Name _____	**Total Marks: 50.**
Roll No_____ Centre_____	**Mode: Open Book.**
	Time: 90 Minutes.

Problem 1 [*max marks 25*]

This problem is based on the last three digits of your SMS id (say, XYZ). Suppose, you are having a SMS id as JSR1289541 then XYZ in your case would be 541.

Transactions:

1. Day 1 You start a firm named 'Kanchan Polymers Limited' with a capital of Rs. XYZ +1 crores. *Suppose the SMS id as JSR1289541 then* XYZ +1 *in your case would be 541+1= 542 and if SMS id is JSR1289000 then 000+1= 1.*

2. Day 1: You buy machinery worth Rs. XYZ crores from Raj Machineries Limited. Half of the amount is paid on the same day. Rest half of the payment would be done by the end of the month.

3. You take an interest free loan from a friend of a size equal to twice the capital of the firm.

4. The firm makes credit sales of Rs 1000 crores during the year. The end of the year trade receivables balance is Rs 100 crores. It is expected that 10% of the same would turn out to be bad debt.

5. Marketing & distribution expenses for the year are Rs 10 crores. Salaries for the year stand at Rs 5 crores. Electricity and other charges for the year are at Rs 10 crores. All these expenses are paid and no dues remain at the end of the year.

6. The firm makes cash purchases of raw materials worth Rs 100 crores. The firm makes credit purchases of Rs 100 crores. The year end payables balance remains at Rs 28 crores.

7. End of the year survey reveals a raw material inventory of Rs 1 crore. No other inventory exists for the firm.

8. The machinery is to be depreciated on a written down value basis @ 20% per annum. Corporate income tax rate is applicable at the rate of 35%. Fringe benefit tax is estimated to be Rs 1 crore. Taxes are not yet paid by the firm and provision for the same has to be made.

You are required to prepare Kanchan Polymers balance sheet and income statement at the end of first year.

Problem 2: [*max marks 25*]

Give your solution for chapter 7; case 5 [page 414-415].

****END OF PAPER****