

Nidhi's OPC - Sunshine Ltd

Nidhi recently graduated from Bharat Institute of Technology in 2021. She was not interested in the profiles offered by the companies and rather wanted to start something on her own. She had saved Rs.1,00,000 out of pocket money and stipend received from the summer internship. After consultation with her father, on 01 Oct 2021, she set up an OPC – Sunshine Ltd – which will deal with development of apps and transferred all her cash to the bank account of the OPC. Looking at her interest her father gave a loan of Rs.80,000 with quarterly interest of 3%. The loan has to be repaid after three years. Nidhi hired an office space for a monthly rent of Rs.5,000, bought furniture of Rs.10,000 (life: 4 years, salvage value: Nil), laptop for Rs.40,000 (life 5 years, salvage value: Rs.10,000) and office consumables of Rs.8,000 at the beginning of the quarter starting on 01 Oct 2021. Deposits made with the landlord: Rs.10,000. She also hired an assistant for a monthly salary of Rs.8,000, payable one day after the end of a particular month.

A software was bought for Rs.21,000 with technical life of three years. She put up a small advertisement paying Rs.5,000 to an online site. Soon Sunshine started getting enquiries from the potential clients. At the end of the quarter, Nidhi got a call from her father asking about the business. Then she looked at the bank account and found the following:

- Collected from clients for the services provided: Rs.85,000 and for services yet to be provided: Rs.20,000.
- Salaries have been paid to the assistant for the month Oct and Nov.
- Rent paid for three months; Travel expenses paid: Rs.12,000; Refreshments: Rs.7,000; Broadband and mobile charges: Rs.9,000; Electricity and other utilities bill paid: Rs.6,000;
- It was also found that Rs.25,000 worth services have been provided to the clients, but cash is yet to be received.
- At the end of the first quarter, Rs.3,000 worth consumables are left and the interest on loan is yet to be paid.
- Nidhi OPC is subject to 20% income tax.
- Nidhi OPC declared and paid dividend: Rs.3,000.

Looking at the condition of the business, will you like to invest in Sunshine OPC and join as a shareholder?
