

**COMPREHENSIVE ASSIGNMENT  
MANAC**

**Course: MANAGEMENT ACCOUNTING / PGCBM – 21**

**Name of the faculty: Prof. Ram Kumar Kakani**

**Subject : ....Management Accounting**

**Mr. CHANDAN KUMAR MOHANTY Roll No.:- SMS ID: 110157 ; SID :  
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**Name of center:- NOIDA , (NEW DELHI)**

## KUMAR HOME FURNITURES

**About the company:** The company owned by M/S Chandan Kumar Mohanty, is in to manufacturing futuristic home furniture products, from cost effective raw material compressed teak wood imported from Singapore; Raw materials are purchased in standard size boxes; The raw material will be processed and final finished goods are the furniture of various size , style , mainly catering to Living room, Children's room & Dinning area & Bed rooms; The firm is in to wholesale business and do not deal with retail customers; The product will be marketed in National Capital Region of Delhi i.e. NOIDA, Faridabad, Ghaziabad, Dwaraka & Rohini; This is a new venture. It has 3 types of product sets category "Bedroom set", "Living room set" & "Children's room set" ; The factory of this company is located in the Industrial belt of Noida, Sector-63, where the premise is taken on rent; It has also made a factory outlet shop. The marketing price strategy would be "Market Skimming Pricing"; Target consumer segment would be the upper middle-class, who can pay extra money for the value additions in the product

### Assumptions

1	Date of commencement of company	23-Apr-08
2	Capital contributed	660,942.00
3	Long term loans equal to maximum of 2 times capital available at the rate of 10% per annum; Long Term loans has to be at least equal to capital	
4	Credit sales can be 7 times cash sales	

5	Credit purchase can be 8 times cash purchase	
6	Wage cost could be 10% to 30 % of Sales	
7	Cash balance at the end of any year is to be maximum of 4 months and minimum of 1 month cash expenses. Deployment of surplus cash on short-term inter-corporate market at 6% per annum is possible	
8	Sales volume will increase by 10% over the previous month ; sale price will increase by 5% over previous month and purchase price will increase by 5% every 15 days, all reckoned on a calendar month basis.	
9	All cost will remain stable over the period	
10	No gestation period business starts operation from day one	
11	At least 10 transactions per accounting period	
12	Income tax is not considered for the 3 periods	

## TRANSACTIONS IN CHRONOLOGICAL ORDER

April-2008 to March-2009 (FY-08-09) FISCAL YEAR 1			
Date	Transaction Details	Transaction Amount (in Rupees)	Remarks
23-Apr	Owner contributed capital to business	660,942.00	
29-Apr	Business Legal & Administrative expense	100,000.00	
30-Apr	Sanctioned a loan of 1000000.00 from IDBI bank, interest @ 10% per annum reducing; Repayable in 5 years	1,000,000.00	EMI 21247.04 for 60 months

5-May	Taken a factory in rent @ 240,000 per year; Paid 3 months' rent as security deposit	60,000.00	
7-May	Factory & material general insurance @ 200,000/- yearly premium; 1 year premium paid.	100,000.00	
25-May	Electricity Installation , Power backup provisioning	80,000.00	
30-May	Loan EMI paid to bank	21,247.04	
10-Jun	Electricity Expense Advance payment	150,000.00	
20-Jun	Fire Safety Installation	70,000.00	
30-Jun	Loan EMI paid to bank	21,247.04	
5-Jul	Purchased machineryby cash	500,000.00	
15-Jul	Factory Interior expense	100,000.00	
30-Jul	Loan EMI paid to bank	21,247.04	
1-Aug	Hired 1 supervisor + 5 skilled laborer+ 5 normal labor from XYZ agency on a yearly payment of 300000/- ; Advance paid 600000/-	600,000.00	
5-Aug	Raw material purchase from Singapore (5 big boxes @ 100000/- per box)	500,000.00	
25-Aug	Supplies & Spares purchase on credit @ 6% per annum	200,000.00	
31-Aug	Loan EMI paid to bank	21,247.04	
20-Sep	100000/- worth raw material converted to Finished	100,000.00	
25-Sep	Raw material purchase from Singapore (5 big boxes @ 110000/- per box) @ credit; interest 10% per annum	550,000.00	
30-Sep	Able to sell all finished goods worth 100000/- manufactured on 20-Sep	300,000.00	
30-Sep	Loan EMI paid to bank	21,247.04	
15-Oct	500000/- worth raw material converted to finished good	500,000.00	
30-Oct	Finished goods worth 500000/- were Sold at markup sale price (2 bed room set @150000/-, 2 children's room @ 100000/- & 2 living room set @ 125000 @ cash	750,000.00	
31-Oct	Loan EMI paid to bank	21,247.04	
30-Nov	Loan EMI paid to bank	21,247.04	

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1-Dec	Raw material purchase from Singapore (20 big boxes @ 132000/- per box) @ credit; interest 10% per annum	2,640,000.00	
5-Dec	500000/- worth raw material converted to finished good	500,000.00	
10-Dec	Paid 200000/- to raw material supplier with 4000/- interest	204,000.00	
15-Dec	Machine breakdown repair expense	100,000.00	
30-Dec	Finished goods worth 500000/- were sold at markup sale price (2 bed room set @157500/-, 3 children's rooms @ 105000/- & 3 living room set @ 131250 @ cash	787,500.00	
31-Dec	Loan EMI paid to bank	21,247.04	
5-Jan	Distributed New Year gifts to workers	20,000.00	
31-Jan	Loan EMI paid to bank	21,247.04	
28-Feb	Loan EMI paid to bank	21,247.04	
15-Mar	1800000/- worth raw material converted to finished goods manufactured	1,800,000.00	
30-Mar	Finished goods worth 1000000/- were sold at markup sale price (3 bed room set @181125/-, 5 children's rooms @ 120750/- & 4 living room set @ 150937.5 @ cash	1,750,875.00	
30-Mar	Loan EMI paid to bank	21,247.04	
30-Mar	Interest paid on pro rata basis for loan taken on 25-Sept	29,750.00	
30-Mar	Factory Rent paid pro rata basis for 5 months	220,000.00	
30-Mar	Interest paid on pro rata basis for loan taken on 1-Dec	88,000.00	

April-2009 to March-2010 (FY09-10) FISCAL YEAR 2			REMARKS
Date	Transaction Details	Transaction Amount (in Rupees)	Remarks
15-Apr	Applied Trade licenses ; charges 60000	60,000.00	
29-Apr	Business Legal & Administrative expense	100,000.00	
30-Apr	Loan EMI paid to bank	21,247.04	

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31-May	Received Govt. grant from Tourism India	1,000,000.00	
31-May	Loan EMI paid to bank	21,247.04	
15-Jun	Invested in Market securities	200,000.00	
30-Jun	Loan EMI paid to bank	21,247.04	
25-Jul	Raw material purchase from Singapore (10 big boxes @ 145600/- per box)	1,456,000.00	
30-Jul	Loan EMI paid to bank	21,247.04	
16-Aug	Installed new wood designer machines on yearly rent of 100000/-; Paid 1 year rent in advance.	100,000.00	
20-Aug	Sold old machine with a historical value 200000	150,000.00	
25-Aug	Manufactured finished good	1,800,000.00	
31-Aug	Loan EMI paid to bank	21,247.04	
15-Sep	20,00,000/- worth finished goods sold at markup sale price (7 bed room set @226406.3, 5 children's rooms @ 150937.5& 5 living room set @ 188671.9 @ cash with 10/5 net 30	3,282,891.10	
20-Sep	Given 10% discount to whole seller	328,289.11	
31-Sep	Loan EMI paid to bank	21,247.04	
31-Oct	Loan EMI paid to bank	21,247.04	
30-Nov	Loan EMI paid to bank	21,247.04	
14-Dec	Raw material purchase from Singapore (15 big boxes @ 203840/- per box)	3,057,600.00	
18-Dec	Received discount 6% on total purchases	183,456.00	
30-Dec	Loan EMI paid to bank	21,247.04	
15-Jan	Manufactured finished good	300,000.00	
31-Jan	Loan EMI paid to bank	21,247.04	
20-Feb	Wholesaler's meet organized in a 3-Star hotel	30,000.00	
28-Feb	Loan EMI paid to bank	21,247.04	
15-Mar	Administrative expenses	100,000.00	
30-Mar	Loan EMI paid to bank	21,247.04	
30-Mar	Interest paid on pro rata basis for loan taken on 25-Sept FY09	55,000.00	

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30-Mar	Factory Rent paid	240,000.00	
30-Mar	Interest paid on pro rata basis for loan taken on 1-Dec FY09	264,000.00	

April-2010 to March-2011 (FY-10-11) FISCAL YEAR 3			REMARKS
Date	Transaction Details	Transaction Amount (in Rupees)	Remarks
1-Apr	Owner sold a personal land and from that money he infused 4,000,000/- in this business	4,000,000.00	
5-Apr	Paid 1500000 to creditor for the loan taken on 1-Dec FY09	1,500,000.00	
10-Apr	Manufactured finished good	1,000,000.00	
16-Apr	3000000/- worth finished goods sold at markup sale price (7 bed room set @305648.505, 4 children's rooms @ 203765.625& 5 living room set @ 254707.065 @ cash with 10/7 net 30	4,228,137.36	
25-Apr	Transferred 15% discount amount electronically to bank account of "Siyaram Furniture" whole seller on the Sale price for the items sold on 16-April	422,813.74	
30-Apr	Loan EMI paid to bank	21,247.04	
15-May	Accounting software purchased for the business	100,000.00	
31-May	Loan EMI paid to bank	21,247.04	
20-Jun	Raw material imported from Malaysia (15 big boxes @ 200000 a price lower than the previous vendor)	3,000,000.00	
30-Jun	Loan EMI paid to bank	21,247.04	
15-Jul	Business Travel expense incurred	50,000.00	
30-Jul	Loan EMI paid to bank	21,247.04	
20-Aug	Manufactured finished good	3,000,000.00	
31-Aug	Loan EMI paid to bank	21,247.04	
15-Sep	2000000/- worth finished goods sold at markup sale price (5 bed room set @382060.63, 4 children's rooms @ 254707.03& 3 living room set @ 318383 @ cash with 15/7 net 30 ; penalty of 15% flat on pending amount after 30 days	3,884,280.27	
30-Sep	Loan EMI paid to bank	21,247.04	

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31-Oct	Loan EMI paid to bank	21,247.04	
30-Nov	Loan EMI paid to bank	21,247.04	
31-Dec	Loan EMI paid to bank	21,247.04	
15-Jan	Invested in Equity & Debentures	500,000.00	
31-Jan	Loan EMI paid to bank	21,247.04	
15-Feb	Machinery expense incurred	80,000.00	
28-Feb	Loan EMI paid to bank	21,247.04	
28-Feb	Advance payment to agency supplying skilled laborers	500,000.00	
15-Mar	Sold scrap items	800,000.00	
20-Mar	Purchased new furniture designer machines from Italy	1,000,000.00	
31-Mar	Finalized a new factory in Faridabad with yearly rent of Rs.1000000.00; Paid 1 year advance rent	1,000,000.00	
31-Mar	Interest paid on pro rata basis for loan taken on 25-Sept FY09	55,000.00	
31-Mar	Interest paid on pro rata basis for loan taken on 1-Dec FY09(Remaining loan 1140000/-)	114,000.00	
31-Mar	Loan EMI paid to bank	21,247.04	
31-Mar	Rent paid for the existing Factory	240,000.00	

**BALANCE SHEET**  
**FY2008-2009(PERIOD 1)**

Date	Transaction/Event	Transaction amount	Fixed Asset	Investment/Current Assets	Pre-paid Advances	Supplies /spares	Raw material Inventory	Finished Goods Inventory	Cash	Capital	Past Reserves	Loans	Payables	Profit	Revenue	Expense
23-Apr	Owner contributed capital to business	660,942.00							660,942.00	660,942.00						
29-Apr	Business Legal & Administrative expense	100,000.00							(100,000.00)							(100,000.00)
30-Apr	Sanctioned a loan of 1000000.00 from IDBI bank, interest @ 10% per annum reducing; Repayable in 5 years	1,000,000.00							1,000,000.00			1,000,000.00				
5-May	Taken a factory in rent @ 240,000 per year; Paid 3 months' rent as security deposit	60,000.00			60,000.00				(60,000.00)							
7-May	Factory & material general insurance @ 200,000/- yearly premium; 1 year premium paid.	100,000.00							(100,000.00)							(100,000.00)



31-Aug	Loan EMI paid to bank	21,247.04							(21,247.04)				(13,239.25)				(8,007.79)
20-Sep	100000/- worth raw material converted to Finished	100,000.00					(100,000.00)	100,000.00									
25-Sep	Raw material purchase from Singapore (5 big boxes @ 110000/- per box) @ credit; interest 10% per annum	550,000.00					550,000.00						550,000.00				
30-Sep	Able to sell all finished goods worth 100000/- manufactured on 20-Sep	300,000.00						(100,000.00)	300,000.00							300,000.00	(100,000.00)
30-Sep	Loan EMI paid to bank	21,247.04							(21,247.04)				(13,349.58)				(7,897.47)
15-Oct	500000/- worth raw material converted to finished good	500,000.00					(500,000.00)	500,000.00									
30-Oct	Finished goods worth 500000/- were sold at markup sale price (2 bed room set @150000/-, 2 children's room @ 100000/- & 2 living room set @ 125000 @ cash	750,000.00						(500,000.00)	750,000.00							750,000.00	(500,000.00)
31-Oct	Loan EMI paid to bank	21,247.04							(21,247.04)				(13,460.83)				(7,786.22)

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30-Nov	Loan EMI paid to bank	21,247.04							(21,247.04)					(13,573.00)				(7,674.05)
1-Dec	Raw material purchase from Singapore (20 big boxes @ 132000/- per box) @ credit; interest 10% per annum	2,640,000.00					2,640,000.00							2,640,000.00				
5-Dec	500000/- worth raw material converted to finished good	500,000.00					(500,000.00)	500,000.00										
10-Dec	Paid 200000/- to raw material supplier with 4000/- interest	204,000.00							(204,000.00)					(204,000.00)				
15-Dec	Machine breakdown repair expense	100,000.00							(100,000.00)									(100,000.00)
30-Dec	Finished goods worth 500000/- were sold at markup sale price (2 bed room set @157500/-, 3 children's rooms @ 105000/- & 3 living room set @ 131250 @ cash	787,500.00					(500,000.00)		787,500.00								787,500.00	(500,000.00)
31-Dec	Loan EMI paid to bank	21,247.04							(21,247.04)					(13,686.11)				(7,560.94)
5-Jan	Distributed New Year gifts to workers	20,000.00							(20,000.00)									(20,000.00)
31-Jan	Loan EMI paid to bank	21,247.04							(21,247.04)					(13,800.16)				(7,446.89)

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28-Feb	Loan EMI paid to bank	21,247.04							(21,247.04)						(13,915.16)				(7,331.89)
15-Mar	1800000/- worth raw material converted to finished goods manufactured	1,800,000.00				(1,800,000.00)	1,800,000.00												
30-Mar	Finished goods worth 1000000/- were sold at markup sale price (3 bed room set @181125/-, 5 children's rooms @ 120750/- & 4 living room set @ 150937.5 @ cash	1,750,875.00						(1,000,000.00)	1,750,875.00									1,750,875.00	(1,000,000.00)
30-Mar	Loan EMI paid to bank	21,247.04							(21,247.04)						(14,031.12)				(7,215.93)
30-Mar	Interest paid on pro rata basis for loan taken on 25-Sept	29,750.00							(29,750.00)										(29,750.00)
30-Mar	Rent paid pro rata basis for 5 months	220,000.00							(220,000.00)										(220,000.00)
30-Mar	Interest paid on pro rata basis for loan taken on 1-Dec	88,000.00							(88,000.00)										(88,000.00)
<b>UNADJUSTED TRIAL BALANCE</b>			500,000.00	810,000.00	200,000.00	790,000.00	800,000.00	2,093,849.56		660,942.00	0.00	1,051,879.93	2,986,000.00	495,027.59	3,588,375.00	(3,093,347.41)			
<b>ADJUSTMENT FOR PERIOD 1 FY 08-09</b>																			
	Depreciation of machinery	10000	(10,000.00)																(10,000.00)
	Closing stock of Supplies & Spares	175000			(25,000.00)														(25,000.00)
	Contractor agency charges(8 months pro-rata basis) accrued	200000			(200,000.00)														(200,000.00)
	Electricity Expense accrued	25000			(25,000.00)														(25,000.00)

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<b>ADJUSTED TRIAL BALANCE</b>		490,000.00		585,000.00	175,000.00	790,000.00	800,000.00	2,093,849.56		660,942.00	0.00	1,051,879.93	2,986,000.00	235,027.59	3,588,375.00	(3,353,347.41)
<b>PROFIT &amp; LOSS FOR PERIOD 1 - FY 08-09</b>														<b>Profit</b>	<b>Revenue</b>	<b>Expense</b>
														235,027.59	3,588,375.00	(3,353,347.41)

### BALANCE SHEET (FY 2009 – 2010) PERIOD 2

BALANCE SHEET FOR PERIOD 2 - FY 09-10			Fixed Asset	Investment	Prepaid/Advances	Supplies/Spared	Raw material inventory	Finished goods inventory	Cash	Capital	Past Reserves	Loans	Payables	Profit	Revenue	Expense
	Opening Balance		490000.00		585000.00	175000.00	790000.00	800000.00	2093849.56	660942.00	235027.59	1051879.93	2986000.00	0.00	0.00	0.00
15-Apr	Applied Trade licenses ; charges 60000	60,000.00							(60000.00)							(60000.00)
29-Apr	Business Legal & Administrative expense	100,000.00							(100000.00)							(100000.00)
30-Apr	Loan EMI paid to bank	21,247.04							(21247.00)			(14148.05)				(7099.00)
31-May	Received Govt. grant from Tourism India	1,000,000.00							1000000.00						100000.00	
31-May	Loan EMI paid to bank	21,247.04							(21247.00)			(14265.95)				(6981.10)
15-Jun	Invested in Market securities	200,000.00		200000.00					(200000.00)							
30-Jun	Loan EMI paid to bank	21,247.04							(21247.00)			(14384.83)				(6862.22)
25-Jul	Raw material purchased from Singapore (10 big boxes @ 145600/- per box)	1,456,000.00					1456000.00		(1456000.00)							

30-Jul	Loan EMI paid to bank	21,247.04						(21247.00)		(14504.70)			(6742.34)
16-Aug	Installed new wood designer machines on yearly rent of 100000/-; Paid 1 year rent in advance	100,000.00			100000.00			(100000.00)					
20-Aug	Sold old machine for 150,000.00(historical value 200000/-)	150,000.00	(200000.00)					150000.00			150000.00		(200000.00)
25-Aug	1800000/- worth raw material converted to finished good	1,800,000.00				(1800000.00)	1800000.00						
31-Aug	Loan EMI paid to bank	21,247.04						(21247.00)		(14625.57)			(6621.47)
15-Sep	20,00,000/- worth finished goods sold at markup sale price (7 bed room set @226406.3, 5 children's rooms @ 150937.5& 5 living room set @ 188671.9 @ cash with 10/5 net 30	3,282,891.10					(2000000.00)	3282891.00			3282891.00		(2000000.00)
20-Sep	Given 10% discount to whole seller	328,289.11						(328289.11)					(328289.11)
31-Sep	Loan EMI paid to bank	21,247.04						(21247.00)		(14747.45)			(6499.59)
31-Oct	Loan EMI paid to bank	21,247.04						(21247.00)		(14870.35)			(6376.69)
30-Nov	Loan EMI paid to bank	21,247.04						(21247.00)		(14994.27)			(6252.78)
14-Dec	Raw material purchase from Singapore (15 big boxes @ 203840/- per box)	3,057,600.00			3057600.00			(3057600.00)					
18-Dec	Received discount 6% on total	183,456.00						183456.00			183456.00		

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	purchases																	
30-Dec	Loan EMI paid to bank	21,247.04							(21247.00)			(15119.22)						(6127.82)
15-Jan	Manufactured finished good	300,000.00				(300000.00)	300000.00											
31-Jan	Loan EMI paid to bank	21,247.04							(21247.00)			(15245.22)						(6001.83)
20-Feb	Wholesaler's meet organized in a 3-Star hotel	30,000.00							(30000.00)									(30000.00)
28-Feb	Loan EMI paid to bank	21,247.04							(21247.00)			(15372.26)						(5874.79)
15-Mar	Administrative expenses	100,000.00							(100000.00)									(100000.00)
30-Mar	Loan EMI paid to bank	21,247.04							(21247.00)			(15500.36)						(5746.68)
30-Mar	Interest paid on pro rata basis for loan taken on 25-Sept FY09	55,000.00							(55000.00)									(55000.00)
30-Mar	Rent paid	240,000.00							(240000.00)									(240000.00)
30-Mar	Interest paid on pro rata basis for loan taken on 1-Dec FY09	264,000.00							(264000.00)									(264000.00)
<b>UNADJUSTED TRIAL BALANCE PERIOD 2 FY09-10</b>			290000.00	200000.00	685000.00	175000.00	3203600.00	900000.00	464343.45	660942.00	235027.59	874101.70	2986000.00	116187.58	4616347.00			(3454475.42)
<b>ADJUSTMENT FOR PERIOD 2 FY 09-10</b>																		
	Depreciation of machinery	8000	(8000.00)															(8000.00)
	Closing stock of Supplies & Spares	145000				(30000.00)												(30000.00)
	Machine Rent	66666.66				(66666.66)												(66666.66)
	Contractor agency charges(12 months) accrued	300000				(300000.00)												(300000.00)
	Electricity Expense accrued	30000				(30000.00)												(30000.00)

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ADJUSTED TRIAL BALANCE PERIOD 2 FY09-10			282000.00	200000.00	288333.34	145000.00	3203600.00	900000.00	464343.45	660942.00	235027.59	874101.70	2986000.00	727204.92	4616347.00	(3889142.08)
PROFIT & LOSS FOR PERIOD 2 - FY 09-10														Profit	Revenue	Expense
														727204.92	4,616,347.00	-3,889,142.08

### BALANCE SHEET (FY2010 – 2011) PERIOD 3

BALANCE SHEET FOR PERIOD 3 - FY 10-11			Fixed Asset	Investment	Prepaid/Advances	Supplies/Spare	Raw material inventory	Finished goods inventory	Cash	Capital	Past Reserves	Loans	Payables	Profit	Revenue	Expenses
			282,000.00	200,000.00	288,333.34	145,000.00	1,203,600.00	2,900,000.00	464,343.45	660,942.00	962,232.51	874,101.70	2,986,000.00	0.00	0.00	0.00
1-Apr	Owner sold a personal land and from that money he infused 4,000,000/- in this business	4000000							4,000,000.00	4,000,000.00						
5-Apr	Paid 1500000 to creditor for the loan taken on 1-Dec FY09	1500000							(1,500,000.00)				(1,500,000.00)			
10-Apr	Manufactured finished goods	1,000,000.00					(1,000,000.00)	1,000,000.00								
16-Apr	3000000/- worth finished goods sold at markup sale price (7 bed room set @305648.505, 4 children's rooms @	4,228,137.36						(3,000,000.00)	4,228,137.36						4,228,137.36	(3,000,000.00)

	203765.625& 5 living room set @ 254707.065 @ cash with 10/7 net 30																	
25-Apr	Transferred 15% discount amount electronically to bank account of "Siyaram Furniture" whole seller on the Sale price for the items sold on 16-April	422,813.74								(422,813.74)								(422,813.74)
30-Apr	Loan EMI paid to bank	21,247.04								(21,247.04)		(15,629.53)						(5,617.51)
15-May	Accounting software purchased for the business	100,000.00	100,000.00							(100,000.00)								
31-May	Loan EMI paid to bank	21,247.04								(21,247.04)		(15,759.78)						(5,487.27)
20-Jun	Raw material imported from Malaysia (15 big boxes @ 200000 a price lower than the previous vendor)	3,000,000.00				3,000,000.00				(3,000,000.00)								
30-Jun	Loan EMI paid to bank	21,247.04								(21,247.04)		(15,891.11)						(5,355.94)
15-Jul	Business Travel expense incurred	50,000.00								(50,000.00)								(50,000.00)
30-Jul	Loan EMI paid to bank	21,247.04								(21,247.04)		(16,023.53)						(5,223.51)
20-Aug	Manufactured finished good	3,000,000.00				(3,000,000.00)	3,000,000.00											
31-Aug	Loan EMI paid to bank	21,247.04								(21,247.04)		(16,157.06)						(5,089.98)
15-Sep	2000000/- worth finished goods sold at markup sale price (5 bed room set @382060.63, 4 children's rooms @ 254707.03& 3 living room set @ 318383 @ cash with 15/7 net 30 ; penalty of 15% flat on	3,884,280.27						(2,000,000.00)	3,884,280.27									3,884,280.27 (2,000,000.00)

MANAC ASSIGNMNET

	pending amount after 30 days																	
30-Sep	Loan EMI paid to bank	21,247.04							(21,247.04)			(16,291.71)						(4,955.34)
31-Oct	Loan EMI paid to bank	21,247.04							(21,247.04)			(16,427.47)						(4,819.57)
30-Nov	Loan EMI paid to bank	21,247.04							(21,247.04)			(16,564.37)						(4,682.68)
31-Dec	Loan EMI paid to bank	21,247.04							(21,247.04)			(16,702.40)						(4,544.64)
15-Jan	Invested in Equity & Debentures	500,000.00		500,000.00					(500,000.00)									
31-Jan	Loan EMI paid to bank	21,247.04							(21,247.04)			(16,841.59)						(4,405.46)
15-Feb	Machinery expense incurred	80,000.00							(80,000.00)									(80,000.00)
28-Feb	Loan EMI paid to bank	21,247.04							(21,247.04)			(16,981.94)						(4,265.11)
28-Feb	Advance payment to agency supplying skilled labors	500,000.00			500,000.00				(500,000.00)									
15-Mar	Sold scrap items	800,000.00							800,000.00									800,000.00
20-Mar	Purchased new furniture designer machines from Italy	1,000,000.00		1,000,000.00					(1,000,000.00)									
31-Mar	Finalized a new factory in Faridabad with yearly rent of Rs.1000000.00; Paid 1 year advance rent	1,000,000.00				1,000,000.00			(1,000,000.00)									
31-Mar	Interest paid on pro rata basis for loan taken on 25-Sept FY09	55,000.00							(55,000.00)									(55,000.00)
31-Mar	Interest paid on pro rata basis for loan taken on 1-Dec FY09(Remaining loan 1140000/-)	114,000.00							(114,000.00)									(114,000.00)

MANAC ASSIGNMNET

31-Mar	Loan EMI paid to bank	21,247.04							(21,247.04)			(17,123.45)					(4,123.59)
31-Mar	Rent paid for the existing setup	240,000.00							(240,000.00)								(240,000.00)
<b>UNADJUSTED TRIAL BALANCE PERIOD 3 FY10-11</b>			1,382,000.00	700,000.00	1,788,333.34	145,000.00	203,600.00	1,900,000.00	4,559,982.86	4,660,942.00	962,232.51	677,707.77	1,486.00	2,892,033.28	8,912.41	7.63	(6,020,384.35)
<b>ADJUSTMENT FOR PERIOD 3 FY 10-11</b>																	
	Depreciation of machinery	8000	(8,000.00)														(8,000.00)
	Closing stock of Supplies & Spares	125000			(20,000.00)												(20,000.00)
	Contractor agency charges	300000			(300,000.00)												(300,000.00)
	Electricity Expense accrued	35000			(35,000.00)												(35,000.00)
<b>ADJUSTED TRIAL BALANCE PERIOD 3 FY10-11</b>			1,374,000.00	700,000.00	1,453,333.34	125,000.00	203,600.00	1,900,000.00	4,559,982.86	4,660,942.00	962,232.51	677,707.77	1,486.00	2,529,033.28	8,912.41	7.63	(6,383,384.35)
<b>PROFIT &amp; LOSS FOR PERIOD 3 - FY 10-11</b>																	
														Profit	Revenue	Expense	
														2,529,033.28	8,912.41	(6,383,384.35)	

## CASH FLOW STATEMENT

### CASH FLOW FOR PERIOD 1 FY2008 -09

Operating Activities	
Finished goods sold	3,588,375.00
Business Legal & Administrative expense	(100,000.00)
Pre-paid Rent security deposit	(60,000.00)
Insurance Premium paid	(100,000.00)
Electric Installation expense	(80,000.00)
Pre-paid Electric charge	(150,000.00)
Fire Safety installation expense	(70,000.00)
Factory Interior	(100,000.00)
Pre-paid contractor agency	(600,000.00)
Paid to suppliers with interest	(204,000.00)
Machine break down expense	(100,000.00)
Rent paid	(220,000.00)
Raw material purchase	(500,000.00)

MANAC ASSIGNMNET

<b>A)</b>	<b>Net cash from Operating activities</b>	<b>1,304,375.00</b>
<b>Investing Activities</b>		
	Machinery purchased @cash	(500,000.00)
	New year gifts to contractors for motivation	(20,000.00)
<b>B)</b>	<b>Net cash from Investing activities</b>	<b>(520,000.00)</b>
<b>Financing Activities</b>		
	Received Capital	660,942.00
	Loan sanctioned	1,000,000.00
	Loan EMI paid	(233,717.44)
	Interest on Short Term Loan	(117,750.00)
<b>C)</b>	<b>Net cash from Financing activities</b>	<b>1,309,474.56</b>
<b>Starting Cash Balance</b>		
		0.00
<b>Changes in Cash during the Year due to the above activities i.e., (A) + (B) + (C)</b>		
		<b>2,093,849.56</b>
<b>Ending Cash Balance</b>		
		<b>2,093,849.56</b>

**CASH FLOW FOR PERIOD 2 FY2009 -10**

<b>Operating Activities</b>	
Finished goods sold	3,282,891.00
Sale of old machine	150,000.00
Discount received	183,456.00
Business Legal & Administrative expense	(200,000.00)
Trade license purchase	(60,000.00)
Discount given	(328,289.11)
Whole seller meet expense	(30,000.00)
Rent paid	(240,000.00)
Raw material purchase	(4,513,600.00)
<b>A) Net cash from Operating activities</b>	<b>(1,755,542.11)</b>
<b>Investing Activities</b>	
Pre-paid rent on designer machine	(100,000.00)
<b>B) Net cash from Investing activities</b>	<b>(100,000.00)</b>
<b>Financing Activities</b>	
Govt. Grant	1,000,000.00
Market securities	(200,000.00)
Loan EMI paid	(254,964.00)
Interest on Short Term Loan	(319,000.00)
<b>C) Net cash from Financing activities</b>	<b>226,036.00</b>
<b>Starting Cash Balance</b>	<b>2,093,849.56</b>
<b>Changes in Cash during the Year due to the above activities i.e., (A) + (B) + (C)</b>	<b>(1,629,506.11)</b>
<b>Ending Cash Balance</b>	<b>464,343.45</b>

**CASH FLOW FOR PERIOD 3 FY2010 -11****Operating Activities**

Finished goods sold	8,112,417.63
Sale of scrap items (items generated while manufacturing finished goods)	800,000.00
Discount given	(422,813.74)
Business Travel Expense	(50,000.00)
Machinery maintenance	(80,000.00)
Pre-paid contractor agency	(500,000.00)
New factory rental advance	(1,000,000.00)
Rent paid	(240,000.00)
Raw material purchase	(3,000,000.00)
<b>A) Net cash from Operating activities</b>	<b>3,619,603.89</b>

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<b>Investing Activities</b>	
Accounting software purchased @ cash	(100,000.00)
Designer machines from Italy	(1,000,000.00)
<b>B) Net cash from Investing activities</b>	<b>(1,100,000.00)</b>
<b>Financing Activities</b>	
Received Capital	4,000,000.00
Invested in Equity & Debenture	(500,000.00)
Paid to creditor	(1,500,000.00)
Loan EMI paid	(254,964.00)
Interest on Short Term Loan	(169,000.00)
<b>C) Net cash from Financing activities</b>	<b>1,576,036.00</b>
<b>Starting Cash Balance</b>	<b>464,343.45</b>
<b>Changes in Cash during the Year due to the above activities i.e., (A) + (B) + (C)</b>	<b>4,095,639.89</b>
<b>Ending Cash Balance</b>	<b>4,559,983.34</b>

**Profit and Loss account - FY 2008-2009**

<b>Particulars</b>	<b>Amount (in Rs.)</b>	<b>Particulars</b>	<b>Amount (in Rs.)</b>
To Cost of goods sold	2,100,000.00	By Sales	3,588,375.00
To Business Legal & Administrative expense	100,000.00		
To Rent expense	220,000.00		
To Insurance premium	100,000.00		
To Electricity Installation , Power backup - provisioning	80,000.00		
To Fire Safety Installation	70,000.00		
To Factory Interior expense	100,000.00		
To Machine breakdown repair expense	100,000.00		
To Distributed New Year gifts to workers	20,000.00		
To Interest on short term loans	117,750.00		
To Interest on long term loans	85,597.41		
To Depreciation	10,000.00		
To Contractors cost	200,000.00		
To Electricity consumed	25,000.00		
To Supplies/Spares	25,000.00		

To Profit of the year	235,027.59	
	<b>3,588,375.00</b>	<b>3,588,375.00</b>

**KUMAR FURNITURE**  
**Profit and Loss account - FY 2009-2010**

Particulars	Amount (in Rs.)	Particulars	Amount (in Rs.)
To Cost of goods sold	2,000,000.00	By Sales	3,282,891.00
To Business Legal & Administrative expense	200,000.00	By Old machine sale	150,000.00
To Rent expense	240,000.00	By Discount received	183,456.00
To Trade License	60,000.00	By Govt. grant	1,000,000.00
To Machine Rental	66,666.66		
To Old machine cost	200,000.00		
To Discount given	328,289.11		
To Business conference	30,000.00		
To Interest on short term loans	319,000.00		
To Interest on long term loans	77,186.00		
To Depreciation	8,000.00		
To Contractors cost	300,000.00		
To Electricity consumed	30,000.00		
To Supplies/Spares	30,000.00		
To Profit of the year	727,204.92		

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4,616,346.69

4,616,347.00

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**KUMAR FURNITURE**  
**Profit and Loss account - FY 2010-2011**

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<b>Particulars</b>	<b>Amount (in Rs.)</b>	<b>Particulars</b>	<b>Amount (in Rs.)</b>
To Cost of goods sold	5,000,000.00	By Sales	8,112,417.63
To Business Travel	50,000.00	By Sale of Scrap items	800,000.00
To Rent expense	240,000.00		-
To Machinery Maintenance	80,000.00		
To Discount given	422,813.74		
To Interest on short term loans	169,000.00		
To Interest on long term loans	58,571.00		
To Depreciation	8,000.00		
To Contractors cost	300,000.00		
To Electricity consumed	35,000.00		
To Supplies/Spares	20,000.00		
To Profit of the year	2,529,033.28		
	<b>8,912,418.02</b>		<b>8,912,417.63</b>

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<b>KUMAR HOME FURNITURES</b>			
<b>Summarized PROFIT &amp; LOSS STATE</b>			
<b>MENT</b>			
	<b>FY 2008 -09</b>	<b>FY 2009 - 2010</b>	<b>FY 2010 - 2011</b>
Item	Amount	Amount	Amount
<b>Sales</b>	<b>3,588,375</b>	<b>3,616,347</b>	<b>8,912,418</b>
Less: Cost of Goods Sold (including Salaries)	2,100,000	2,000,000	5,000,000
<b>Gross Profit</b>	<b>1,488,375</b>	<b>1,616,347</b>	<b>3,912,418</b>
Less: Sales Expenses	200,000	558,289	887,814
Less: Administration Expenses (includes Rent Expenses)	815,000	896,666	240,000
Less: General Expenses (includes Supplies Consumed)	25,000	30,000	20,000
<b>EBIDTA</b>	<b>448,375</b>	<b>131,392</b>	<b>2,764,604</b>
Less: Depreciation & Amortization Expenses	10,000	8,000	8,000
<b>Operating Profit</b>	<b>438,375</b>	<b>123,392</b>	<b>2,756,604</b>
Add: Other Income	0	1,000,000	0
Adjusted for Extraordinary & Past Period Items	0	0	0
<b>EBIT</b>	<b>438,375</b>	<b>1,123,392</b>	<b>2,756,604</b>
Less: Interest Expenses	203,347	396,186	227,571
<b>Profit Before Tax (PBT)</b>	<b>235,028</b>	<b>727,206</b>	<b>2,529,033</b>

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Less: Income Tax Expenses	0	0	0
<b>Profit After Tax (PAT ... a.k.a. Net Income)</b>	<b>235,028</b>	<b>727,206</b>	<b>2,529,033</b>
Less: Dividends for the Period	0	0	0
<b>Profit/Loss Transferred to the Balance Sheet</b>	<b>235,028</b>	<b>727,206</b>	<b>2,529,033</b>

### CASH FLOW ANALYSIS

Sl.	Criteria	RESPONSE		
		FY08-09	FY09-10	FY10-11
1	Sources of Fund	Loan 1 mn. & .7 mn. From capital	Grant 1mn.	Capital 4mn.
2	Uses of Fund	Fixed Asset & Operating expenses	Raw material & Sale promotion discount	Raw material purchase, renting out New factory & designer machine from Italy
3	Is CFO > CAPEX	Yes	No	Yes
4	Is CFO > Depreciation	Yes	No	Yes
5	IS CFO > CAPEX+Dividend	Yes	No	Yes
6	If Q5 is "Yes", where the surplus is invested?	No investment made	NA	Short term loan closure and invested in equity & debentures
7	If Q5 is "No", what is the source of fund?	NA	Govt. Grant	NA

#### Analysis:

- 1) The SG&A cost of the company increased from 1 million to 1.5 million in FY09-10 resulting in negative CFO and again controlled / reduced to 1.1 million in FY 10-11; In the starting year sale was low and CFO was also positive; Main expenses were in CAPEX; Surplus was not invested , company tried to keep a cash reserve for next financial year; Company should have a forecast of higher sales promotion for next FY.**

**2) In FY09-10 company started sales promotion to increase its sale volume, resulting in negative CFO but recognition in quality supplies to Govt Tourism houses; Tried to gain some profit/quick cash through Market Securities.**

**3) With increase demand, business is expanded in FY10-11 with the help of additional capital; Surplus in invested; Increased Fixed assets.**

**This is a growing company with a rating of 5-6 in a scale of 1-10; 10 being highest**

### COMMON RATIO ANALYSIS

***Final Comment about the health of the company :*** The company is back to good health in FY10-11; There was a dip in company performance in FY09-10, in some areas due to high raw material cost, Sales promotion cost to capture market + customer share and Administrative expense; The capital infusion has paid off some debts resulting in reducing interest expense; Company is able to expand its operations and increasing sales volume with greater reach to neighboring cities prime customer; This is a growing company in moderate health. Sales planning is required in near future

	Short term Solvency		FY08-09	FY09-10	FY10-11	Analysis
1	Net working capital	(Current Asset- Current Liabilities)	1,457,849.56	2,215,276.79	7,455,916.00	Positive trend of Net worth of company
2	Current Ratio	(Current Asset/Current Liabilities)	149%	174%	602%	Positive trend of Liquidity

3	Quick Ratio	(Quick Asset/Current liabilities)	70%	16%	354%	After an initial dip in FY09-10 due to higher Sales promotion and Administrative expense, the cash balance has increased in FY10-11; Also it is due to fresh capital infusion in FY10-11
	<b>Long term solvency</b>					
4	Total Debt to Equity	(Current Liabilities+Long Term Liabilities)/Net Worth	277%	174%	29%	Positive indication of trend ; total debts are well secured with Net worth of Kumar Furniture
5	Long term Debt to Equity	(Long Term Liabilities/Net Worth)	72%	39%	9%	Positive indication of trend ; Long term debts are well secured with Kumar Furniture

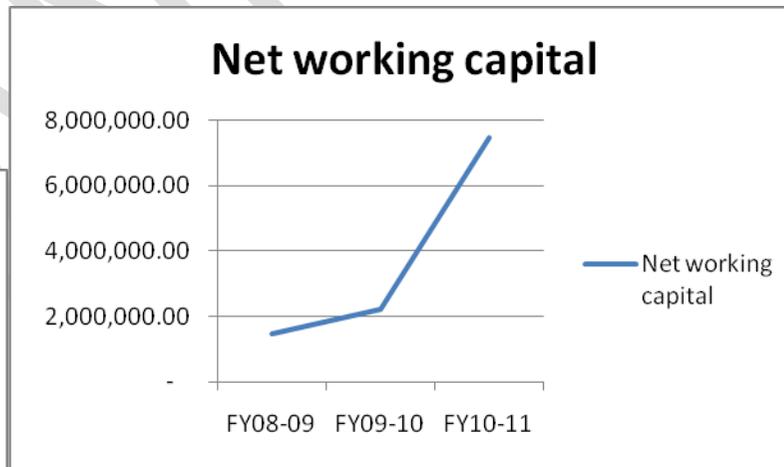
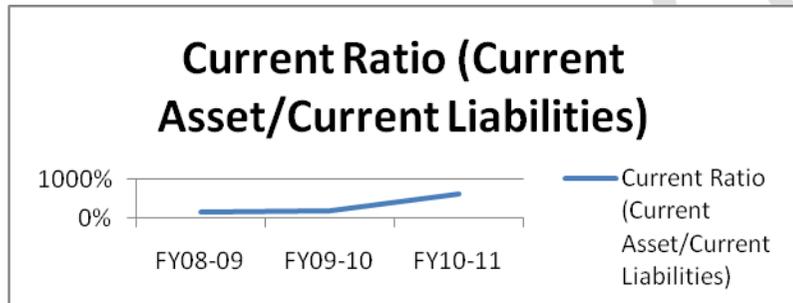
6	Long Term Debt to Fixed Asset	(Long Term Debt/Net Fixed Asset)	215%	310%	49%	This is showing a downward trend after an surge in FY09-10; Organization is back to good health in FY10-11
7	Times Interest Earned Ratio	Earnings Before Interest and Tax/Interest Expense)	216%	284%	1211%	Lender's interest is always secured with Kumar Furniture from the beginning FY and improving year by year
	<b>Operating Efficiency</b>					
8	Inventory Turn over	(Cost of Goods Sold/Average Inventory)	132%	49%	238%	Rate in which inventories are converted to revenue has improved from FY09-10 ; Sales activities slowed down in FY09-10 due to monetary crunch
	<b>Profitability</b>					
9	Gross profit margin	(Gross Profit*100/Sales)	41%	45%	44%	

10	Operating profit margin	(Operating Profit*100/Sales)	12%	3%	31%	Operating profit dip in FY09-10 due to Sales promotional activities and higher administrative expense
11	Net profit margin	(Net Profit*100/Sales)	7%	20%	28%	Company is making profit from the beginning
12	Return on Investment	(Operating Profit*100/Average Operating Assets)	9%	2%	27%	ROI of the company has improved from a dip in FY09-10

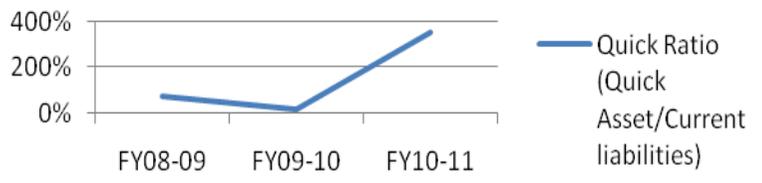
	FY08-09	FY09-10	FY10-11
CA	4,443,849.56	5,201,276.79	8,941,916.00
CL	2,986,000.00	2,986,000.00	1,486,000.00
QA	2,093,849.56	464,343.45	5,259,982.86
LTL	1,051,879.93	874,101.70	677,707.77
NW	1,457,849.56	2,215,276.79	7,455,916.00
LTD	1,051,879.93	874,101.70	677,707.77
NFA	490,000.00	282,000.00	1,374,000.00
EBIT	438,375.00	1,123,392.00	2,756,604.00
IE			

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	203,347.00	396,186.00	227,571.00
CGS	2,100,000.00	2,000,000.00	5,000,000.00
AI	1,590,000.00	4,103,600.00	2,103,600.00
GP	1,488,375.00	1,616,347.00	3,912,418.00
OP	438,375.00	123,392.00	2,756,604.00
NP	235,028.00	727,206.00	2,529,033.00
AOA	4,933,849.56	5,917,943.45	10,315,916.00
Total Sales	3,588,375.00	3,616,347.00	8,912,417.63

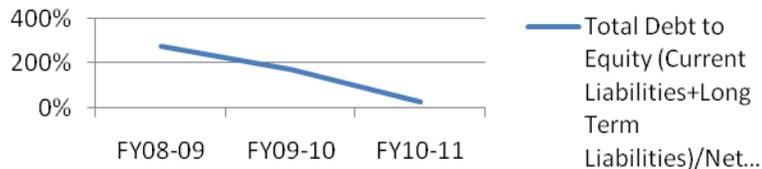


### Quick Ratio (Quick Asset/Current liabilities)

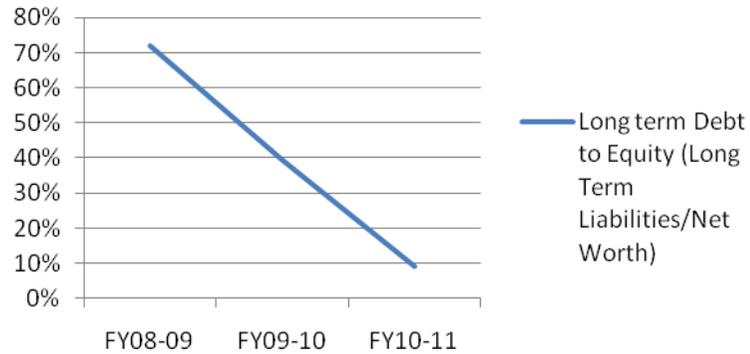


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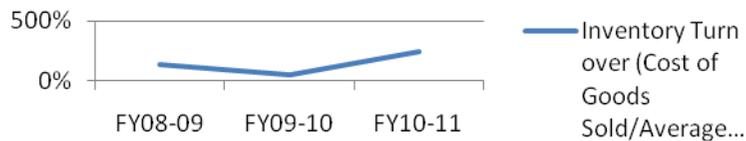
### Total Debt to Equity (Current Liabilities+Long Term...



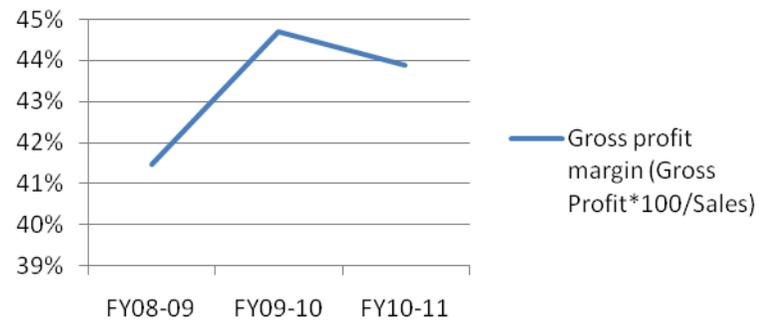
### Long term Debt to Equity (Long Term Liabilities/Net Worth)



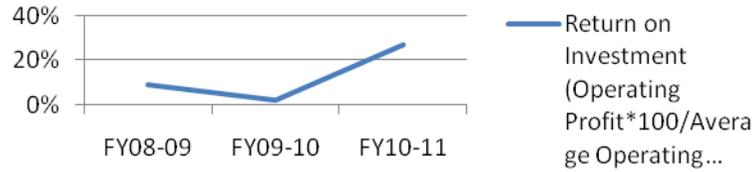
### Inventory Turn over (Cost of Goods Sold/Average Inventory)



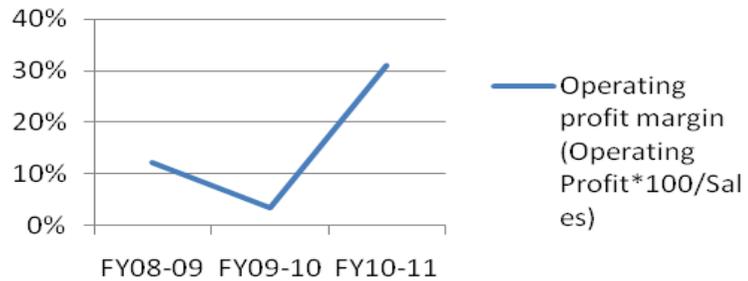
### Gross profit margin (Gross Profit\*100/Sales)



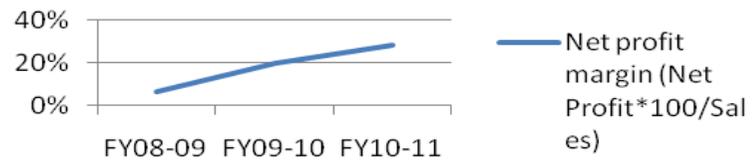
### Return on Investment (Operating...



### Operating profit margin (Operating Profit\*100/Sales)



### Net profit margin (Net Profit\*100/Sales)



**LOAN EMI CALCULATION**

Loan Amount	1000000			
Loan Term (Years)	5			
Payments Per Year	12			
Rate of Interest	10.00%			
Monthly Installment	21247			
S. No	Monthly Installment	Interest	Principal	Balance
0				1000000
1	21247	8333	12914	987086
2	21247	8226	13021	974065
3	21247	8117	13130	960935
4	21247	8008	13239	947696
5	21247	7897	13350	934346
6	21247	7786	13461	920885
7	21247	7674	13573	907312
8	21247	7561	13686	893626
9	21247	7447	13800	879826
10	21247	7332	13915	865911
11	21247	7216	14031	851880
12	21247	7099	14148	837732
13	21247	6981	14266	823466
14	21247	6862	14385	809081
15	21247	6742	14505	794576

16	21247	6621	14626	779951
17	21247	6500	14747	765203
18	21247	6377	14870	750333
19	21247	6253	14994	735339
20	21247	6128	15119	720220
21	21247	6002	15245	704974
22	21247	5875	15372	689602
23	21247	5747	15500	674102
24	21247	5618	15630	658472
25	21247	5487	15760	642712
26	21247	5356	15891	626821
27	21247	5224	16024	610798
28	21247	5090	16157	594641
29	21247	4955	16292	578349
30	21247	4820	16427	561922
31	21247	4683	16564	545357
32	21247	4545	16702	528655
33	21247	4405	16842	511813
34	21247	4265	16982	494831
35	21247	4124	17123	477708
36	21247	3981	17266	460442
37	21247	3837	17410	443032
38	21247	3692	17555	425476
39	21247	3546	17701	407775
40	21247	3398	17849	389926
41	21247	3249	17998	371928
42	21247	3099	18148	353781

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43	21247	2948	18299	335482
44	21247	2796	18451	317031
45	21247	2642	18605	298425
46	21247	2487	18760	279665
47	21247	2331	18917	260749
48	21247	2173	19074	241675
49	21247	2014	19233	222442
50	21247	1854	19393	203048
51	21247	1692	19555	183493
52	21247	1529	19718	163775
53	21247	1365	19882	143893
54	21247	1199	20048	123845
55	21247	1032	20215	103630
56	21247	864	20383	83247
57	21247	694	20553	62693
58	21247	522	20725	41969
59	21247	350	20897	21071
60	21247	176	21071	0

**THANK YOU**