

Individual Project

NAME: ANKIT GOEL

ROLL NO: B15132

I will set up my business in Sonipat, Haryana with initial contributed capital of 264 lakhs. I have named it as **BestBat Manufacturers** and it is a sole proprietorship entity. The basic nature of business will be to manufacture Cricket Bats from raw materials like willow (wood), Rubber (for grip), glue etc. using labour and machinery. The raw materials will be procured from suppliers and manufacturing will be done in house. So basically the manufacturing cost will include the cost of raw materials, labour, machinery, transportation, rental etc. The source of revenue will be from the sale of bats to wholesalers in various cities of India.

Assumptions, Rules and Provisions during Business Transactions:

- 1) Initial capital invested = Rs 264,00,000 lakhs
- 2) Long term loans equal to maximum of 2 times the capital is available at the rate of 10% per annum.
- 3) Grant from the Haryana Government is available to the extent of 20% of your contribution or value of fixed assets which ever are lower.
- 4) Fixed assets value to be 31%-35% of long term funds available which are capital invested and long term loan.
- 5) Depreciation on monthly basis is to be computed on straight line method.
- 6) Credit sales will be four times cash sales.
- 7) Credit purchase will be three times cash purchase.
- 8) Credit sale period is 2 weeks.
- 9) Credit purchase period is 1 week.
- 10) One half of the credit sale and purchase can be against notes (bills of exchange).
- 11) Cash balance at the end of any month is to be maximum of 7 days and minimums of 3 days cash expenses. Deployment of surplus cash on short term inter-corporate market at 6% per annum is possible.
- 12) All notes receivable are discounted with the bankers at 15% per annum. Bankers will discount all notes receivable at 15% per annum.
- 13) 20% of the receivable will be delayed by one half of the normal credit period.
- 14) Paying on time, warrants a cash discount of 4% and delay in payments would warrant a penalty of 2% per month for the days of default in case of receivable.
- 15) 5% of the receivable due by more than 15 days over the credit period and 10% of the receivable due for more than 21 days over the credit period will be bad. Provisions for doubtful debts are provided at 10%.
- 16) Delay in meeting payable will carry penalty as in the case of receivable and similar discounts are available for paying on time.
- 17) Interest on long term loan is payable monthly and principal is repayable over 5 year period in monthly instalments.

- 18) Delay in payment of principal or interest would involve penal interest of 15% of the amount in default for the period of default.
- 19) 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.
- 20) All other costs will remain stable over the period.
- 21) No gestation period. That is, the business starts operations from day one.
- 22) Municipal rates are to be paid at the rate of 1% of owner's equity at the beginning of each calendar month.
- 23) Wage cost could be 10 to 30% of sales.
- 24) Rental can be 5% of sales.
- 25) At least 2 transactions per day for 20 days in a month.

Business Process

- 1) Acquire Raw materials from suppliers like willow (wood), linseed oil, rubber, glue and sandpaper.
- 2) Do in house manufacturing of bats using cutting machine, pressing machine, buffing machine, binding machine and other tools.
- 3) Sale of 2 sizes of bats are A and A+ to whole sellers across India.

Raw Materials consumption Requirements:

A size

- 10 Bats – 40 kg willow wood
- 10 Bats – 1.9 litres Linseed oil
- 10 Bats – 1 kg Glue
- 10 Bats – 0.5kg sandpaper

A+ size

- 10 Bat – 50 kg willow wood
- 10 Bats – 2.5 litres Linseed oil
- 10 Bats – 1.5 kg Glue
- 10 Bats – 0.6kg sandpaper

SALE PRICE OF BATS:

Description	November (Rs per bat)	December (Rs per bat)	January (Rs per bat)
A	1000	1050	1102.5
A+	2000	2100	2205

PURCHASE PRICE OF RAW MATERIAL:

Description	Nov. (before 15)	Nov. (After 15)	Dec. (before 15)	Dec. (After 15)	January (before 15)	January (After 15)
Willow (per kg)	25	26.25	27.56	28.95	30.4	32
Linseed oil (per litre)	400	420	441	463	486.2	510.5
Rubber (per packet)	1000	1050	1102.5	1158	1215	1276
Sand paper per kg	500	525	551.25	579	607.75	638
Glue (per kg)	1000	1050	1102.5	1158	1215	1276

SALE VOLUME OF BATS:

Description	November (Rs per bat)	December (Rs per bat)	January (Rs per bat)
A	1700	1870	2057
A+	900	990	1089

Business Transactions

NOVEMBER – 1/11/2014- 30/11/2014

1	1.11.2014	Capital invested into the business Rs. 264,00,000.																												
2	1.11.2014	Registered my firm under Small scale industries.(SSI). Lawyer charges paid Rs.20,000 as consultation fees for obtaining registration.																												
3	1.11.2014	Municipal taxes paid Rs.22000 (1% p.a of capital invested)																												
	2.11.2014	SUNDAY																												
4	3.11.2014	Opened a Bank account with Axis bank. Account opening charges Rs. 2000.																												
5	3.11.2014	Initial deposit in Bank Rs.50,00,000. Applied for loan of Rs.300,00,000.																												
6	4.11.2014	Applied for obtaining license. Charges paid as registration fees Rs.12500.																												
7	4.11.2014	Payment to CA as consulting fees for above transaction as Rs. 15000.																												
8	5.11.2014	Bank loan obtained of Rs. 300,00,000 @10% p.a. interest rate. Principal to be repaid in 5 year.(monthly instalments)																												
9	5.11.2014	Taken a factory on lease from Earth Infrastructure. Advance payment as security deposit Rs. 20,00,000.																												
10	6.11.2014	Purchased machinery from Shakti equipment ltd through cash <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Description</th> <th>Price (Rs)</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>10 Cutting machine</td> <td>6,00,000 each</td> <td>60,00,000</td> </tr> <tr> <td>10 Pressing machine</td> <td>5,50,000 each</td> <td>55,00,000</td> </tr> <tr> <td>8 Buffing machine</td> <td>5,00,000 each</td> <td>40,00,000</td> </tr> <tr> <td>6 Binding machine</td> <td>3,00,000each</td> <td>18,00,000</td> </tr> <tr> <td></td> <td>TOTAL</td> <td>1,73,00,000</td> </tr> </tbody> </table>	Description	Price (Rs)	Amount	10 Cutting machine	6,00,000 each	60,00,000	10 Pressing machine	5,50,000 each	55,00,000	8 Buffing machine	5,00,000 each	40,00,000	6 Binding machine	3,00,000each	18,00,000		TOTAL	1,73,00,000										
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11	6.11.2014	Installation charges paid to supplier Rs.4,80,000.																												
12	6.11.2014	Organised a Pooja for the start of our factory. Expenses occurred Rs.60,000.																												
13	7.11.2014	Hire semi skilled labour and supervisor : a) 20 semiskilled labour @10,000 each per month. b) 2 supervisor @20,000 each per month.																												
14	7.11.2014	Purchase of Raw material from Jaykay Woods Ltd at cash. <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Description</th> <th>Quantity</th> <th>Rate</th> <th>Amount(Rs)</th> </tr> </thead> <tbody> <tr> <td>Willow(wood)</td> <td>5000 kg</td> <td>25 per kg</td> <td>1,25,000</td> </tr> <tr> <td>Linseed Oil</td> <td>100 litre</td> <td>400 per litre</td> <td>40,000</td> </tr> <tr> <td>Rubber</td> <td>10packets</td> <td>1000 per packet</td> <td>10,000</td> </tr> <tr> <td>Glue</td> <td>50 kg</td> <td>1000 per kg</td> <td>50,000</td> </tr> <tr> <td>Sand paper</td> <td>150kg</td> <td>500perkg</td> <td>75,000</td> </tr> <tr> <td></td> <td></td> <td>TOTAL</td> <td>3,00,000</td> </tr> </tbody> </table>	Description	Quantity	Rate	Amount(Rs)	Willow(wood)	5000 kg	25 per kg	1,25,000	Linseed Oil	100 litre	400 per litre	40,000	Rubber	10packets	1000 per packet	10,000	Glue	50 kg	1000 per kg	50,000	Sand paper	150kg	500perkg	75,000			TOTAL	3,00,000
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15	7.11.2014	Payment made for carriage inward of Rs 5,000																												

16	8.11.2014	Payment for purchase of machine and manufacturing related tools.			
		Description	Rate (each)	Amount	
		20 Blade craft tools	2000	40,000	
		20 hammers	1000	20,000	
		15 brushes	500	7500	
		15 Draw knife	1500	22,500	
		20 Safety glasses	500	10,000	
			TOTAL	1,00,000	
17	8.11.2014	Hired 5 skilled employees for finishing work @ Rs.30,000 per month.			
	9.11.2014	SUNDAY			
18	10.11.2014	Contract with TVC outsourcing company for hiring 5 machine operator@ Rs.20,000 each per month of Rs.1,00,000.			
19	10.11.2014	Government grants received of an amount of Rs.52,80,000 to aid in manufacturing.			
20	11.11.2014	Furniture was purchased at a cost of 1,20,000 by cash.			
		<ul style="list-style-type: none"> • Chairs (25 chairs at 2000 each) = 50,000 • Tables (7 tables at 10000 each) = 70,000 			
21	11.11.2014	Payment of transportation charges of Rs.2,000			
23	12.11.2014	Office stationery and registers purchased at Rs.5000.			
24	12.11.2014	Raw material purchased from Hitesh woods Ltd on credit.			
		Description	Quantity	Rate	Amount(Rs)
		Willow(wood)	8000 kg	25 per kg	2,00,000
		Linseed Oil	250 litre	400 per litre	1,00,000
		Glue	150 kg	1000 per kg	1,50,000
				TOTAL	4,50,000
25	12.11.2014	Notes Payable raised against Hitesh woods for an amount of Rs. 4,50,000			
26	12.11.2014	Raw material purchased from Aman woods Ltd on credit.			
		Description	Quantity	Rate	Amount(Rs)
		Willow(wood)	10,000 kg	25 per kg	2,50,000
		Linseed Oil	200 litre	400 per litre	80,000
		Glue	120 kg	1000 per kg	1,20,000
				TOTAL	4,50,000
27	13.11.2014	Payment of carriage inward of Rs.5,000 by Cash.			
28	13.11.2014	Purchase of consumables like oil and fuel etc. at Rs.25000.			
29	14.11.2014	Amount received of Rs. 7,00,000 against order for sale in cash of 200 A size bats of Rs 1000 each and 250 A+ size bats @ 2000 each from M/s Ram sports & sons.			
30	14.11.2014	Payment of selling expenses of Rs. 30,000.			
31	15.11.2014	Payment of warehouse expense (rent) Rs. 50,000.			
32	15.11.2014	Sold 440 A size bats @ Rs.1000 each and 200 A+ size bats @ Rs.2000 each to Yusuf sports ltd of Rs.8,40,000 on credit			
	16.11.2014	SUNDAY			
33	17.11.2014	Payment of travelling expenses of employee for inspection of raw			

		material at the time of further delivery of Rs.5000.												
34	17.11.2014	Payment of miscellaneous expense of Rs. 3000.												
35	19.11.2014	Payment to Hitesh woods ltd of Rs. 4,32,000 by cheque with discount received of Rs.18,000 by redeeming notes payable of Rs. 4,50,000												
36	19.11.2014	Payment of Rs.10000 for advertisement through cheque												
37	20.11.2014	Sold 700 A size bats at Rs.1000 each and 350 A+ size bats at Rs.2000 each i.e. total sale of Rs. 14,00,000 on credit to Sachin International sports ltd.												
38	20.11.2014	Notes receivable of Rs. 14,00,000 received from Sachin International sports ltd.												
39	20.11.2014	Notes Receivable of Rs. 14,00,000 discounted with the bank at a discount of @15%p.a.												
40	22.11.2014	Sold 360 A size bats and 100 A+ to m/s Mohan sports ltd for Rs.5,60,000 on credit.												
41	22.11.2014	Donation to NGO Rs. 45,000.												
	23.11.2014	SUNDAY												
42	24.11.2014	Payment of maintenance charges of machines for Rs.30,000												
43	24.11.2014	Payment of office maintenance and administration expenses of Rs.20,000.												
44	26.11.2014	Hire 4 helper for cleaning and maintenance work @7500 Rs. Per month. i.e. Rs. 30000.												
45	26.11.2014	Payment to Aman woods ltd Rs 4,50,000 and a penalty of Rs. 2250 for delay in payment by one week through cheque.												
46	28.11.2014	Payment of rent of factory of Rs 175000 through cheque.												
47	28.11.2014	Payment of miscellaneous expenses @ Rs.20,000.												
48	29.11.2014	Amount received by Yusuf Sports ltd Rs. 6,72,000 by giving a discount of Rs. 28,000 i.e. 4% on Rs. 7,00,000.Balance Rs. 1,40,000 due.												
49	29.11.2014	Surplus cash invested into short term inter corporate market at 6% p.a												
50	29.11.2014	Payment of monthly instalment of Rs.5,00,000 along with interest of Rs.2,50,000 to bank.												
51	29.11.2014	Payment of electricity charges for the month of Rs.1,05,000 through cheque.												
52	29.11.2014	Payment of water bill of Rs 35,000												
53	29.11.2014	Payment of wages to workers / employees for the month of November. <table border="1" data-bbox="470 1523 1372 1758"> <tr> <td>20 semi-skilled</td> <td>Rs 2,00,000</td> </tr> <tr> <td>2 supervisor</td> <td>Rs 40,000</td> </tr> <tr> <td>5 machine operator</td> <td>Rs 1,00,000</td> </tr> <tr> <td>5 skilled workers</td> <td>Rs 1,50,000</td> </tr> <tr> <td>4 helpers/cleaner</td> <td>Rs 30,000</td> </tr> <tr> <td>TOTAL</td> <td>Rs 5,20,000</td> </tr> </table>	20 semi-skilled	Rs 2,00,000	2 supervisor	Rs 40,000	5 machine operator	Rs 1,00,000	5 skilled workers	Rs 1,50,000	4 helpers/cleaner	Rs 30,000	TOTAL	Rs 5,20,000
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2 supervisor	Rs 40,000													
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5 skilled workers	Rs 1,50,000													
4 helpers/cleaner	Rs 30,000													
TOTAL	Rs 5,20,000													
54	29.11.2014	Payment of telephone charges of Rs 2500 for November.												
	30.11.2014	SUNDAY												

Journal Entry

JOURNAL ENTERIES			
01-Nov	Cash a/c	2,64,00,000	
	To Capital a/c		2,64,00,000
	(Being capital introduced)		
01-Nov	Lawyer charges a/c	20,000	
	To Cash a/c		20,000
	(Being legal charges paid)		
01-Nov	Municipal taxes a/c	22,000	
	To Cash a/c		22,000
	(Being municipal taxes paid)		
03-Nov	Bank charges	2,000	
	To Cash a/c		2,000
	(Being account opening charges paid to bank)		
03-Nov	Bank a/c	50,00,000	
	To Cash a/c		50,00,000
	(Being cash deposited)		
04-Nov	Registration charges	12,500	
	To cash a/c		12,500
	(Being registration charges paid)		
04-Nov	CA Fees a/c	15,000	
	To Cash a/c		15,000
	(Being CA fees paid)		
05-Nov	Bank a/c	3,00,00,000	
	To Bank loan		3,00,00,000
	(Being loan taken from bank)		
05-Nov	Security deposit a/c	20,00,000	
	To cash a/c		20,00,000
	(Being security deposit paid)		
06-Nov	Cutting machines	60,00,000	

	Pressing machines	55,00,000	
	Buffing machines	40,00,000	
	Binding machines	18,00,000	
	To cash a/c		1,73,00,000
	(Being machines purchased)		
06-Nov	Installation expenses a/c	4,80,000	
	To cash a/c		4,80,000
	(Being installation charges paid)		
06-Nov	Pooja expenses a/c	60,000	
	To Cash a/c		60,000
	(Being pooja expenses paid)		
07-Nov	Purchases a/c	3,00,000	
	To Cash a/c		3,00,000
	(Being raw material purchased)		
07-Nov	Carriage inward a/c	5,000	
	To Cash a/c		5,000
	(Being carriage inward paid)		
08-Nov	Machine tools a/c	1,00,000	
	To cash a/c		1,00,000
	(Being machine tools purchased)		
10-Nov	Cash a/c	52,80,000	
	To Government grant a/c		52,80,000
	(Being grant received from government)		
11-Nov	Furniture a/c	1,20,000	
	To cash a/c		1,20,000
	(Being furniture purchased)		
11-Nov	Transportation charges	2,000	
	To Cash a/c		2,000
	(Being Transportation expense paid)		
12-Nov	Stationery and registers	5,000	
	To Cash a/c		5,000
	(Being stationery and registers purchased for cash)		
12-Nov	Purchases a/c	4,50,000	
	To Hitesh woods ltd		4,50,000
	(Being raw material purchased on credit)		

12-Nov	Hitesh woods ltd	4,50,000	
	To notes payable a/c		4,50,000
	(Being notes payable issued)		
12-Nov	purchases a/c	4,50,000	
	To Aman woods a/c		4,50,000
13-Nov	Carriage inward a/c	5,000	
	To cash a/c		5,000
	(Being Carriage inward paid)		
13-Nov	Consumables a/c	25,000	
	To Cash a/c		25,000
	(Being consumables like oil and fuel purchased)		
14-Nov	Cash a/c	7,00,000	
	To Sales a/c		7,00,000
	(Being cash received)		
14-Nov	Selling expense a/c	30,000	
	To cash a/c		30,000
	(Being expenses paid)		
15-Nov	Warehouse expense a/c	50,000	
	To cash a/c		50,000
	(Being warehouse expense paid)		
15-Nov	Yusuf sports ltd a/c	8,40,000	
	To sales a/c		8,40,000
	(Being sales made on credit)		
17-Nov	Travelling expense a/c	5,000	
	To Cash a/c		5,000
	(Being expense paid)		
17-Nov	Miscellaneous expense a/c	3,000	
	To Cash a/c		3,000
	(Being expenses paid)		
19-Nov	Notes payable a/c	4,50,000	
	To Bank a/c		4,32,000
	To Discount received a/c		18,000
	(Being payment made to Hitesh woods ltd by		

	redeeming notes payable)		
19-Nov	Advertisement a/c	10,000	
	To Bank a/c		10,000
	(Being advertisement expense paid)		
20-Nov	Sachin international sports ltd	14,00,000	
	To sales a/c		14,00,000
	(Being goods sold)		
20-Nov	Notes receivables a/c	14,00,000	
	To Sachin international sports ltd		14,00,000
	(Being notes receivables received)		
20-Nov	Cash a/c	13,91,923	
	Discount	8077	
	To notes receivables a/c		14,00,000
	(Notes receivables discounted from Bank)		
22-Nov	Mohan sports ltd	5,60,000	
	To sales a/c		5,60,000
	(Being goods sold)		
22-Nov	Donation	45,000	
	To Cash a/c		45,000
	(Being expenses paid)		
24-Nov	Maintenance expenses a/c	30,000	
	To cash a/c		30,000
	(Being expenses paid)		
24-Nov	Office administration expenses a/c	20,000	
	To Cash a/c		20,000
	(Being expenses paid)		
26-Nov	Aman woods	4,50,000	
	To Penalty a/c	2,250	
	To Bank a/c		4,52,250
28-Nov	Rent a/c	1,75,000	
	To Bank a/c		1,75,000
	(Being rent paid)		
28-Nov	Miscellaneous expense a/c	20,000	

	To Cash a/c		20,000
	(Being expense paid)		
29-Nov	Cash a/c	6,72,000	
	Discount allowed a/c	28,000	
	To Yusuf sports a/c		7,00,000
	(Being cash received)		
29-Nov	Depreciation a/c	3,00,000	
	To Cutting Machine a/c		1,02,000
	To Buffing Machine a/c		68,666
	To Binding Machine a/c		32,000
	To Pressing Machine a/c		93,667
	To Machine tools a/c		1667
	To Furniture a/c		2,000
	(Being depreciation charged)		
29-Nov	P&L a/c	56,000	
	To Provision for doubtful debt a/c		56,000
	(Being provision on Doubtful debt made)		
29-Nov	Bank loan	5,00,000	
	Interest on loan	2,50,000	
	To cash a/c		7,50,000
	(Being interest and principal paid)		
29-Nov	Electricity charges	1,05,000	
	To bank a/c		1,05,000
	(Being electricity charges paid)		
29-Nov	Water Bill	35,000	
	To Cash a/c		35,000
	(Being water bill paid)		
29-Nov	Wages a/c	5,20,000	
	To cash a/c		5,20,000
	(Being wages paid)		
29-Nov	Telephone expenses a/c	2,500	
	To Cash a/c		2,500
	(Being expenses paid)		
29-Nov	Investment in short term inter corporate market	47,61,523	
	To Cash a/c		47,61,523
	(Being investment made)		

Ledger

Bank loan a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
29-Nov	To cash	5,00,000	05-Nov	By bank a/c	3,00,00,000
29-Nov	To bal c/d (bal fig.)	2,95,00,000			
		3,00,00,000			3,00,00,000

Purchase a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
07-Nov	To cash a/c	3,00,000			
12-Nov	To Hitesh woods ltd	4,50,000			
12-Nov	To Aman woods	4,50,000	29-Nov	By bal c/d	12,00,000
		12,00,000			12,00,000

Discount received a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
			19-Nov	By notes payable a/c	18,000
29-Nov	By bal c/d	18,000			
		18,000			18,000

Hitesh Woods ltd					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
12-Nov	To notes payable a/c	4,50,000	12-Nov	By purchases a/c	4,50,000
		4,50,000			4,50,000

Aman woods a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
26-Nov	To Bank a/c	4,50,000	12-Nov	By purchases	4,50,000
		4,50,000			4,50,000

Sales a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
			14-Nov	By cash a/c	7,00,000
			15-Nov	By yusuf sports ltd a/c	8,40,000
			20-Nov	By sachin international	14,00,000
29-Nov	To balance c/d	35,00,000	22-Nov	By mohan sports ltd	5,60,000
		35,00,000			35,00,000

Discount allowed a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
20-Nov	To notes receivables	8077			
29-Nov	To Yusuf sports ltd	28000	29-Nov	By bal c/d	36,077
		36,077			36,077

Capital a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
			01-Nov	By cash a/c	2,64,00,000
29-Nov	By balance c/d	2,64,00,000			
		2,64,00,000			2,64,00,000

Government Grant a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
			10-Nov	By cash a/c	52,80,000
29-Nov	To Capital Reserve	52,80,000			
		52,80,000			52,80,000

Bank a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
03-Nov	To cash a/c	50,00,000	19-Nov	By notes payable a/c	4,32,000
05-Nov	To Bank loan a/c	3,00,00,000	19-Nov	By Advertisement	10,000
			26-Nov	By aman woods	4,50,000
			26-Nov	By Penalty	2250
			28-Nov	By rent a/c	1,75,000
			29-Nov	By electricity	1,05,000
			29-Nov	By balance c/d	3,38,25,750
		3,50,00,000			3,50,00,000

Yusuf sports ltd					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
15-Nov	To sales a/c	8,40,000	29-Nov	By cash a/c	6,72,000
			29-Nov	By discount allowed	28,000
			29-Nov	By balance c/d	1,40,000
		8,40,000			8,40,000

Sachin international					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
20-Nov	To sales	14,00,000	20-Nov	By notes receivables a/c	14,00,000
			29-Nov	By balance c/d	nil
		14,00,000			14,00,000

Notes payable a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
19-Nov	To Bank a/c	4,32,000	12-Nov	By Hitesh woods ltd	4,50,000
19-Nov	To Discount received	18,000			
		4,50,000			4,50,000

Cutting Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
06-Nov	To cash a/c	60,00,000	29-Nov	By depreciation a/c	1,02,000
06-Nov	To Cash a/c (installation)	1,20,000	29-Nov	By bal c/d	60,18,000
		61,20,000			61,20,000

Buffing Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
06-Nov	To cash a/c	40,00,000	29-Nov	By depreciation a/c	68,666
06-Nov	To Cash a/c (installation)	1,20,000	29-Nov	By bal c/d	40,51,334
		41,20,000			41,20,000

Binding Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
06-Nov	To cash a/c	18,00,000	29-Nov	By depreciation a/c	32,000
06-Nov	To Cash a/c (installation)	1,20,000	29-Nov	By bal c/d	18,88,000
		19,20,000			19,20,000

Pressing Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
06-Nov	To cash a/c	55,00,000	29-Nov	By depreciation a/c	93,667
06-Nov	To Cash a/c (installation)	1,20,000	29-Nov	By bal c/d	55,26,333
		56,20,000			56,20,000

Machine tools a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
08-Nov	To cash a/c	1,00,000	29-Nov	By depreciation a/c	1667
		1,00,000	29-Nov	By bal c/d	98,333
					1,00,000

Furniture a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
11-Nov	To cash a/c	1,20,000	29-Nov	By depreciation a/c	2000
			29-Nov	By bal c/d	1,18,000
		1,20,000			1,20,000

Depreciation a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
29-Nov	To cutting machine a/c	1,02,000			
29-Nov	To pressing machine a/c	93,667			
29-Nov	To Buffing machine a/c	68,666			
29-Nov	To Binding machine a/c	32,000			
29-Nov	To machine tools a/c	1,667			
29-Nov	To furniture a/c	2,000	29-Nov	By bal c/d	3,00,000
		3,00,000			3,00,000

Notes receivable a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
20-Nov	To sachin international	14,00,000	20-Nov	By cash a/c	13,91,923
			20-Nov	By discount allowed a/c	8077
			29-Nov	By balance c/d	nil
		14,00,000			14,00,000

Mohan sports ltd					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
22-Nov	To sales a/c	5,60,000			
			29-Nov	By balance c/d	5,60,000
		5,60,000			5,60,000

Lawyer charges					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Nov	To cash a/c	20,000			
			29-Nov	By P&L a/c	20,000
		20,000			20,000

Municipal Taxes					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Nov	To cash a/c	22,000			
			29-Nov	By P&L a/c	22,000
		22,000			22,000

Bank charges					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
03-Nov	To cash a/c	2000			
			29-Nov	By P&L a/c	2,000
		2,000			2,000

Registration Charges					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
04-Nov	To cash a/c	12,500			
			29-Nov	By P&L a/c	12,500
		12,500			12,500

CA Fees					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
04-Nov	To cash a/c	15,000			
			29-Nov	By P&L a/c	15,000
		15,000			15,000

Security deposit					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
04-Nov	To cash a/c	20,00,000			
			29-Nov	By balance c/d	20,00,000
		20,00,000			20,00,000

Pooja					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
06-Nov	To cash a/c	60,000			
			29-Nov	By P&L a/c	60,000
		60,000			60,000

Carriage Inwards					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
07-Nov	To cash a/c	5,000			
13-Nov	To cash a/c	5,000	29-Nov	By P&L a/c	10,000
		45,000			10,000

Transportation					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
11-Nov	To cash a/c	2,000			
			29-Nov	By P&L a/c	2,000
		2,000			2,000

Stationary					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
12-Nov	To cash a/c	5,000			
			29-Nov	By P&L a/c	5,000
		5,000			5,000

Consumables					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
13-Nov	To cash a/c	25,000			
			29-Nov	By P&L a/c	25,000
		25,000			25,000

Selling expenses					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
14-Nov	To cash a/c	30,000			
			29-Nov	By P&L a/c	30,000
		30,000			30,000

Warehouse Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
15-Nov	To cash a/c	50,000			
			29-Nov	By P&L a/c	50,000
		50,000			50,000

Travelling expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
17-Nov	To cash a/c	5,000			
			29-Nov	By P&L a/c	5,000
		5,000			5,000

Miscellaneous expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
17-Nov	To cash a/c	3,000			
28-Nov	To cash a/c	20,000	29-Nov	By P&L a/c	23,000
		23,000			23,000

Donation					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
22-Nov	To cash a/c	45,000			
			29-Nov	By P&L a/c	45,000
		45,000			45,000

Maintenance expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
24-Nov	To cash a/c	30,000			
			29-Nov	By P&L a/c	30,000
		30,000			30,000

Office Admin expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
24-Nov	To cash a/c	20,000			
			29-Nov	By P&L a/c	20,000
		20,000			20,000

Interest					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
17-Nov	To cash a/c	2,50,000			
			29-Nov	By P&L a/c	2,50,000
		2,50,000			2,50,000

Wages					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
29-Nov	To cash a/c	5,20,000			
			29-Nov	By P&L a/c	5,20,000
		5,20,000			5,20,000

Telephone expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
17-Nov	To cash a/c	2,50,000			
			29-Nov	By P&L a/c	2,50,000
		2,50,000			2,50,000

Investment					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
29-Nov	To cash a/c	69,96,986			
			29-Nov	By Balance b/d	69,96,986
		69,96,986			69,96,986

Electricity					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
29-Nov	To Bank a/c	1,05,000			
			29-Nov	By P&L a/c	1,05,000
		1,05,000			1,05,000

Water Bill					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
29-Nov	To cash a/c	35,000			
			29-Nov	By P&L a/c	35,000
		35,000			35,000

Penalty					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
26-Nov	To Bank a/c	2250			
			29-Nov	By P&L a/c	2250
		2250			2250

Rent					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
28-Nov	To Bank a/c	1,75,000			
			29-Nov	By P&L a/c	1,75,000
		1,75,000			1,75,000

Advertisement expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
28-Nov	To Bank a/c	10,000			
			29-Nov	By P&L a/c	10,000
		10,000			10,000

Cash a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Nov	To capital a/c	2,64,00,000	01-Nov	By lawyer charges	20,000
10-Nov	To Government grant a/c	52,80,000	01-Nov	By Municipal taxes	22,000
14-Nov	To sales a/c	7,00,000	03-Nov	By Bank charges	2,000
20-Nov	To notes receivables	13,91,923	03-Nov	By bank a/c	50,00,000
29-Nov	To yusuf sports ltd	6,72,000	04-Nov	By Registration expenses	12,500
			04-Nov	By CA fees	15,000
			05-Nov	By security deposit	20,00,000
			06-Nov	By machines a/c	1,73,00,000
			06-Nov	By installation expenses	4,80,000
			06-Nov	By pooja expense	60,000
			07-Nov	By purchases	3,00,000
			07-Nov	By carriage inward	5,000
			08-Nov	By tools a/c	1,00,000
			11-Nov	By furniture	1,20,000
			11-Nov	By transportation	2,000
			12-Nov	By stationery	5,000
			13-Nov	By carriage inward	5,000
			13-Nov	By consumables	25,000
			14-Nov	By selling expenses	30,000
			15-Nov	By warehouse expense	50,000
			17-Nov	By travelling expense	5,000
			17-Nov	By miscellaneous expense	3,000
			22-Nov	By Donation	45,000
			24-Nov	By maintenance expense	30,000
			24-Nov	By office admin expense	20,000
			28-Nov	By miscellaneous expense	20,000

			29-Nov	By interest	2,50,000
			29-Nov	By Bank Loan	5,00,000
			29-Nov	By wages	5,20,000
			29-Nov	By telephone expense	2,500
			29-Nov	By water bill	35,000
			29-Nov	By investment(B/f)	69,96,986
			29-Nov	By balance c/d(note 1)	4,62,937
		3,44,43,923			3,44,43,923

Note 1

Monthly Cash expense = 19,84,000

Average cash expense = $19,84,000/30 = 66,133$

Cash balance is to be maintained of maximum 7 or minimum 3 days cash expense. We assumed that cash balance is to be maintained of 7 days cash expense.

7 day cash expense = 4,62,937

Investment in inter-corporate market = $7459923 - 4,62,937 = 69,96,986$

Calculation of closing stock

Raw material stock a/c			
Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Balance b/d	Nil		
To purchases a/c Willow(23000kg * 25Rs.) Oil (550litres*400Rs) Glue(320kg*1000Rs) Sandpaper(150kg*500) Rubber(10packets *1000)	12,00,000	By consumed Willow(11300kg * 25Rs.) Oil (550litres*400Rs) Glue(305kg*1000Rs) Sandpaper(139kg*500) Rubber(10packets *1000)	8,87,000
		By closing stock a/c Willow(11700kg * 25Rs.) Glue(15kg*1000Rs) Sandpaper(11kg*500)	3,13,000
	12,00,000		12,00,000

Trial Balance

TRIAL BALANCE		
Particulars	Dr. Amount (Rs)	Cr. Amount (Rs)
Contributed Capital		2,64,00,000
Bank balance	3,38,25,750	
Bank loan		2,95,00,000
Purchases	12,00,000	
Government grant		52,80,000
Lawyer charges	20,000	
Municipal taxes	22,000	
Bank charges	2,000	
Advertisement expense	10,000	
Registration charges	12,500	
CA fees	15,000	
Security deposit	20,00,000	
Cutting machines	60,18,000	
Pressing machines	55,26,333	
Buffing machines	40,51,334	
Binding machines	18,88,000	
Pooja expense	60,000	
Carriage inward	10,000	
Tools	98,333	
Furniture	1,18,000	
Depreciation	3,00,000	
Transportation	2000	
stationery	5,000	
Consumables	25,000	
Selling expense	30,000	
Warehouse expense	50,000	
Travelling expense	5,000	
Miscellaneous Expense	23,000	
Donation	45,000	
Maintenance charges	30,000	
office admin expense	20,000	
Penalty charges	2,250	
Rent	1,75,000	
Electricity	1,05,000	
Water Bill	35,000	
Interest	2,50,000	
wages	5,20,000	
Telephone expense	2,500	
sales		35,00,000

Discount received		18,000
Discount allowed	36,077	
Yusuf sports ltd	1,40,000	
Mohan sports	5,60,000	
Cash balance	4,62,937	
Investment in short term inter corporate market	69,96,986	
Total	6,46,98,000	6,46,98,000

Profit and Loss statement

Profit & Loss A/c			
Particulars	Amount(Rs)	Particulars	Amount(Rs)
To purchases	12,00,000	By sales	35,00,000
To wages	5,20,000	By closing stock	3,13,000
To carriage inward	10,000		
To consumables	25,000		
To discount allowed	36,077	By discount received	18,000
To telephone expense	2,500		
To interest expense	2,50,000		
To electricity	1,05,000		
To Water Bill	35,000		
To rent	1,75,000		
To warehouse expense	50,000		
To office stationery	5,000		
To lawyer charges	20,000		
To Municipal taxes	22,000		
To Bank charges	2,000		
To Advertisement expense	10,000		
To Registration charges	12,500		
To CA Fees	15,000		
To pooja expense	60,000		
To transportation expense	2,000		
To selling expense	30,000		
To travelling expense	5,000		
To miscellaneous expense	23,000		
To Donation	45,000		
To maintenance charge	30,000		
To office admin expense	20,000		
To penalty expense	2,250		
To Depreciation	3,00,000		

To bad debts	1,40,000		
To provision for doubtful debt	56,000		
To net profit	6,22,673		
Total	38,31,000	Total	38,31,000

Balance sheet

Balance sheet			
Assets	Amount(Rs)	Liabilities	Amount(Rs)
Current assets			
Cash balance	4,62,937	Bank loan	2,95,00,000
Bank balance	3,38,25,750	Provision of doubtful debt	56,000
Yusuf sports ltd 1,40,000			
less: bad debt 1,40,000	Nil	Owner's Equity	
Closing stock	3,13,000		
Mohan sports	5,60,000	Capital reserve (Govt. Grant)	52,80,000
Investment	69,96,986	Capital 2,64,00,000	
		Add: Net profit 6,22,673	2,70,22,673
Non-current asset			
Cutting machines	60,18,000		
Pressing machines	55,26,333		
Buffing machines	40,51,334		
Binding machine	18,88,000		
Furniture	1,18,000		
Tools	98,333		
Security Deposit	20,00,000		
Total	6,18,58,673	Total	6,18,58,673

Compliance statement

- 1) Date of commencement to be your first day of month of birth

Date of birth is 2/11/1990.

Business has been started on 1st November.

- 2) Roll no. 132

Date of birth 2nd November

Contributed capital = $132 \times 2 = 264$ lakhs

Long term loan to be maximum of 2 times of capital.

=> Maximum Loan available = $264 \times 2 = 528$ lakhs

=> **Long term loan taken = 300 lakhs @10% p.a**

- 3) **Government Grant** = 20% of contribution or fixed assets whichever is lower
= 20% of 264 lakhs i.e. 52.80 lakhs or 180 lakhs whichever is lower

Grant taken = 52.80 lakhs.

- 4) **Fixed assets**

Series "2" roll no. : 31% to 35% of long term funds

Long term funds = 264 lakhs + 300 lakhs = 564 lakhs

Fixed assets = 180 lakhs

Percentage (%) = $(180 \text{ lakhs} / 564 \text{ lakhs}) \times 100 = 31.915\%$.

- 5) **Depreciation computed on SLM basis** (even roll number)

Life of Fixed Assets = 5 years

=> **Depreciation to be charged = $(180 \text{ lakhs} / 60 \text{ months}) = 3,00,000$ lakh/month**

- 6) **Credit sales = 28 lakhs**

Dealer	Amount
Mohan sports	5,60,000
Sachin sports	14,00,000
Yusuf sports	8,40,000
Total	28,00,000

Cash sales = 7 lakhs

Dealer	Amount
Ram Sports	7,00,000

- **Credit sales equal to four times of cash sales.**

7) Cash purchases = 3 lakhs

Dealer	Amount
Jaykay woods	3,00,000

Credit purchases = 9 lakhs

Dealer	Amount
Aman woods	4,50,000
Hitesh woods	4,50,000
Total	9,00,000

- **Credit purchases equal to three times of cash purchases.**

8) Credit terms

Roll no = 132

- **Credit Sales period is 2 weeks**
- **Credit Purchase period is 1 week**

9) One of credit sales and credit purchases against notes receivable or notes payable.

Credit sales = 28 lakhs

Notes / bills Receivables = 28 lakhs * 1/2 = 14 lakhs from sachin sports

Credit purchases = 9 lakhs

Notes Payables = 9 lakhs * 1/2 = 4.5 lakhs from Hitesh woods

10) Cash Balance

Average cash expense = $26984000/30 = 899466.67$

Cash balance is to be maintained of maximum 7 or minimum 3 days cash expense.

Cash balance is to be maintained of 3 days cash expense.

3 day cash expense = 26,98,400

Investment in inter-corporate market = 7459923-2698400 = 47,61,523

11) Yes all notes receivable are discounted with the banker @ 15 % p.a.

Overdraft facility from bank not taken

12) Yes, implied to the condition

20% of the receivables i.e, 28 lakhs * 20% =5.60 lakhs delayed by one half of normal credit Period from mohan sports.

13) Yes, implied to the condition

Yusuf : sales to him = 8,40,000

He is paying 7,00,000 on time.

Hence discount allowed to him $7,00,000 * 4 \% = 28,000$

Penalty: Yes, implied to the condition.

Mohan sports: 5,60,000 is delay by 1 week

Hence penalty is $5,60,000 * 2\% * 1/4 = 2800$

14) 5 % of credit sales considered bad.

Yes, 5% of 28,00,000 = 1,40,000 has been considered bad debts from Yusuf sports

Provision for doubtful debts = 10%

Hence 56,000 made as provision. (5,60,000* 10 %)

15) . Yes, implied to condition

Penalty paid = 2250

Since, payment is delayed by 1 week to aman woods

Hence penalty @2% per month paid.

$(4,50,000 * 2\% * 1/4) = 2250$

16) Principal amount is payable over 5 years

Total loan = 300,00,000

Principal amount to be paid per month = 3,00,00,000 / 60 = 5,00,000

Interest to be paid @10% p.a.

Interest on loan = 2,50,000 (3,00,00,000 *10%* 1/12)

17) **No delay in payment of principal and interest.**

18). **PURCHASE PRICE OF RAW MATERIAL: Increase by 5% every 15 days**

Description	Nov. (before 15)	Nov. (After 15)
Willow (per kg)	25	26.25
Linseed oil (per litre)	400	420
Rubber (per packet)	1000	1050
Sand paper per kg	500	525
Glue (per kg)	1000	1050

19) **All other costs remain stable**

20) **No Gestation period.**

21) Municipal taxes of 1% p.a. of owner's equity.

=> **264 lakhs *1%*1/12= 22,000 per month**

22) Wages = 7,20,000 and Total sales = 35,00,000

=> **Percentage (%) = 7,20,000/ 35,00,000 = 20.57%**

23) **Rent is 5% of total sales = (35,00,000*5)/100 = 1,75,000.**

24) **Recorded at least 2 transactions per day for 20 days in a month**

DECEMBER – 1/12/2014 to 31/12/2014

Transactions

1	1.12.2014	Payment of municipal taxes Rs.22000																
2	1.12.2014	Advertisement expenses of Rs. 30,000.																
3	3.12.2014	Raw material purchased from Shashi wood Ltd on credit.																
		<table border="1" style="width: 100%;"> <thead> <tr> <th>Description</th> <th>Quantity</th> <th>Rate</th> <th>Amount(Rs)</th> </tr> </thead> <tbody> <tr> <td>Sand paper</td> <td>200kg</td> <td>551.25 per kg</td> <td>1,10,250</td> </tr> </tbody> </table>	Description	Quantity	Rate	Amount(Rs)	Sand paper	200kg	551.25 per kg	1,10,250								
Description	Quantity	Rate	Amount(Rs)															
Sand paper	200kg	551.25 per kg	1,10,250															
4	3.12.2014	Payment of carriage inward Rs.5,000.																
5	4.12.2014	Raw material purchased from Aman woods Ltd on credit for Rs. 4,29,228..																
		<table border="1" style="width: 100%;"> <thead> <tr> <th>Description</th> <th>Quantity</th> <th>Rate</th> <th>Amount(Rs)</th> </tr> </thead> <tbody> <tr> <td>Rubber</td> <td>15packets</td> <td>1102.5</td> <td>16538</td> </tr> <tr> <td>Glue</td> <td>350kg</td> <td>1102.5</td> <td>3,85,875</td> </tr> <tr> <td>willow</td> <td>973 kg</td> <td>27.56 kg</td> <td>26815</td> </tr> </tbody> </table>	Description	Quantity	Rate	Amount(Rs)	Rubber	15packets	1102.5	16538	Glue	350kg	1102.5	3,85,875	willow	973 kg	27.56 kg	26815
Description	Quantity	Rate	Amount(Rs)															
Rubber	15packets	1102.5	16538															
Glue	350kg	1102.5	3,85,875															
willow	973 kg	27.56 kg	26815															
6	4.12.2014	Payment of carriage inward Rs. 10,000.																
7	5.12.2014	Payment for fuel charges on machine consumed Rs.20,000.																
8	5.12.2014	Sold 616 A size bats at Rs.1050 to m/s Mohan on credit Rs 6,46,800.																
9	6.12.2014	Raw material purchased from Hitesh wood Ltd For Rs. 5,39,514 against Notes payable.																
		<table border="1" style="width: 100%;"> <thead> <tr> <th>Description</th> <th>Quantity</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>willow</td> <td>9975.10kg</td> <td>27.56</td> </tr> <tr> <td>Linseed oil</td> <td>600litre</td> <td>441</td> </tr> </tbody> </table>	Description	Quantity	Rate	willow	9975.10kg	27.56	Linseed oil	600litre	441							
Description	Quantity	Rate																
willow	9975.10kg	27.56																
Linseed oil	600litre	441																
10	6.12.2014	Payment to carriage inward Rs.5000.																
	7.12.2014	SUNDAY																
11	8.12.2014	Donation to NGO Rs. 30,000																
12	8.12.2014	Payment for repair and maintenance of Machine Rs. 10,000.																
13	8.12.2014	Sold 330 A size bats @ 1050 and 220 A+ size bats @2100 to Ram sports ltd for an amount of Rs.8,08,500.for cash.																
14	10.12.2014	Insured all the machines. Paid insurance premium for this month Rs 30,000.																
15	10.12.2014	Sold 924 A size bats @ Rs.1050 each to Irfan sports ltd of Rs.9,70,200 on credit.																
16	11.12.2014	Payment to aman woods ltd Rs 4,12,058 on time and availed cash discount of Rs. 17170 .(On 4,29,228 , discount of 4%)																
17	11.12.2014	Purchased Raw material from Jaykay woods on cash for Rs 3,59,675.																
		<table border="1" style="width: 100%;"> <tbody> <tr> <td>willow</td> <td>13050.6 kg</td> <td>Rs. 27.56 kg</td> </tr> </tbody> </table>	willow	13050.6 kg	Rs. 27.56 kg													
willow	13050.6 kg	Rs. 27.56 kg																
18	12.12.2014	Sold 770 A+ size bats @2100 per unit to sachin sports ltd on credit of Rs.16,17,000 against notes receivables.																
19	12.12.2014	Notes Receivables of Rs 16,17,000 discounted with the bank @ 15% p.a.																
20	13.12.2014	Cash received from Mohan sports ltd Rs. 5,60,000 plus a penalty of Rs. 2800 (2% p.m for delay in payment for 1 week)(November)																
21	13.12.2014	Payment made to Hitesh wood by redeeming our notes payable and paying Rs. 5,17,933 and availed discount of Rs. 21,580 i.e.4%.																

	14.12.2014	(Amount due was 5,39,514) SUNDAY				
22	17.12.2014	Payment made to Shashi wood of Rs. 1,10,250 plus penalty of Rs.551 due to late payment by 1 week from the due date.(penalty on 1,10,250 @ 2% for 1 week)				
23	17.12.2014	Packing expenses amounted to Rs.20000.				
24	20.12.2014	Tea and coffee expenses of the workers Rs. 2500				
25	20.12.2014	Payment of Telephone expense of Rs. 2500.				
	21.12.2014	SUNDAY				
26	23.12.2014	Warehousing expenses Rs. 50,000 on cash.				
27	23.12.2014	Conveyance expenses of employees Rs 10,000.				
28	24.12.2014	Cash received of Rs.7,76,160 by discount allowed of Rs. 32,340 to Irfan sports ltd .Balance due of Rs. 1,61,700.				
29	24.12.2014	Payment of wages to workers / employees in cash. <table border="1" data-bbox="475 763 1370 842"> <tr> <td>20 semi-skilled</td> <td>Rs 200000</td> </tr> <tr> <td>2 supervisor</td> <td>Rs 40000</td> </tr> </table>	20 semi-skilled	Rs 200000	2 supervisor	Rs 40000
20 semi-skilled	Rs 200000					
2 supervisor	Rs 40000					
30	25.12.2014	Payment of rent on factory building of Rs. 2,02,125 through cash.				
31	25.12.2014	Payment of electricity charges Rs.1,25,000				
32	26.12.2014	<table border="1" data-bbox="475 920 1370 958"> <tr> <td>5 skilled workers</td> <td>Rs 150000</td> </tr> </table> Wages paid to workers / employees in cash.	5 skilled workers	Rs 150000		
5 skilled workers	Rs 150000					
33	26.12.2014	Payment of wages to 4 helpers /cleaners Rs. 30,000.				
34	26.12.2014	Cash received of Rs. 6,46,800 plus penalty of Rs. 3234 due to late payment by 1 week.(2 % for 1 week on 6,46,800) from mohan sports				
	28.12.2014	SUNDAY				
35	29.12.2014	Payment for post delivery service cost (i.e. warranty cost) of Rs. 80,000.				
36	29.12.2014	Payment of water bill of Rs. 35000				
37	30.12.2014	<table border="1" data-bbox="475 1317 1370 1355"> <tr> <td>5 machine operator</td> <td>Rs 100000</td> </tr> </table> Wages paid to workers / employees in cash.	5 machine operator	Rs 100000		
5 machine operator	Rs 100000					
38	30.12.2014	Payment of advertisement in newspaper of Rs. 30,000.				
39	31.12.2014	Received interest on short term inter corporate deposit @6% p.a				
40	31.12.2014	Payment of monthly principal repayment of Rs. 5,00,000 and interest of Rs.2,45,833.				
41	31.12.2014	Invested surplus cash				

Journal Entry

JOURNAL ENTERIES			
01-Dec	Municipal taxes a/c	22,000	
	To Cash a/c		22,000
01-Dec	Advertisement a/c	30,000	
	To Cash a/c		30,000
03-Dec	Purchases a/c	1,10,250	
	To Shashi woods a/c		1,10,250
03-Dec	Carriage inward a/c	5,000	
	To Cash a/c		5,000
04-Dec	Purchases a/c	4,29,228	
	To Aman Woods		4,29,228
04-Dec	Carriage inward a/c	10,000	
	To Cash a/c		10,000
05-Dec	Fuel charges a/c	20,000	
	To cash a/c		20,000
05-Dec	Mohan sports ltd	6,46,800	
	To Sales a/c		6,46,800
06-Dec	Purchases a/c	5,39,514	
	To Hitesh wood a/c		5,39,514
	Hitesh wood a/c	5,39,514	
	To Notes Payables a/c		5,39,514
06-Dec	Carriage inward a/c	5,000	
	To Cash a/c		5,000

08-Dec	Donation	30,000	
	To Cash a/c		30,000
08-Dec	Repair & Maintenance a/c	10,000	
	To Cash a/c		10,000
08-Dec	Cash a/c	8,08,500	
	To Sales a/c		8,08,500
10-Dec	Insurance expense a/c	30,000	
	To cash a/c		30,000
10-Dec	Irfan sports ltd	9,70,200	
	To Sales a/c		9,70,200
11-Dec	Aman woods ltd	4,29,228	
	To Cash a/c		4,12,058
	To Discount Received		17,170
11-Dec	Purchases a/c	3,59,675	
	To Cash a/c		3,59,675
	(Being raw material purchased on credit)		
12-Dec	Notes Receivables a/c	16,17,000	
	To Sales a/c		16,17,000
12-Dec	Cash a/c	16,07,671	
	To Discount allowed	9329	
	To Notes Receivables a/c		16,17,000
13-Dec	Cash A/c	5,62,800	
	To Mohan sports		5,60,000
	To Penalty Received		2800
13-Dec	Provision for doubtful debt a/c	56,000	
	To Bad debt recovered		56,000
	(Being Bad debt recovered from Mohan sports)		
13-Dec	Notes Payable a/c	5,39,514	
	To Cash a/c		517934
	To Discount Received		21,580

17-Dec	Shashi wood ltd	1,10,250	
	Penalty charge	551	
	To Cash a/c		1,10,801
17-Dec	Packing expense a/c	20,000	
	To cash a/c		20,000
20-Dec	Tea & coffee expense a/c	2500	
	To cash a/c		2500
20-Dec	Telephone expense a/c	2500	
	To cash a/c		2500
23-Dec	Warehousing expense a/c	50,000	
	To Cash a/c		50,000
23-Dec	Conveyance expense a/c	10000	
	To Cash a/c		10000
24-Dec	Cash a/c	7,76,160	
	Discount allowed	32340	
	To Irfan sports ltd		808500
24-Dec	Wages a/c	2,40,000	
	To Cash a/c		2,40,000
25-Dec	Rent a/c	2,02,125	
	To Cash a/c		2,02,125
25-Dec	Electricity charges a/c	1,25,000	
	To Cash a/c		1,25,000
26-Dec	Wages a/c	1,50,000	
	To Cash a/c		1,50,000
26-Dec	Wages a/c	30,000	
	To Cash a/c		30,000

26-Dec	Cash a/c	6,50,034	
	To Mohan sports ltd		6,46,800
	To Penalty Received		3234
29-Dec	Warranty cost expense	80,000	
	To cash a/c		80,000
29-Dec	Water Bill	35,000	
	To cash a/c		35,000
30-Dec	Wages a/c	1,00,000	
	To Cash a/c		1,00,000
30-Dec	Advertisement expenses a/c	30,000	
	To cash a/c		30,000
31-Dec	Bank a/c	34,985	
	To Interest on investment		34,985
31-Dec	Loan a/c	5,00,000	
	Interest on loan a/c	2,45,833	
	To bank a/c		7,45,833
31-Dec	Investment a/c	16,12,607	
	To cash a/c		16,12607
31-Dec	Depreciation a/c	3,00,000	
	To Cutting Machine a/c		1,02,000
	To Buffing Machine a/c		68,666
	To Binding Machine a/c		32,000
	To Pressing Machine a/c		93,667
	To Machine tools a/c		1667
	To Furniture a/c		2,000

Ledger

Bank loan a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
31-Dec	To bank a/c	5,00,000	01-Dec	By Balance b/d	2,95,00,000
31-Dec	To bal c/d (bal fig.)	2,90,00,000			
		2,95,00,000			2,95,00,000

Purchase a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
03-Dec	To shashi woods ltd	1,10,250			
04-Dec	To Aman woods	4,29,228			
06-Dec	To Notes payable	5,39,514	31-Dec	By bal c/d	14,38,667
11-Dec	To Cash a/c	3,59,675			
		14,38,667			14,38,667

Discount received a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
			11-Dec	By Aman woods	17,170
			13-Dec	By notes payable a/c	21,580
29-Dec	By bal c/d	38,750			
		38,750			38,750

Shashi woods ltd					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
17-Dec	To Cash a/c	1,10,250	03-Dec	By purchases a/c	1,10,250
		1,10,250			1,10,250

Aman woods a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
11-Dec	To Cash a/c	4,12,058	04-Dec	By purchases a/c	4,29,228
11-Dec	To Discount received a/c	17,170			
		4,29,228			4,29,228

Sales a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
			05-Dec	By mohan sports ltd	6,46,800
			08-Dec	By cash a/c	8,08,500
			10-Dec	By Irfan sports ltd a/c	9,70,200
31-Dec	To balance c/d	40,42,500	12-Dec	By notes receivables a/c	16,17,000
		40,42,500			40,42,500

Discount allowed a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
12-Dec	To notes receivables	9,329			
24-Dec	To Irfan sports ltd	32,340	31-Dec	By bal c/d	41,668
		41,669			41,669

Notes payable a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
13-Dec	To cash a/c	5,17,934	06-Dec	By purchases a/c	5,39,514
13-Dec	To Discount received	21,580			
		5,39,514			5,39,514

Irfan sports ltd					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
10-Dec	To sales a/c	9,70,200	24-Dec	By cash a/c	7,76,160
			24-Dec	By discount allowed	32,340
			31-Dec	By balance c/d	1,61,700
		9,70,200			9,70,200

Notes receivable a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
12-Dec	To sales a/c	16,17,000	12-Dec	By cash a/c	16,07,671
			12-Dec	By discount allowed a/c	9,329
			31-Dec	By balance c/d	nil
		16,17,000			16,17,000

Mohan sports ltd					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Dec	To Balance b/d	5,60,000			
05-Dec	To Sales a/c	6,46,800	13-Dec	By cash a/c	5,60,000
			26-Dec	By cash a/c	6,46,800
		12,06,800			12,06,800

Municipal Taxes					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
1-Dec	To cash a/c	22000			
			31-Dec	By P&L a/c	22,000
		22,000			22,000

Advertisement Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
1-Dec	To cash a/c	30,000			
30-Dec	To cash a/c	30,000	31-Dec	By P&L a/c	60,000

		60,000			60,000
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Carriage Inward					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
3-Dec	To cash a/c	5000			
4-Dec	To cash a/c	10,000	31-Dec	By P&L a/c	20,000
6-Dec	To cash a/c	5000			
		20,000			20,000

Fuel charges					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
5-Dec	To cash a/c	20,000			
			31-Dec	By P&L a/c	20,000
		20,000			20,000

Donation					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
8-Dec	To cash a/c	30,000			
			31-Dec	By P&L a/c	30,000
		30,000			30,000

Repair & Maintenance					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
8-Dec	To cash a/c	10,000			
			31-Dec	By P&L a/c	10,000
		10,000			10,000

Insurance					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
10-Dec	To cash a/c	30,000			
			31-Dec	By P&L a/c	30,000
		30,000			30,000

Penalty charged					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
17-Dec	To cash a/c	551			
			31-Dec	By P&L a/c	551
		551			551

Penalty Received					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
			13-Dec	By cash a/c	2800
			26-Dec	By cash a/c	3234
31-Dec	To P&L a/c	6034			
		6034			6034

Interest on Investments					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
			31-Dec	By bank a/c	34,985
31-Dec	To P&L a/c	34,985			
		34,985			34,985

Packing Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
17-Dec	To cash a/c	20,000			
			31-Dec	By P&L a/c	20,000
		20,000			20,000

Tea Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
20-Dec	To cash a/c	2500			
			31-Dec	By P&L a/c	2500
		2500			2500

Telephone Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
20-Dec	To cash a/c	2500			
			31-Dec	By P&L a/c	2500
		2500			2500

Warehousing Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
23-Dec	To cash a/c	50,000			
			31-Dec	By P&L a/c	50,000
		50,000			50,000

Conveyance Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
23-Dec	To cash a/c	10000			
			31-Dec	By P&L a/c	10000
		10000			10000

Wages Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
24-Dec	To cash a/c	2,40,000			
26-Dec	To cash a/c	1,80,000			
30-Dec	To cash a/c	1,00,000	31-Dec	By P&L a/c	5,20,000
		5,20,000			5,20,000

Rent					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
25-Dec	To cash a/c	2,02,125			
			31-Dec	By P&L a/c	2,02,125
		2,02,125			2,02,125

Electricity					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
25-Dec	To cash a/c	1,25,000			
			31-Dec	By P&L a/c	1,25,000
		1,25,000			1,25,000

Warranty costs					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
29-Dec	To cash a/c	80,000			
			31-Dec	By P&L a/c	80,000
		80,000			80,000

Water Bill					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
29-Dec	To cash a/c	35,000			
			31-Dec	By P&L a/c	35,000
		35,000			35,000

Interest on Loan					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
31-Dec	To bank a/c	2,45,833			
			31-Dec	By P&L a/c	2,45,833
		2,45,833			2,45,833

Provision of bad debt					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
13-Dec	To Bad Debt Recovered a/c	56,000	1-Dec	By Balance b/d	56,000
		56,000			56,000

Bad debt Recovered					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
31-Dec	To P&L a/c	56,000	13-Dec	By Provision of bad debt	56,000
		56,000			56,000

Cash a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Dec	To Balance b/d	4,62,937	01-Dec	By municipal tax	22,000
08-Dec	To sales a/c	8,08,500	01-Dec	By advertisement expense	30,000
12-Dec	To notes receivables	16,07,671	03-Dec	By carriage inward	5,000
13-Dec	To mohan sports ltd	5,60,000	04-Dec	By carriage inward	10,000
13-Dec	To penalty received	2,800	05-Dec	By fuel charges	20,000
24-Dec	To Irfan sports ltd	7,76,160	06-Dec	By carriage inward	5,000
26-Dec	To Mohan sports	6,46,800	08-Dec	By Donation	30,000
26-Dec	To penalty received	3234	08-Dec	By repair & maintenance	10,000
			10-Dec	By insurance	30,000
			11-Dec	By aman woods ltd	4,12,058
			11-Dec	By purchases	3,59,675
			13-Dec	By notes payable	5,17,934
			17-Dec	By shashi ltd	1,10,250
			17-Dec	By penalty charge	551
			17-Dec	By packing fee	20,000
			20-Dec	By tea expense	2500
			20-Dec	By telephone expense	2500
			23-Dec	By warehousing expense	50,000
			23-Dec	By conveyance expense	10000
			24-Dec	By wages	2,40,000
			25-Dec	By rent	2,02,125
			25-Dec	By electricity	1,25,000
			26-Dec	By wages	1,80,000
			29-Dec	By warranty cost	80,000
			29-Dec	By Water Bill	35,000
			30-Dec	By Wages	1,00,000
			30-Dec	By advertisement expense	30,000

			31-Dec	By investment (Bal fig)	16,12,607
			31-Dec	By balance c/d (Note1)	6,15,902
		48,68,102			48,68,102

Note 1

Cash expense = 26,39,593

Average cash expense = $26,39,593/30 = 87,986$

Cash balance is to be maintained of maximum 7 or minimum 3 days cash expense. We assumed that cash balance is to be maintained of 7 days cash expense.

7 day cash expense = 6,15,902

Investment in inter-corporate market = 16,12,607

Cutting Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Dec	To Bal b/d	60,18,000	31-Dec	By depreciation a/c	1,02,000
			31-Dec	By bal c/d	59,16,000
		60,18,000			60,18,000

Buffing Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Dec	To Bal b/d	40,51,334	31-Dec	By depreciation a/c	68,666
			31-Dec	By bal c/d	39,82,668
		40,51,334			40,51,334

Binding Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Dec	To Bal b/d	18,88,000	31-Dec	By depreciation a/c	32,000
			31-Dec	By bal c/d	18,56,000
		18,88,000			18,88,000

Pressing Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Dec	To Bal b/d	55,26,333	31-Dec	By depreciation a/c	93,667
			31-Dec	By bal c/d	54,32,666
		55,26,333			55,26,333

Machine tools a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Dec	To Bal b/d	98,333	31-Dec	By depreciation a/c	1667
			31-Dec	By bal c/d	96,666
		98,333			98,333

Furniture a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Dec	To Bal b/d	1,18,000	31-Dec	By depreciation a/c	2000
			31-Dec	By bal c/d	1,16,000
		1,18,000			1,18,000

Depreciation a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
29-Dec	To cutting machine a/c	1,02,000			
29-Dec	To pressing machine a/c	93,667			
29-Dec	To Buffing machine a/c	68,666			

29-Dec	To Binding machine a/c	32,000			
29-Dec	To machine tools a/c	1,667			
29-Dec	To furniture a/c	2,000	29-Dec	By bal c/d	3,00,000
		3,00,000			3,00,000

BANK A/C					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
1-dec	To balance b/d	3,38,25,750	31-dec	By principal of loan	5,00,000
31-dec	To interest on investment a/c	34,985	31-dec	By interest on loan	2,45,833
			31-dec	By balance c/d	3,31,14,902
		3,38,60,735			3,38,60,735

Investment					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
1-Dec	To Bal b/d	69,96,986			
31-Dec	To Cash a/c	16,12,607	31-Dec	By Balance c/d	86,09,593
		86,09,593			86,09,593

Calculation of closing stock- FIFO Method

Raw material stock a/c			
Particulars	Amount (Rs)	Particulars	Amount (Rs)
To opening stock Willow(11700kg * 25Rs.) Glue(15kg*1000Rs) Sandpaper(11kg*500)	3,13,000	By consumed Willow (11700kg * 25Rs.) (730*2.56) Glue(15kg*1000Rs) (321*1102.5) Oil (600litres*441) Sandpaper(11kg*500) (142kg*551.25) Rubber(15packets *1102.5)	10,46,437
To purchases a/c Willow(23998.7kg * 27.56Rs.) Oil (600litres*441Rs) Glue(350kg*1102.5Rs) Sandpaper(200kg*551.25) Rubber(15packets *1102.5)	14,38,667	By closing stock Willow(23,268.7kg * 27.56Rs.) Glue(29kg*1102.5Rs) Sandpaper(58kg*551.25)	7,05,230
	17,51,667		17,51,667

Trial Balance

TRIAL BALANCE		
Particulars	Dr. Amount (Rs)	Cr. Amount (Rs)
Capital as on 01-Dec		2,70,22,673
Opening stock	3,13,000	
Bank balance	3,31,14,902	
Bank loan		2,90,00,000
Purchases	14,38,667	
Capital Reserve(Government grant)		52,80,000
Cash Balance	6,15,902	
Investment	86,09,593	
Sales		40,42,500
Security deposit	20,00,000	
Municipal taxes	22,000	

Advertisement expense	60,000	
Carriage inward	20,000	
Fuel charges	20,000	
Donation	30,000	
Repair and maintenance	10,000	
Insurance expense	30,000	
Penalty charge expense	551	
Packing expense	20,000	
Tea and coffee expense	2500	
Telephone expense	2500	
Warehousing expense	50,000	
Conveyance expense	10000	
Wages	5,20,000	
rent	2,02,125	
electricity	1,25,000	
Penalty received		6034
Warranty cost	80,000	
Water Bill	35,000	
Interest received		34,985
Interest on loan	2,45,833	
Discount received		38,750
Discount allowed	41,669	
Irfan sports ltd	1,61,700	
Cutting machines	59,16,000	
Pressing machines	54,32,666	
Buffing machines	39,82,668	
Binding machines	18,56,000	
furniture	1,16,000	
Machine tools	96,666	
Depreciation	3,00,000	
Bad Debt Recovered		56,000
Total	6,54,80,942	6,54,80,942

Profit and Loss Statement

	Profit & Loss A/c		
Particulars	Amount(Rs)	Particulars	Amount(Rs)
Opening stock	3,13,000	Sales	40,42,500
Purchases	14,38,667		
Carriage inward	20,000	Closing stock	7,05,230
Fuel charges	20,000	Interest on investment	34,985
Wages	5,20,000	Discount received	38,750
Water Bill	35,000	Bad debts Recovered	56,000
Electricity	1,25,000	Penalty received	6034
Warranty cost	80,000		
Municipal taxes	22,000		
Advertisement and selling expense	30,000		
Donation	30,000		
Repair & maintenance	10,000		
Insurance expense	30,000		
Penalty paid	551		
Packing expense	20,000		
Tea and coffee expense	2500		
Telephone expense	2500		
Warehousing expense	50,000		
Conveyance expense	10,000		
Rent	2,02,125		
Newspaper advertisement	30,000		
Interest on loan	245833		
Discount allowed	41,669		
Bad debts	1,61,700		
Depreciation	3,00,000		
Net profit	11,42,954		
Total	48,83,499	Total	48,83,499

Balance sheet

Balance sheet			
Assets	Amount(Rs)	Liabilities	Amount(Rs)
Current assets			
Bank balance	3,31,14,902	Bank loan	2,90,00,000
Cash balance	6,15,902		
		Owner's Equity	
Irfan sports ltd	1,61,700	Capital	2,70,22,673
less: bad debt	1,61,700	nil	
		Add: Net profit	11,42,954
Closing stock	7,05,230	Capital reserve (Government grant)	52,80,000
Non-current asset			
Cutting machines	59,16,000		
Pressing machines	54,32,666		
Buffing machines	39,82,668		
Binding machine	18,56,000		
Furniture	1,16,000		
Machine Tools	96,666		
Security Deposit	20,00,000		
Investment	86,09,593		
Total	6,24,45,627	Total	6,24,45,627

Cash Flow statement

<ul style="list-style-type: none"> • <u>CASH FLOW FROM OPERATING ACTIVITIES</u> 		
Net profit before taxation and extraordinary item		11,42,954
<u>Adjustment for non cash and non operating expenses</u>		
Add: Interest expense	2,45,833	
Depreciation	3,00,000	
Less: Interest on investment	34,985	
<u>Operating profit before working capital changes</u>		5,10,848
Add: Decrease in current asset and increase in current liabilities		
Decrease in debtors		5,60,000
Less: Increase in current asset and decrease in current liabilities		
Decrease in provision on doubtful debt		(56,000)
Increase in stock		(3,92,230)
<u>cash flow from operating activities (A)</u>		17,65,572
<ul style="list-style-type: none"> • <u>CASH FLOW FROM INVESTING ACTIVITIES</u> 		
Purchase of investment		(16,12,607)
(86,09,593-69,96,986)		
<u>cash flow from investing activities (B)</u>		(16,12,607)
<ul style="list-style-type: none"> • <u>CASH FLOW FROM FINANCING ACTIVITIES</u> 		
Repayment of Bank loan		(5,00,000)
Interest paid		(2,45,833)
Interest on investment		34,985
<u>cash flow from financing activities (C)</u>		(7,10,848)
OVER ALL/ NET CASH FLOW (A+B+C)		(5,57,883)
Add: opening cash and cash equivalents		
Cash	4,62,937	
Bank	33825750	
		3,42,88,687
Cash and cash equivalents at the end		
Cash	6,15,902	
Bank	3,31,14,902	
		3,37,30,804

Compliance statement

First four conditions come from the month of November

5. Depreciation computed on SLM basis

Life of Fixed Assets = 5 years

=> **Depreciation to be charged = (180 lakhs / 60 months) = 3,00,000 lakh/month**

6. **Total cash sales = 8,08,500**

Dealer	Amount
Ram Sports	8,00,500

Total credit sales = 32,34,000

Dealer	Amount
Mohan sports	6,46,800
Sachin sports	16,17,000
Irfan sports	9,70,200
Total	32,34,000

=> **credit sales are 4 times of cash sales.**

7. **Total cash purchases = 3,59,675**

Dealer	Amount
Jaykay woods	3,59,675

Total credit purchases = 10,78,992

Dealer	Amount
Shashi woods	1,10,250
Aman woods	4,29,228
Hitesh woods	5,39,514
Total	10,78,992

=> **credit purchases are 3 times of cash purchases.**

8) Credit terms

Credit Sales period is 2 weeks

Credit Purchase period is 1 week

(9.1) Total credit sales = 32,34,000

1/2 of credit sales are against notes receivable (i.e, $32,34,000/2 = 16,17,000$
sale to sachin sports ltd. Against notes receivable.

(9.2) Total credit purchases = 10,78,992

1/2 of credit purchases are against notes payable (i.e, $10,78,992/2 = 5,39,513$
purchased raw material from hitesh wood ltd against notes payable.

(10) **Cash Balance**

Cash expense = 26,39,593

Avg cash expense = $26,39,593/30 = 87,986$

Cash balance is to be maintained of maximum 7 or minimum 3 days cash expense. We assumed that cash balance is to be maintained of 7 days cash expense.

7 day cash expense = 6,15,902

Investment in inter-corporate market = 16,12,607

11. **Yes, all notes receivable are discounted with the banker @ 15% p.a.**

12. **Yes, implied to the condition.**

20% of receivable i.e, $32,34,000*20\% = 6,46,800$ delayed by one half of
the normal credit period from mohan sports

13. Discount availed : **Yes, implied to the condition.**

Irfan sports ltd :sales to him = 9,70,200

he is paying 8,08,500 on time. Hence discount allowed to him : $8,08,500*4\%$
 $= 32,340.$

Penalty received: **Yes, implied to the condition.**

Mohan sports ltd = 6,46,800 delayed by 1 week.

Hence penalty received :: $6,46,800*2\%*1/4 = 3234$

14. 5% of credit sales will be considered bad.

Yes, implied to the condition. 5% of 32,34,000 = 1,61,700 has been considered
as bad from Irfan sports

**No closing debtors exists at month end. Therefore no provision on doubtful
debts has created.**

15.1 **Yes, implied to the condition.**

Penalty paid = 551

Since, payment is delayed by 1 week to shashi wood ltd.

Hence penalty @2% per month paid i.e, $1,10,250 \times 2\% \times 1/4 = 551$

15.2 Yes, implied to the condition.

Payment to aman wood ltd on time and discount availed of Rs. 17,170

= $(4,29,228 \times 4\%)$

Payment to Hitesh wood ltd on time and discount availed of Rs. 21,580

= $(5,39,514 \times 4\%)$

16. Principal amount is repayable over 5 years.

Total loan = 3,00,00,000

Principal amount paid per month = $3,00,00,000 / 60 = 5,00,000$

Interest paid @10% p.a. therefore interest on loan = Rs. 2,45,833

17. No delay in principal or interest payment. Hence no penal interest has been charged.

18) SALE PRICE OF BATS: Increase of 5% over previous month

Description	November (Rs per bat)	December (Rs per bat)
A	1000	1050
A+	2000	2100

PURCHASE PRICE OF RAW MATERIAL: Increase by 5% every 15 days

Description	Nov. (before 15)	Nov. (After 15)	Dec. (before 15)	Dec. (After 15)
Willow (per kg)	25	26.25	27.56	28.95
Linseed oil (per litre)	400	420	441	463
Rubber (per packet)	1000	1050	1102.5	1158
Sand paper per kg	500	525	551.25	579
Glue (per kg)	1000	1050	1102.5	1158

SALE VOLUME OF BATS: Increase of 10% over previous month

Description	November (Rs per bat)	December (Rs per bat)
A	1700	1870
A+	900	990

21. Municipal taxes is 1% of of owners equity i.e, $264 \text{ lakhs} \times 1\% \times 1/12 = 22,000$

22. Wages = 5,20,000 and total sales = 40,42,500

Percentage (%) = $5,20,000/40,42,500 = 12.86\%$.

=> **wages cost between 10% to 30% of sales.**

23. **Rent = 5% of total sales**

= 5% of 40,42,500

= Rs. 2,02,125

24. **Recorded at least 2 transactions per day for 20 days in a month**

KAKKAKANI.NET

JANUARY – 1/1/2015 to 31/1/2015

1	1.1.2015	Payment of municipal taxes of Rs. 22,000			
2	1.1.2015	Paid Packing material expenses amounted to Rs. 25000.			
3	2.1.2015	Purchase of Raw material from Jaykay Woods Ltd at cash.			
		Description	Quantity	Rate	Amount(Rs)
		Rubber	20 packet	1215	24,300
		Willow(wood)	362.4 kg	30.4 per kg	11017
		Linseed Oil	665 litre	486.2 per litre	3,23,323
		glue	50kg	1215	60,750
				TOTAL	4,19,390
4	2.1.2015	Payment of ordering charges of Rs.5,000 on raw material purchased.			
5	2.1.2015	Payment of advertisement expense in print media of an amount of Rs. 50,000			
	3.1.2015	SUNDAY			
6	4.1.2015	Sold 678 A size bats @ 1102.5 to Mohan sports ltd of Rs. 7,47,495 on credit.			
7	4.1.2015	Payment made for delivery charges of Rs. 15,000			
8	6.1.2015	Sold 847 A+ bats @ 2205 to Sachin sports ltd on credit of Rs 18,67,635 against notes receivables.			
9	6.1.2015	Bill Receivable of Rs. 18,67,635 discounted with the bank @ 15%p.a			
10	9.1.2015	Raw material purchased from Hitesh woods Ltd on credit against notes payable.			
		Description	Quantity	Rate	Amount(Rs)
		Willow(wood)	20,693 kg	30.40 per kg	6,29,067
				TOTAL	6,29,067
11	9.1.2015	Payment for consumable for an amount of Rs.50,000.			
	10.1.2015	SUNDAY			
12	11.1.2015	Sold 1016 A size bats @ 1102.5 to Dinesh sports ltd on credit of Rs. 11,20,140.			
13	11.1.2015	Hired 10 extra semi-skilled labour @ 10,000 per month and 2 extra supervisors @ 20,000 per month because of extra production.			
14	12.1.2015	Payment of Painting charges of Rs.40,000.			
15	12.1.2015	Payment for repairs and maintenance charges of machine of Rs. 10,000.			
16	13.1.2015	Raw material purchased from Aman woods Ltd on credit.			
		Description	Quantity	Rate	Amount(Rs)

		Willow(wood)	1706.6 kg	30.4 per kg	51,881
		Sand paper	250 kg	607.75	1,51,938
		Glue	350 kg	1215 per kg	4,25,250
				TOTAL	6,29,069
17	13.1.2015	Payment for tea and coffee expenses in factory premises of Rs. 2000			
18	14.1.2015	Payment of warehouse expense of Rs. 50,000			
19	14.1.2015	Payment for warranty repairs for defective goods of Rs. 30,000			
20	15.1.2015	Payment made to IBM for using cloud computing service of Rs. 1,20,000 through E-transfer.			
21	15.1.2015	Payment of travelling expense of employee for promotion and distribution activities of Rs. 40,000			
22	16.1.2015	Cost of training of employee for further improvement of Rs. 20,000			
23	16.1.2015	Payment to Hitesh woods ltd of Rs.6,03,905 by cheque with discount received of Rs.25,162 by redeeming notes payable of Rs. 6,29,067.			
	17.1.2015	SUNDAY			
24	18.1.2015	Sold 363 units A size bats @ 1102.5 and 242 A+ BATS @ 2205 TO m/s Ram sports & sons of Rs. 933,818 in cash.			
25	18.1.2015	Expense of experimental and research work for designing new version bats of Rs. 65,000 done before sale.			
26	19.1.2015	Payment for printing and stationery used in office of Rs. 2,000			
27	19.1.2015	Donation paid to charitable sports association of Rs. 50,000			
28	20.1.2015	Payment to Aman woods ltd on time of Rs.6,03,906 by cheque with discount received of Rs.25,163.(discount of 4% on 6,29,069)			
29	20.1.2015	Payment for repair caused by fire of Rs. 10,000			
30	21.1.2015	Payment to broker Rs. 10,000 for helping in receiving sales order			
31	21.1.2015	Cost of fringe benefits consumed by workers of Rs. 20,000			
32	22.1.2015	Payment for subscription of Rs. 20,000 to Amazon (E-Trading channel)			
33	22.1.2015	Payment for office administration expense of Rs. 10,000			
34	23.1.2015	Payment to telephone charges of Rs. 2500.			
35	23.1.2015	Payment of rent on factory building of Rs. 2,33,455.			
	24.1.2015	SUNDAY			
36	25.1.2015	Cash received Rs.7,47,495 plus penalty of Rs. 3737 due to late payment by 1 week, i.e total received 7,51,232 from Mohan sports ltd. (Penalty on 7,47,495 @ 2% per month for 1 week)			

37	25.1.2015	Cash received of Rs. 8,96,040 by discount allowed of Rs. 37,335 from Dinesh sports ltd. Balance due of Rs. 1,86,765.		
38	27.1.2015	Payment of wages in cash.		
		Type	Per month	Total
		30 semi-skilled labour	10,000 each	3,00,000
		4 supervisor	20,000 each	80,000
		5 machine operators	20,000 each	1,00,000
39	27.1.2015	Payment of electricity charges of Rs. 1,18,000		
40	30.1.2015	Payment of wages to employees in cash.		
		Type	Per month	Total
		5 finishing work employee	30,000 each	1,50,000
41	30.1.2015	4 helpers	7,500 each	30,000
		Payment of wages to employees in cash.		
42	30.1.2015	Payment of monthly insurance expense on machinery of Rs. 30,000 on machinery.		
43	30.1.2015	Payment of water bill of Rs. 35,000		
44	31.1.2015	Payment of monthly instalment of long term loan of Rs. 5,00,000.		
45	31.1.2015	Payment of interest of Rs. 2,41,667 on long term loan.		
46	31.1.2015	Received interest on short term inter corporate deposit @ 6% P.A.		
47	31.1.2015	Invested surplus cash.		

Journal Entry

JOURNAL ENTERIES			
01-Jan	Municipal taxes a/c	22,000	
	To Cash a/c		22,000
01-Jan	Packing expense a/c	25,000	
	To Cash a/c		30,000
02-Jan	Order charges a/c	5000	
	To cash a/c		5000
02-Jan	Purchases a/c	4,19,390	
	To cash a/c		4,19,390
02-Jan	Advertisement a/c	50,000	
	To cash a/c		50,000
04-Jan	Mohan sports a/c	7,47,495	
	To Sales a/c		7,47,495
04-Jan	Delivery charges a/c	15,000	
	To cash a/c		15,000
06-Jan	Notes Receivables a/c	18,67,635	
	To Sales a/c		
06-Jan	Cash a/c	18,56,860	
	Discount allowed a/c	10,775	
	To Notes Receivables a/c		18,67,635
09-Jan	Purchases a/c	6,29,067	
	To Notes Payables a/c		6,29,067

09-Jan	Consumables a/c		50,000
	To Cash a/c		50,000
11-Jan	Dinesh sports a/c	11,20,140	
	To Sales a/c		11,20,140
12-Jan	Painting expense a/c	40,000	
	To cash a/c		30,000
12-Jan	Repair & Maintenance a/c	10,000	
	To cash a/c		10,000
13-Jan	Purchases a/c	6,29,069	
	To Aman woods		6,29,069
13-Jan	Tea & coffee expense	2000	
	To Cash a/c		2000
14-Jan	Warehouse expense a/c	50,000	
	To cash a/c		50,000
14-Jan	Warranty repairs	30,000	
	To cash a/c		30,000
15-Jan	Cloud computing a/c	1,20,000	
	To Bank a/c		1,20,000
15-Jan	Travelling expense	40,000	
	To cash a/c		40,000
16-Jan	Training expense	20,000	
	To Cash a/c		20,000

16-Jan	Notes Payable a/c	6,29,067	
	To Bank a/c		6,03,905
	To Discount Received		25,162
18-Jan	Cash a/c	9,33,818	
	To Sales a/c		9,33,818
18-Jan	R&D expense	65,000	
	To cash a/c		65,000
19-Jan	Printing and stationary a/c	2000	
	To Cash a/c		2000
19-Jan	Donation a/c	50,000	
	To Cash a/c		50,000
20-Jan	Aman woods a/c	6,29,069	
	To Bank a/c		6,03,906
	To Discount received		25,163
20-Jan	Fire repairs a/c	10,000	
	To Cash a/c		10,000
21-Jan	Brokerage a/c	10,000	
	To Cash a/c		10,000
21-Jan	Fringe benefits	20,000	
	To cash a/c		20,000
22-Jan	Subscription charges	20,000	
	To Cash a/c		20,000
22-Jan	Office administration expense	10,000	
	To Cash a/c		10,000
23-Jan	Telephone charges	2500	
	To Cash a/c		2500
23-Jan	Rent a/c	2,33,455	
	To Cash a/c		
25-Jan	Cash a/c	7,51,232	

	To Mohan sports		7,47,495
	To Penalty received		3737
25-Jan	Cash a/c	8,96,040	
	To Discount allowed	37,335	
	To Dinesh sports		9,33,375
27-Jan	Wages a/c	4,80,000	
	To Cash a/c		4,80,000
27- Jan	Electricity charges	1,18,000	
	To Cash a/c		1,18,000
30 Jan	Wages a/c	1,80,000	
	To Cash a/c		1,80,000
30-Jan	Insurance expense	30,000	
	To Cash a/c		30,000
30-Jan	Water Bill	35,000	
	To Cash a/c		35,000
31-Jan	Bank Loan a/c	5,00,000	
	To bank a/c		5,00,000
31-Jan	Interest paid	2,41,667	
	To bank a/c		2,41,667
31-Jan	Bank a/c	43,048	
	To Interest received		43,048
31-Jan	Investment in short term deposits	25,32,492	
	To Cash a/c		25,32,492

Ledger

Purchase a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
02-Jan	To cash a/c	4,19,390			
09-Jan	To notes payable a/c	6,29,067			
13-Jan	To aman woods	6,29,069	31-Jan	By bal c/d	16,77,526
		16,77,526			16,77,526

Discount received a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
			16-Jan	By notes payable a/c	25,162
			20-Jan	By aman woods ltd	25,163
31-Jan	By bal c/d	50,325			
		50,325			50,325

Aman woods a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
20-Jan	To Bank a/c	6,03,906	13-Jan	By purchases	6,29,029
20-Jan	To discount received	25,163			
		6,29,069			6,29,069

Sales a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
			04-Jan	By Mohan sports	7,47,495
			06-Jan	By notes receivables	18,67,635
			11-Jan	By Dinesh sports ltd	11,20,140
31-Jan	To balance c/d	46,69,088	18-Jan	By cash a/c	9,33,818

		46,69,088			46,69,088
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Discount allowed a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
06-Jan	To notes receivables	10,775			
25-Jan	To Dinesh sports ltd	37,335	31-Jan	By bal c/d	48,110
		48,110			48,110

Bank a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Jan	To balance b/d	3,31,14,902	15-Jan	By Cloud computing expense	1,20,000
31-jan	To interest on investment	43,048	16-Jan	By notes Payable	6,03,905
			20-Jan	By aman woods	6,03,906
			31-Jan	By interest on loan	2,41,667
			31-jan	By principal of loan paid	5,00,000
			31-jan	By balance c/d	3,10,88,472
		3,31,57,950			3,31,57,950

Dinesh sports ltd					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
11-Jan	To sales a/c	11,20,140	25-Jan	By cash a/c	8,96,040
			25-Jan	By discount allowed	37,335
			31-Jan	By balance c/d	1,86,765
		11,20,140			11,20,140

Notes payable a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
16-Jan	To bank a/c	6,03,905	09-Jan	By purchases	6,29,067
16-Jan	To Discount received	25,162			
		6,29,067			6,29,067

Cutting Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Jan	To bal b/d	59,16,000	31-Jan	By depreciation a/c	1,02,000
			31-Jan	By balance c/d	58,14,000
		59,16,000			50,16,000

Buffing Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Jan	To bal b/d	39,82,668	31-Jan	By depreciation a/c	68,666
			31-Jan	By balance c/d	39,14,002
		39,82,668			39,82,668

Binding Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Jan	To bal b/d	18,56,000	31-Jan	By depreciation a/c	32,000
			31-Jan	By balance c/d	18,24,000
		18,56,000			18,56,000

Pressing Machine a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Jan	To bal b/d	54,32,666	31-Jan	By depreciation a/c	93,667
			31-Jan	By balance c/d	53,38,999
		54,32,666			54,32,666

Machine tools a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Jan	To bal b/d	96,666	31-Jan	By depreciation	1667
			31-Jan	By bal c/d	94,999
		96,666			96,666

Furniture a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Jan	To bal b/d	1,16,000	31-Jan	By depreciation	2000
			31-Jan	By bal c/d	1,14,000
		1,16,000			1,16,000

Depreciation a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
31-Jan	To cutting machine a/c	1,02,000			
31-Jan	To bal b/d	98,333	31-Jan	By depreciation	1667
			31-Jan	By bal c/d	96.666
31-Jan	To Binding machine a/c	32,000			
31-Jan	To machine tools a/c	1,667			
31-Jan	To furniture a/c	2,000		By bal c/d	3,00,000
		3,00,000			3,00,000

Notes receivable a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
06-Jan	To sales	18,67,635	06-Jan	By cash a/c	18,56,860
			06-Jan	By discount allowed a/c	10,775
		18,67,635			18,67,635

Mohan sports ltd					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
04-Jan	To sales a/c	7,47,495	25-Jan	By cash a/c	7,47,495
		7,47,495			7,47,495

Municipal taxes					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
1-Jan	To Cash a/c	22,000			
			31-Jan	By P&L a/c	22,000
		22,000			22,000

Packing charges					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
1-Jan	To Cash a/c	25,000			
			31-Jan	By P&L a/c	25,000
		25,000			25,000

Ordering charges					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2-Jan	To Cash a/c	5,000			
			31-Jan	By P&L a/c	5,000
		5,000			5,000

Maintenance					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
12-Jan	To Cash a/c	10,000			
			31-Jan	By P&L a/c	10,000
		10,000			10,000

Water Bill					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
30-Jan	To Cash a/c	35,000			
			31-Jan	By P&L a/c	35,000
		35,000			35,000

Advertisement expenses					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2-Jan	To Cash a/c	50,000			
			31-Jan	By P&L a/c	50,000
		50,000			50,000

Delivery expenses					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
4-Jan	To Cash a/c	15,000			
			31-Jan	By P&L a/c	15,000
		15,000			15,000

Consumables expenses					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
9-Jan	To Cash a/c	50,000			
			31-Jan	By P&L a/c	50,000
		50,000			50,000

Warehouse expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
14- Jan	To Cash a/c	50,000			
			31-Jan	By P&L a/c	50,000
		50,000			50,000

Painting expenses					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
12-Jan	To Cash a/c	40,000			
			31-Jan	By P&L a/c	40,000

Tea expenses					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
13-Jan	To Cash a/c	2000			
			31-Jan	By P&L a/c	2000
		2000			2000

Warrant Repairs					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
14-Jan	To Cash a/c	30,000			
			31-Jan	By P&L a/c	30,000
		30,000			30,000

Cloud computing Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
15-Jan	To Bank a/c	1,20,000			
			31-Jan	By P&L a/c	1,20,000
		1,20,000			1,20,000

Promotional & Travelling Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
15-Jan	To Cash a/c	40,000			
			31-Jan	By P&L a/c	40,000
		40,000			40,000

Training Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
16-Jan	To Cash a/c	20,000			
			31-Jan	By P&L a/c	20,000
		20,000			20,000

R&D Expense					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
18-Jan	To Cash a/c	65,000			
			31-Jan	By P&L a/c	65,000
		65,000			65,000

Stationary					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
19-Jan	To Cash a/c	2000			
			31-Jan	By P&L a/c	2000
		2000			2000

Donation					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
19-Jan	To Cash a/c	50,000			
			31-Jan	By P&L a/c	50,000
		50,000			50,000

Fire repairs					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
20-Jan	To Cash a/c	10,000			
			31-Jan	By P&L a/c	10,000
		10,000			10,000

Brokerage					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
21-Jan	To Cash a/c	10,000			
			31-Jan	By P&L a/c	10,000
		10,000			10,000

Fringe Benefits expenses					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
21-Jan	To Cash a/c	20,000			
			31-Jan	By P&L a/c	20,000
		20,000			20,000

Subscription expenses					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
22-Jan	To Cash a/c	20,000			
			31-Jan	By P&L a/c	20,000
		20,000			20,000

Office & Administration expenses					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
22-Jan	To Cash a/c	10,000			
			31-Jan	By P&L a/c	10,000
		10,000			10,000

Telephone expenses					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
23-Jan	To Cash a/c	2500			
			31-Jan	By P&L a/c	2500
		2500			2500

Rent					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
23-Jan	To Cash a/c	2,33,455			
			31-Jan	By P&L a/c	2,33,455
		2,33,455			2,33,455

Wages					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
27-Jan	To Cash a/c	4,80,000			
30-Jan	To Cash a/c	1,80,000	31-Jan	By P&L a/c	6,60,000
		6,60,000			6,60,000

Electricity					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
27-Jan	To Cash a/c	1,18,000			
			31-Jan	By P&L a/c	1,18,000
		1,18,000			1,18,000

Insurance					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
30-Jan	To Cash a/c	30,000			
			31-Jan	By P&L a/c	30,000
		30,000			30,000

Bank Loan					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
31-Jan	To Cash a/c	5,00,000	1-Jan	By Balance b/d	2,90,00,000
31-Jan	To bal c/d	2,85,00,000			
		2,90,00,000			2,90,00,000

Interest Paid on Loan					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
31-Jan	To bank a/c	2,41,667			
			31-Jan	By P&L a/c	2,41,667
		2,41,667			2,41,667

Interest Received					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
31-jan	To P&L a/c	43,048	31-jan	By bank a/c	43,048
		43,048			43,048

Investment					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
1-jan	To balance b/d	86,09,593			
31-jan	To cash a/c	25,32,492	31-jan	By balance c/d	1,11,42,085
		1,11,42,085			1,11,42,085

Cash a/c					
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
01-Jan	To Balance b/d	6,15,902	01-Jan	By Municipal taxes	22,000
06-Jan	To notes receivables	18,56,860	01-Jan	By Packing charges	25,000
18-Jan	To sales	9,33,818	02-Jan	By Order charges	5,000
25-Jan	To mohan sports	7,47,495	02-Jan	By Purchases	4,19,390
25-Jan	To Dinesh sports ltd	8,96,040	02-Jan	By Advertisement	50,000
25-jan	To penalty received	3737	04-Jan	By Delivery expense	15,000
			09-Jan	By Consumables	50,000
			12-Jan	By Painting expense	40,000
			12-Jan	By Repairs & maintenance	10,000
			13-Jan	By Tea and coffee	2,000
			14-Jan	By warehouse expense	50,000
			14-Jan	By Warrant repair	30,000
			15-Jan	By Promotional & Travelling expense	40,000
			16-Jan	By Training expense	20,000
			18-Jan	By Research and design	65,000
			19-Jan	By Printing and stationery	2,000
			19-Jan	By Donation	50,000
			20-Jan	By Fire repairs	10,000
			21-Jan	By Brokerage	10,000
			21-Jan	By Fringe benefit	20,000

			22-Jan	By Subscription	20,000
			22-Jan	By Office and administration	10,000
			23-Jan	By Telephone expenses	2,500
			23-Jan	By rent	2,33,455
			27-Jan	By Wages	4,80,000
			27-Jan	By electricity	1,18,000
			30-Jan	By Wages	1,80,000
			30-Jan	By Insurance	30,000
			30-Jan	By Water Bill	35,000
			31-Jan	By Investment (b/f)	25,32,492
			31-Jan	By Balance c/d	4,77,015
	Total	50,53,852		Total	50,53,852

Note 1

Cash expense = 20,44,345

Avg cash expense = $20,44,345/30 = 68,145$

Cash balance is to be maintained of maximum 7 or minimum 3 days cash expense. We assumed that cash balance is to be maintained of 7 days cash expense.

7 day cash expense = 4,77,015

Investment in inter-corporate market = 25,32,492

Calculation of Closing stock

Raw material stock a/c (FIFO Method)			
Particulars	Amount (Rs)	Particulars	Amount (Rs)
		By consumed	
		Willow(13673*27.56)	
		Glue(29kg*1102.5)	
		(340.05kg*1215)	
		Oil (663.08litres*486.20)	
		Sandpaper(58*551.25)	
		(110.19*607.75)	
By opening stock		Rubber(29packets *1215)	12,67,591
Willow(23,268.7kg * 27.56Rs.)	7,05,230		
Glue(29kg*1102.5Rs)			
Sandpaper(58kg*551.25)			
To purchases a/c	16,77,526	By closing stock	11,15,165

Willow(22762kg * 30.4Rs.) Oil (665litres*486.2Rs) Glue(400kg*1215Rs) Sandpaper(250kg*607.75) Rubber(29packets *1215)		Willow(9595.7kg * 27.56Rs.) (22762kg*30.40) Glue(59.95kg*1215Rs) Oil(1.92*486.2) Sandpaper(139.81kg*607.75)	
	23,82,756		23,82,756

Trial Balance

TRIAL BALANCE		
Particulars	Dr. Amount (Rs)	Cr. Amount (Rs)
Capital as on 01-Jan		2,81,65,627
Opening stock	7,05,230	
Bank balance	3,10,88,472	
Bank loan		2,85,00,000
Purchases	16,77,526	
Capital Reserve(Government grant)		52,80,000
Cash Balance	4,77,015	
Investment	1,11,42,085	
Sales		46,69,088
Security deposit	20,00,000	
Municipal taxes	22,000	
Packing charges	25,000	
Order charges	5,000	
Cloud computing expense	1,20,000	
Water Bill	35,000	
Advertisement	50,000	
Delivery expense	15,000	
Consumables	50,000	
Painting expense	40,000	
Repairs & maintenance	10,000	
Tea and coffee	2,000	
Warehouse expense	50,000	
Warrant repair	30,000	
Promotional expense	40,000	
Training expense	20,000	
Research and design	65,000	

Printing and stationery	2,000	
Donation	50,,000	
Fire repairs	10,000	
Brokerage	10,000	
Fringe benefit	20,000	
Subscription	20,000	
Office and administration	10,000	
Telephone expenses	2,500	
Rent	2,33,455	
Wages	6,60,000	
Electricity	1,18,000	
Insurance of machine	30,000	
Discount received		50,325
Interest on loan	2,41,667	
Discount allowed	48,110	
Dinesh sports	1,86,765	
Penalty received		3737
Cutting machines	58,14,000	
Pressing machines	53,38,999	
Buffing machines	39,14,002	
Binding machines	18,24,000	
Furniture	1,14,000	
Tools	94,999	
Depreciation	3,00,000	
Interest on investment		43,048
Total	6,67,11,825	6,67,11,825

Profit and Loss statement

Profit & Loss A/c			
Particulars	Amount(Rs)	Particulars	Amount(Rs)
To opening stock	7,05,230	sales	4669088
To Purchases	1677526	Closing stock	11,15,165
To Consumables	50000		
To Municipal taxes	22000	Discount received	25163
To Packing expense	25000	Penalty received	3737
To Order charges	5000	Discount received	25162
To Water Bill	35000	Interest on investment	43048
To Advertisement	50000		
To Delivery expense	15000		
To Painting expense	40000		
To warehouse expense	50000		
To Repair maintenance	10000		
To Tea & coffee	2000		
To Warranty repair	30000		
To Cloud computing expense	120000		
To Promotion expense	40000		
To Training expense	20000		
To Research & designing expense	65000		
To Printing & stationary	2000		
To Donation	50000		
To Discount allowed	48110		
To Fire repairs	10000		
To Brokerage fee	10000		
To Fringe benefit	20000		
To Subscription charges	20000		
To Office & administration	10000		
To Telephone expense	2500		
To Rent	233455		
To Wages	660000		
To Electricity	118000		
To Insurance	30000		
To Interest on loan	241667		
To Depreciation	300000		
To Bad debts	186765		
To Net profit	9,77,110		
Total	47,66,198		47,66,198

Balance sheet

Balance sheet				
Assets		Amount(Rs)	Liabilities	Amount(Rs)
Current assets				
Bank balance		3,10,88,472	Bank loan	2,85,00,000
Cash balance		4,77,015		
Closing stock		11,15,175		
Dinesh sports ltd	1,86,765			
less: bad debt	1,86,765	Nil	Owner's Equity	
			Capital reserve (Government grant)	52,80,000
			Capital	2,81,65,627
			Add: Net profit	9,77,110
Non-current asset				2,91,42,737
Tangible fixed assets				
Cutting machines		58,14,000		
Pressing machines		53,38,999		
Buffing machines		39,14,002		
Binding machine		18,24,000		
Furniture		1,14,000		
Machine Tools		94,999		
Investment		1,11,42,085		
Security Deposit		20,00,000		
Total		6,29,22,737		6,29,22,737

Compliance Statement

First four conditions come from month of november

(5) Depreciation computed on SLM basis

Life of Fixed Assets = 5 years

=> **Depreciation to be charged = (180 lakhs / 60 months) = 3,00,000 lakh/month**

(6) **Cash sales = 9,33,818**

Dealer	Amount
Ram Sports	9,33,818

Credit sales = 37,35,270

Dealer	Amount
Mohan sports	7,47,495
Sachin sports	18,67,635
Dinesh sports	11,20,140
Total	37,35,270

- **credit sales are 4 times of cash sales**

(7) **Cash purchase = 4,19,390**

Dealer	Amount
Jaykay woods	4,19,390

Credit purchase = 12,58,136

Dealer	Amount
Aman woods	6,29,069
Hitesh woods	6,29,069
Total	12,58,138

=> **Credit purchase are 3 times of cash purchase .**

(8) Credit terms

Roll no = 132

Credit Sales period is 2 weeks

Credit Purchase period is 1 week

(9 .1) Total credit sales = 37,35,270

1/2 of credit sales against notes receivable = $37,35,270 \div 2 = 1,8,67,635$

(sale to sachin sports ltd against notes receivable)

(9.2) Total credit purchase = 12,58,136

1/2 of credit purchase are against notes payable = $12,58,136/2 = 6,29,067$

(sale to Hitesh wood ltd against notes payable)

(10) **Cash balance**

Cash expense = 20,44,345

Average cash expense = $20,44,345/30 = 68,145$ (calculated from cash a/c)

Cash balance is to be maintained of maximum 7 or minimum 3 days cash expense. We assumed that cash balance is to be maintained of 7 days cash expense.

7 day cash expense = 4,77,015

Investment in inter-corporate market = 25,32,492

(11) **Yes, all notes receivable are discounted with the banker @ 15% p.a.**

(12) **Yes , implied to the condition.**

Total receivable = 37,35,270

20% of receivable ie ,7,47,495 delayed by one half of the normal credit period.

(13) **Yes , implied to the condition .**

Dinesh sports ltd => sales = 11,20,140

He is paying 9,33,375 on time hence discount allowed to him $9,33,375 * 4\% = 37,335$

Penalty, yes implied to the condition. mohan sports ltd = 7,47,495 delay by 1 week.

penalty received = $7,47,495 * 2\% * \frac{1}{4} = 3,737$

(14) **5% of credit sales will be considered bad.**

i.e. 5% of 37,35,270 = 1,86,765 has been considered as bad.

No closing debtor exists at month end, therefore no provision on doubtful debts has created.

(15) **Yes, implied to the condition.** Payment to hitesh wood on time and availing cash

discount of $6,29,067 * 4\% = 25,162$

Payment to aman wood LTD by redeeming notes payable on time and availed

cash discount i.e. $6,29,063 * 4\% = 25,163$

(16) Principal amount is repayable are 5 year

Total loan 3,00,00,000

principal amount paid per month = $3,00,00,000 \div 60 = 5,00,000/\text{month}$

Interest paid per month = $2,90,00,000 * 10\% * 1 \div 12 = 2,41,667$

(17) No delay in principal or interest payment hence no penal interest has been charged.

(18) SALE PRICE OF BATS: Increase of 5% over previous month

December (Rs per bat)	January (Rs per bat)
1050	1102.5
2100	2205

PURCHASE PRICE OF RAW MATERIAL: Increase by 5% every 15 days

Dec. (After 15)	January (before 15)	January (After 15)
28.95	30.4	32
463	486.2	510.5
1158	1215	1276
579	607.75	638
1158	1215	1276

SALE VOLUME OF BATS: Increase of 10% over previous month

December (Rs per bat)	January (Rs per bat)
1870	2057
990	1089

(21) Municipal taxes 1% of owner equity 264 Lacs*1%*1\12 = 22,000

(22) Wages = 6,66,000 for January and total sales = 46,69,088

Percentage = $6,60,000 / 48,69,088 = 14.14\%$

=> **wages cost is between 10% to 30% of sales.**

(23) Rent = 5% of total sales = 5% of 49,69,088 =2,33,455

(24) Recorded at least 2 transactions per day for 20 days in a month