Vasundhara Accommodations

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In August 2017, Vasundhara Parameshwaran was asked to resign from the company. This is the third time in past 2 years. Always she was having a thought that she is under some others control and working as an agent for some others decision. The dissatisfaction about the job and the employers made her to start her own venture of self-employment where she can control everything of her own without the instructions and the pressure by others to considerable extent.

Ms.Vasundhara was a management graduate from Mysuru, Karnataka. After getting graduated, she worked for 3 years for a 3-Star hotel where she accentuated in accommodation management, she managed to save few lakhs from her previous employment benefits. She planned to start an online booking platform. She was poised about her talent and expertise related to guest accommodation and emergency management during peak crowd. After burning her fingers for three times, she was very reluctant to search for a third job but at the same time she was not sure about the sufficiency of the fund available with her savings.

Within a fortnight she managed to sculpt a business plan by creating her own website for booking budgeted hotel rooms and named it "Vasundara Accomodations". She decided to employ few more educated ladies as her associates and head the firm herself. Within a week she found that there are lot of demand as the time of commencing the business was a Dussehra festival season which is a major festival season in that province. She also tried reaching her classmates and friends of her under graduation which was bachelor in hotel management. She managed to get a minimum of two of her friends to assist her business.

On August 2017, she transferred all her savings Rs.18 lakh to a new bank account with her newly commenced venture's name, Vasundhara Accommodations. She also added another Rs.12 lakh which she borrowed from her maternal aunt to the account. The business got flooded with demands. So, she rented an office premise with the amount of a lakh and half rupees per month rent and paid an equal amount as security deposit before occupying the space and an advance rent for the month of September 2017. She started procuring the electronic setup facilities. The procurement went to the extent of Rs.3 lakh.

Finally, the official commencement of the stationed business space started on September 2nd, 2017. Even though Ms.Vasundhara was not a professional accountant, she studied accounts during her under graduation, she recollected her sources and applications of funds right from the conception of the idea and executing it. Vasundhara Accomodations had spent most but Rs.9,00,000 including the miscellaneous tiny procurements.

Exhibit No.1

Sources of Funds	Amount in Rs.	Applications of Funds	Amount in Rs.
Vasundhara's savings	1800000	Security deposit and Prepaid rent	300000
Borrowing from maternal aunt	1200000	Set up facilities	300000
		Equipment and facilities	1500000
		Cash at bank	900000
Total	**3000000**	**Total**	**3000000**

Vasundhara was concerned about the speedy expenditures and huge cost on equipment setup and facilities related to software packages.Vasundhara was more confident that somehow, she can make it and proceed further.

After a fortnight, Vasundhara entered into five contracts with the hotels in Mysuru. She was running pillar to post most of the time before noon for managing client requirements and the availability in the hotels in which she entered into the contract. Remaining time she was into

communicating and networking with the new client and hotels in Mysuru. During the second week of September Vasundhara could make it happened to expand her team to 5 members excluding herself. She was not able to take care of fund flow in regular intervals as she was busy searching for hotel clients and business/corporate clients. As and when income is generated, it was transferred to bank account. The team of her firm were paid monthly. During Dusshera festival, the client base increased and the demand was at the peak. Vasundhara could feel the heat of the growing business and at the same time flow of funds in the positive mode. But she unheeded that it is seasonal not regular interval income. Finally, the festival season got over and she could feel the downward surge in the business within the first two weeks of October 2017.

In the 3rd week of October her maternal aunt went to the office premises of Vasundhara Accommodations and enquired about the status of the business and the profit for the month of September. Vasundhara couldn't face her as the financial position was not sound as its almost a month after the Dussehra festival. The peak income generating season was over. She managed to convince her aunt that the accounts are yet to be prepared for the quarter during the month of December 2017. But Vasundhara was not confident enough while conveying it. After a day or two Vasundhara sat with her one of the closest team memberswho is good in book-keeping and maintaining accounts. They started calculating the flow of funds right from the beginning of the business (especially after stationing the official premises). Vasundhara could find few shocking flows of funds. The amount paid by the clients Rs.22,00,000 for the service provided during the month of September 2017. Still there was a due of Rs.7,50,000 which is yet to be cashed. Further procurements of facilities, system and software related equipment went to Rs.2,00,000 and Rs.6,00,000 respectively which has a life of another 1 year from now anyhow it was a part payment where only 50% of each were paid.

Rent of September and October was paid Rs.1,50,000 respectively. All the utility services, monthly expenditure, salary for the internal team and temporary assistants was Rs.1,000,000 (for two months i.e. September and October). A car and a two-wheeler for official use was purchased by Vasundhara on installment of Rs.45,000 (both car and two-wheeler). She was confident that the business location is a famous tourist spot and known for its historical and cultural heritage so the business will definitely move upwards quickly. At the same time, she was astonished about the movement of lumpsum funds often in the name of huge facility

expenditures. Anyhow she completely forgot that her aunt expressed that she must be provided a share of 10% in the income as a sleeping partner and will withdraw her capital if Vasundhara fails to show profit by the end of the financial year i.e. April 2018. Now it came to her mind regarding her aunt's condition while providing fund for the business. Vasundhara was concerned about few key areas i.e. the seasonal fluctuations before the end of the current financial year, life of the equipmentprocured and mushrooming tough competition day by day.

Now, Vasundhara is concerned about how to draft the quarterly as well as the annual financial reports with this financial condition and business scenario. She was pretty sure that an efficient finance expert can project a better business scenario and financial position in the report.

Note: The title of the case and the name of the proprietor of the business is changed on the basis of the request. This is the case developed for the awareness of self-employed women and tiny entrepreneurs.