Financial Statement for EcoLeather Recyclers Pvt. Ltd.

# Company Overview

EcoLeather Recyclers Pvt. Ltd. operates in the leather recycling industry in India, focusing on collecting, processing, and repurposing leather from old coats and garments. The company sources discarded leather from individuals, factories, and clothing retailers, transforming it into new products such as handbags, shoes, and furniture upholstery. EcoLeather Recyclers works closely with local artisans and follows sustainable practices to reduce the environmental impact of leather waste.

# Key Challenges Faced in 2023

1. \*\*Supply Chain Disruptions\*\*: Due to fluctuating leather collection rates and transportation strikes, EcoLeather Recyclers faced significant supply chain disruptions. This led to delays in production and a reduction in raw material availability, forcing the company to scale back on production capacity.

2. \*\*Regulatory Hurdles\*\*: New environmental regulations introduced in late 2023 required the company to upgrade its processing facilities to meet stricter standards for waste management and emissions. This led to unexpected capital expenditures and impacted the company’s cash flow.

# Income Statement for the Year Ended December 31, 2023

Despite the challenges, EcoLeather Recyclers managed to maintain steady revenue through the sale of recycled leather products. However, increased costs due to regulatory compliance and supply chain disruptions led to a drop in net income.

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| --- | --- |
| Description | Amount (INR) |
| Recycled Leather Products Sales | ₹7,500,000 |
| Miscellaneous Revenue | ₹200,000 |
| Total Revenue | ₹7,700,000 |
| Total Expenses | ₹6,850,000 |
| Net Income (before taxes) | ₹850,000 |

# Balance Sheet as of December 31, 2023

The balance sheet reflects a strong asset base with substantial investments in new recycling equipment to meet regulatory requirements. However, increased liabilities due to loans taken to fund these upgrades have slightly weakened the company’s financial stability.

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| --- | --- |
| Assets | Amount (INR) |
| Cash and Cash Equivalents | ₹1,200,000 |
| Accounts Receivable | ₹500,000 |
| Recycled Leather Inventory | ₹2,500,000 |
| Property and Equipment | ₹3,000,000 |
| Total Assets | ₹7,200,000 |
| Liabilities |  |
| Accounts Payable | ₹900,000 |
| Bank Loans | ₹1,500,000 |
| Taxes Payable | ₹150,000 |
| Owner’s Equity | ₹4,650,000 |

# Cash Flow Statement for the Year Ended December 31, 2023

The cash flow statement indicates positive cash inflows from operating activities despite increased expenses. However, heavy investments in new machinery and regulatory upgrades led to significant cash outflows from investing activities.

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| --- | --- |
| Activity | Amount (INR) |
| Net Cash from Operating Activities | ₹1,200,000 |
| Net Cash Used in Investing Activities | ₹(1,400,000) |
| Net Cash Used in Financing Activities | ₹(300,000) |
| Net Decrease in Cash | ₹(500,000) |
| Cash at Beginning of Year | ₹1,700,000 |
| Cash at End of Year | ₹1,200,000 |