

“Sweet Gains, Nutty Numbers: The Journey of a Bangalore-Based Start-Up”

Deepika and Priyanka were good friends in college. After completing their MBA, they worked in a leading MNC that was into global sales of premium dry fruits brands. Two years into their MNC career, they decided to contribute to the Start-up India mission. Both of them quit their jobs and started their new venture by contributing ₹150000 each. On 01 June 2015, they opened a small outlet in Bangalore for selling premium brands of dry fruits. They tied up with leading online sales platforms to market their products.

On 01 April 2017, both friends had a meeting with their accountant Ajitha to understand how the business was doing. The accountant briefed them that they are doing fine. She mentioned that though the current bank balance is only ₹ 22000, there were customers who owed ₹ 16500 and would pay soon. Also, the business owed to its suppliers ₹ 15600 in addition to a loan outstanding from ICICI Bank of ₹ 150000. Regarding the mini truck, which the business acquired two years ago for ₹ 600000, Ajitha informed that they had charged depreciation of 10% on it on the WDV method. Regarding the inventory of dry fruits, the accountant stated that they are valued at ₹ 8400. Ajitha reassured the owners that as on date, their assets were more than their liabilities and hence their business is doing well.

On 31 March 2018, the friends and their accountant met to review their operations. The accountant briefed them on the following:

Cash Sales through the store were for ₹ 2,30,000, but a customer returned one box priced at ₹ 20,000
Credit sales through the store was for ₹ 4,65,000, out of which only 10% customers are still outstanding to pay. All others paid their dues.
Online sales amounted to ₹ 6,87,000, and the entire amount has already been received
Monthly rent of ₹ 20000 was paid on the first day of every month for the first nine months. But on 1 Jan 2018, the Landlord asked for payment of ₹ 2,40,000/- for the next 12 months and the firm paid the same too.
Total salary per month amounted to ₹40,000/- and it was paid on the 5 th of every month.

Hence Salary of March 2018 is yet to be paid.
Fee for online sales - ₹ 20,000/- paid
Though the firm made purchases of dry fruits for ₹ 3,06,690/- during the year, goods amounting ₹12,340/- are still lying unsold.
<p>The</p> <p>firm paid the annual interest of 10.25% on the loan outstanding. Also a part of principal amount was repaid on the last day of the year- ₹20,000/-</p>

Considering the above information

1. Prepare Balance Sheet of the firm as on 1.04.2017.
2. Compute Cost of Goods Sold.
3. Prepare Profit and Loss account for the year ending 31.03.2018.
4. Prepare Balance Sheet as on 31.03.2018