan Store provides competitive prices for Jute Rolls, Ankit Store is the preferred retailer due to its credibility.

Pricing Assumption –

The price of raw materials increases by 5% every 15 days of the calendar month

The price of finished goods increases by 5% every calendar month

DEPRECIATION RATES

As per straight line method (Even Roll Number Series B15048)

Plant and Machinery – 10 years

Furniture – 8 years

Computers – 5 years

OTHER RELEVANT ASSUMPTIONS

As per Roll Number Series

1. Fixed Assets – 61 to 65% of long term capital (Rs. 4,33,80,000/- , 64.5 % of Long Term Funds)
2. Loan Taken – Equal to Capital Contributed (Rs. 3.36 Crores)
3. Credit Sale Days – 45 days
4. Credit Purchase – 50 days
5. Inventory carried on to the next month consists of only raw material inventory
6. Bad debt provision provided for a maximum of 10% total receivables per month.

OUTPUT OF THE FIRM

The firm sells all the products that it produces within a month i.e. it has **no finished product inventory at the end of any month.**

| Month | Total Quantity | Designer Bag (Quantity) | Others (Quantity) |
|-------|----------------|-------------------------|-------------------|
| April | 300000 | 100000 | 200000 |
| May | 330000 | 110000 | 220000 |
| June | 363000 | 121000 | 242000 |

April Transactions

| Date | Transaction | Value |
|--------|---|--------------------|
| 1-Apr | Farhan starts a company "New Age Bags" with an initial capital of 3.36 crores | Rs. 3,36,00,000 |
| | Paid municipal Tax @1% | Rs. 3,36,000 |
| 2-Apr | Registers the company name with an accountant and pays registration charges | Rs. 3000 |
| | Opens up an account in the Name of "New Age Bags" in SBI Bank and pays account opening charges | Rs. 1000 |
| 3-Apr | Receives a grant from Govt. of India as a part of "Make In India" @ 67.2 lakhs | Rs. 67,20,000 |
| | Transfers some capital to SBI account | Rs. 1,95,00,000 |
| | Buys a cheap space in Kolkata to setup factory and pays with cash | Rs. 2,10,00,000 |
| 4-Apr | Grant received from GOI adjusted with Land as the same is utilized for purchasing land | Rs. 67,20,000 |
| | Applied for Loan of 336 lakhs and pays processing charges | Rs. 1000 |
| 5-Apr | Bought 100 Jute Weaving and Laminating Machines using cash @85000 | Rs. 85,00,000 |
| | Bought 100 Fabric cutting machines using cash @50000 | Rs. 50,00,000 |
| 6-Apr | Bought 300 printing machines using cash @50000 | Rs. 1,50,00,000 |
| | Loan sanctioned from SBI bank @10% interest per annum | Rs. 3,36,00,000 |
| 7-Apr | Withdrew money from the bank | Rs. 2,30,00,000 |
| | Bought 400 stitching machines using cash @1000 | Rs. 4,00,000 |
| 8-Apr | Purchased furniture and fixtures | Rs. 1,00,000 |
| | Purchased 10 Computers using cash @10000 | Rs. 1,00,000 |
| 9-Apr | Applies for Telephone connection and pays connection charges | Rs. 2000 |
| | Applies for Water Connection from Water Board and pays registration charges | Rs. 10000 |
| 10-Apr | Applies for Electricity Connection from Central Electric Board | Rs. 10000 |
| | Applies for Internet Connection from BSNL | Rs. 2000 |
| 11-Apr | Pays for installation of Fixtures of Electricity | Rs. 5000 |
| | Holiday | Rs. |
| 12-Apr | Pays for plumbing services | Rs. 5000 |
| 13-Apr | Pays for Carpentry Services | Rs. 5000 |
| | Buys stationary | Rs. 2000 |
| 14-Apr | Buys raw materials (30000 rolls of Jute, LDPE Lining) for initial weaving and lining from Ankit store. Paid 15 lakhs in Cash. | Rs. 42,50,000 |
| 15-Apr | Buys raw materials (1190 liters of quick drying paint) for designing bags from Anil store on Credit | Rs. 5,95,000 |
| | Inward Transportation Cost for Raw materials | Rs. 20000 |
| 16-Apr | Hired 100 employees for the factory and introduced them to operations (Induction Day) | Rs. 50000 |

| | | |
|--------|---|--------------------|
| | Received Order from Puma for 100000 bags with a Puma Logo on the bags. Payment done on Credit | Rs. 1,00,00,000 |
| 17-Apr | Investment in Marketable securities (Surplus Money in SBI) | Rs. 77,20,000 |
| | Received Order from Sharad industries for water proof gunny bags (100000 bags). Payment done in Cash and discount provided @4% | Rs. 10,00,000 |
| 18-Apr | Received Order from Gaya industries for sawdust storing jute bags (100000 bags). Payment Done in Cash and discount provided @4% | Rs. 15,00,000 |
| | Bill drawn on PUMA | Rs. 50,00,000 |
| 19-Apr | Discounted the above Bill drawn @15 % p.a. from SBI Bank | Rs. 50,00,000 |
| | Buys raw materials (2200 liters of quick drying paint) for designing bags from Anil store on Credit | Rs. 11,55,000 |
| | Packaging cost for Puma Order | Rs. 50000 |
| 20-Apr | Transportation cost for Puma Order to their warehouse | Rs. 50000 |
| | Packaging cost for Sharad Industries | Rs. 1000 |
| 21-Apr | Transportation cost for Sharad Industries' Order to their warehouse | Rs. 1000 |
| | Packaging cost for Gaya Industries | Rs. 5000 |
| 22-Apr | Transportation cost for Gaya Industries' Order to their warehouse | Rs. 5000 |
| | Bill received from Anil Store(Creditor) | Rs. 22,50,000 |
| 23-Apr | Deposited 50 lakhs in SBI account | Rs. 50,00,000 |
| | Invested in Marketable securities | Rs. 50,00,000 |
| 24-Apr | Wages payment | Rs. 31,25,000 |
| 25-Apr | Rental | Rs. 6,25,000 |
| 30-Apr | Carriage Inward for Raw material cost | Rs. 40000 |
| | Depreciation on SLM basis for P&M-10 years ,F &F 8 years and Computer-5 years | |

May Transactions

| Date | Transaction | Value |
|--------|---|-----------------|
| 1-May | Municipal Tax @1% of Owner's equity | Rs. 3,49,060 |
| 2-May | Machinery Maintenance using cash | Rs. 20000 |
| | Miscellaneous Expense | Rs. 1,00,000 |
| 5-May | Buys raw materials (30000 rolls of Jute, LDPE Lining) for initial weaving and lining from Ankit store in cash . Discount availed @4% on payment. | Rs. 33,62,205 |
| | Inward Transportation Cost for Raw materials | Rs. 30000 |
| 6-May | Cash stored in SBI account | Rs. 5,90,000 |
| | Invested in Marketable securities | Rs. 50,00,000 |
| 7-May | Received Order from Nike for 100000 bags with a Nike Logo on the bags. Payment done on Credit | Rs. 1,05,00,000 |
| | EMI Payable for Long Term Loan | Rs. 8,40,000 |
| 9-May | Received Order from Addidas for 10000 bags with an Addidas Logo on the bags. Payment done on Credit | Rs. 5,88,000 |
| | Paid certain amount of the order in Cash, rest amount on Credit (4400 cash, 5600 credit) | Rs. 4,62,000 |
| 11-May | Packaging cost (For Addidas) | Rs. 50000 |
| | Transportation Cost (For Nike) | Rs. 20000 |
| 12-May | Transportation Cost (For Addidas) | Rs. 20000 |
| | Buys raw materials (12500 rolls of Jute, LDPE Lining) for initial weaving and lining from Chandan store on Credit | Rs. 15,00,000 |
| | Buys raw materials (580 Lt of quick dry paint) from Anil store on Credit | Rs. 3,19,725 |
| 13-May | Inward Transportation Cost for Raw materials | Rs. 30000 |
| | Receives order from Gandhi Industries for 1 lakh water proof gunny bags for transportation of Onions, cash payment | Rs. 10,50,000 |
| | Buys raw materials (9000 Lt of quick dry paint) from Anil store on Credit | Rs. 49,61,250 |
| 14-May | Packaging cost for Gandhi Industries | Rs. 1000 |

| | | |
|--------|---|---------------|
| | Transportation cost for Gandhi Industries' Order to their warehouse | Rs. 1000 |
| | Money Transferred to SBI Bank Account | Rs. 15,00,000 |
| 16-May | Buys raw materials (26500 rolls of Jute, LDPE Lining) for initial weaving and lining from Chandan store on Credit | Rs. 33,39,000 |
| | Inward Transportation Cost for Raw materials | Rs. 30000 |
| 18-May | Receives order from Mandu Industries for 1 lakh water proof gunny bags for transportation of Onions, cash payment | Rs. 10,50,000 |
| | Packaging cost for Mandu Industries | Rs. 1000 |
| 19-May | Transportation cost for Mandu Industries' Order to their warehouse | Rs. 1000 |
| 20-May | Inward Transportation Cost for Raw materials | Rs. 90000 |
| | Receives order from Mandakini Industries for 20000 gunny bags for transportation of wheat, cash payment | Rs. 2,10,000 |
| 21-May | Packaging cost for Mandakini Industries | Rs. 1000 |
| | Transportation cost for Mandakini Industries' Order to their warehouse | Rs. 1000 |
| 22-May | Factory Cleaning Expenses | Rs. 30000 |
| | Raw Materials for Packaging | Rs. 5,00,000 |
| 23-May | Stationary Expense | Rs. 30000 |
| | Contribution to the NGO - CRY for CSR | Rs. 50000 |
| 24-May | Bills drawn on Chandan stores | Rs. 50,59,588 |
| 25-May | Bills drawn on Nike | Rs. 52,50,000 |
| | Bills drawn on Addidas | Rs. 2,94,000 |
| 27-May | Discounted the above bills drawn at SBI @15% | Rs. 55,44,000 |
| 29-May | Salaries and Wages | Rs. 34,65,000 |
| | Rents | Rs. 6,93,000 |
| 30-May | Dividends received from Investments | Rs. 9,78,000 |
| | Depreciation on SLM basis for P&M-10 years ,F &F 8 years and Computer-5 years | |

June Transactions

| Date | Transaction | Amount |
|--------|---|-----------------|
| 1-Jun | Municipal Tax @1% of Owner's equity | Rs. 3,61,719 |
| | Amount received from Puma (Credit Transaction 17-Apr) | Rs. 40,00,000 |
| 2-Jun | Factory Repair | Rs. 1,00,000 |
| 3-Jun | Business Meeting with suppliers | Rs. 4,00,000 |
| 4-Jun | Payment to Ankit Stores (Transaction dated 15-Apr, Jute Roll) | Rs. 27,50,000 |
| | Payment to Anil Stores (Transaction dated 15-Apr, Quick Dry paint) | Rs. 5,95,000 |
| | Received Order from Addidas for 96800 bags with an Addidas Logo on the bags. Payment done on Credit | Rs. 1,06,72,200 |
| 5-Jun | Purchased 22500 Jute Rolls from Ankit Store on Credit | Rs. 36,90,000 |
| | Factory repair | Rs. 1,00,000 |
| 8-Jun | Packing cost for Addidas Order | Rs. 30000 |
| | Transportation of Addidas Order to their warehouse | Rs. 10000 |
| 9-Jun | Dividends received on Investment | Rs. 8,75,000 |
| 10-Jun | Purchase 7500 Jute Rolls from Ankit stores. Payment done in cash | Rs. 12,30,000 |
| | Recived Order from Addidas for 24200 bags with Addidas Logo on the Bags. Payment done with cash. | Rs. 26,68,050 |
| 11-Jun | Purchase of Stationary | Rs. 15000 |
| 13-Jun | Packing cost for Addidas Order | Rs. 30000 |
| | Transportation of Addidas Order to their warehouse | Rs. 10000 |
| 17-Jun | Received Order of 48400 gunny bags from Sharad Industries. Cash Payment | Rs. 5,33,610 |
| | Investment Sold | Rs. 50,00,000 |
| 19-Jun | Packing cost for Sharad Order | Rs. 1000 |
| | Transportation of Sharad Order to their warehouse | Rs. 2000 |
| 21-Jun | Received Order of 193600 gunny bags from Sharad Industries. Payment on Credit | Rs. 21,34,440 |
| | Received Payment on Credit Order of NIKE Industries (7-May) | Rs. 42,00,000 |
| 22-Jun | Packing cost for Sharad Order | Rs. 1000 |
| | Transportation of Sharad Order to their warehouse | Rs. 2000 |
| 23-Jun | Amount received from Puma (Credit Transaction 17-Apr), extended credit amount, Bad debt 1 lakh, penalty of 2% | Rs. 9,13,200 |
| | Amount Received from Addidas (Credit Transaction 9-May) | Rs. 2,35,200 |

| | | |
|--------|--|---------------|
| 24-Jun | Cash Withdrawal from Bank | Rs. 50,00,000 |
| 25-Jun | Bills drawn on Credit Payment | Rs. 64,03,320 |
| | Being 50 lakhs of bills discounted at SBI@15% | Rs. 50,00,000 |
| 28-Jun | Payment made to Anil store for 19th April transaction along with interest for late payment | Rs. 11,70,400 |
| 29-Jun | Rent | Rs. 16,00,830 |
| | Salaries and Wages | Rs. 40,02,075 |
| 30-Jun | EMI Payment SBI | Rs. 8,43,229 |
| | Depreciation on SLM basis for P&M-10 years ,F &F 8 years and Computer-5 years | |



BM048Project.rar

KAKKANNI.NET