

20.7.20

Specialised Accounts

B. Com Part II

By
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Question.

AKASH Limited was incorporated on 1 March 2013 and received its certificate of commencement of business on 1 April 2013. The company bought the business of Deep Shikha Enterprises with effect from 1 Nov 2013. From the following figures relating to the year ending Oct 2013 find out the profits available for dividend.

- (a) Sales for the year were 6,00,000 out of which sales up to 1 March 2013 were 250,000.
- (b) Gross Profit for the year was 192000
- (c) The expenses debited to Profit & Loss Accounts were.

Particulars	Amount	Particulars	Amount
Rent	12000	Commission on sales	6000
Salaries	15000	Bad debts (500 relate to debts credited prior to incorporation)	1500
Directors Fees	4800	Paid to vendor on purchase consideration up to 1 May 2013	6000
Interest on Debts	5000		
Audit fees	2100		
Discount on sale	3600		
Depreciation	24000		
General expenses	4800		
Advertising	18000		
Stationery & Printing	3000		

Ans.

Statement of Profit & Loss A/c
(for the year ending 31 Oct 2013)

Particulars.	Basis of Allocation	Profit Share to Partners		Profit A/c to Corporate	
		Dr	Cr	Dr	Cr
1. Profit from operation (Gross Profit)	Sales 5:7		80000		112000
II Expenses:					
Employee benefit - Salary	Time 1:2	5000		10000	
Depreciation	1:2	8000		16000	
Other Expenses:				8000	
Rent	1:2	4000		4800	
Director's Fees	After	-		5000	
Int on Debenture	-	-		3200	
Audit Fees	1:2	1600		10500	
Advertising	Sales 5:7	7500		2000	
Stationery & Printing	Time 1:2	1000		3500	
Commission on sales	Sales 5:7	2800		1000	
Bad debts		500		2000	
Int to Vendor	2:1	4000		34800	67400
			45200	44600	
III Net Profit Before Tax					
I - II					