

23.7.20

Specialised Accounts

B. Com Part II

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Question

A limited was incorporated on 1 May 2013 to purchase the running business of X company from 1 Jan 2013. The following figure available in respect of Revenue and Expenses of A limited :-

Particulars		Amount
I. Revenue from operation		155000
II. Expenses :		
Rent & Tax	12000	
Insurance -	3000	
Electric charge.	2400	
Salaries -	36000	
Directors fees.	4600	
Commission.	6000	
Advertisement.	4000	
Discount.	3500	
Office expenses -	7500	
Carriage outward.	3000	
Bank charge.	1500	
Preliminary expenses	6500	
Bad debts.	2000	
Int on loan.	3000	
	<hr/>	95000
		<hr/> 60000

III. N.P. - before tax (I - II) =
Total sales for the year ending 31 Dec 2013 was 500000 out of which sales of 150000 were for the period from 1 Jan 2013 to 1 May 2013. Remaining 350000 were after incorporation.

Ans.

1 Jan 2013 to 1 May 2013 = 4 Months
 1 May 2013 to 31 Dec 2013 = 8 Months

Time Ratio: 1:2
 Sales Ratio: 3:7

Statement of Profit and Loss for ending year on Dec 2013

		Preparation		After	
		Dr	Cr	Dr	Cr
<u>Particulars</u>					
I. Revenue from operations (Gross Profit)		46800	46500		108500
II. other Income Revenue					
Total					
<u>Expenses</u>					
Employee Benefit	Time	12000		24000	
Finance cost	Time	1500		3000	
Other expenses				8000	
Rent & Tax	Time	4000		2000	
Insurance	Time	1000		1600	
Electric Charge	Time	800		4600	
Director's Fees	Actual	1800		4200	
Commission	Sales	1200		2800	
Advertisement	Sales	1050		2450	
Office expenses	Salv.	2500		5000	
Carriage outwards	Sales	900		2100	
Cart fuel	Actual	600		6500	
Bad debts	Sales			400	
			27350		67650
			19150		40850
Profit before tax		190			