

Management Accounting

T.P.C. Part III

B. Com

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Question

From the following information, calculate net profit before tax:

Particulars	2019	2018
Surplus in Statement of P&L	560000	400000
Workmen Compensation Reserve	160000	120000
Provision for Tax	340000	260000
General Reserve	280000	200000
Government Fluctuation Reserve	160000	100000
Proposed Dividend	600000	360000

Other information:

Goodwill was written off Rs 10,000,
Rent received Rs 50,000, Provision for doubtful
debts Rs 20,000, Depreciation Rs 6,000,
Interim dividend paid for current year Rs 6000,
Refund of Tax Rs 10,000

Solution.

Calculation of Net Profit before tax

Surplus in Statement of ~~net~~ Profit & Loss

on 31.3.2019 — 660 000

(-) Surplus in Statement of P/L
for 31.3.2018

400 000

260 000

+ Transfer to Reserve 80 000
Provision for Tax
(Current Year) 340 000

Transfer to Workmen Compensation
Reserve 40 000

Transfer to Investment
Fluctuation Reserve 60 000

Proposed Dividend
Interim Dividend paid
~~for~~ during current year 60 000

940 000

12 00 000
10 00 000

(-) Refund of Tax

Net Profit before tax 11 90 000