

	fund	600000
	General reserve	400000

Additional Information:

- 1) Prepaid insurance Rs.1000.
- 2) Outstanding (unpaid) expenses – Rent Rs.2000, Salaries Rs.4000 .
- 3) Depreciation to be provided at 10% on plant and machinery and furniture and fittings.
- 4) A provision for bad & doubtful debt is to be created at 5% on sundry debtors.
- 5) Stock on 31st December, 2012 was valued at Raw material Rs.100000 and finished goods Rs.100000.
- 6) The board of directors has decided to make the following appropriations:

- | | |
|--|------------|
| (i) Provision for taxation | Rs. 60000 |
| (ii) Proposed Equity dividend | Rs. 300000 |
| (iii) Transfer to General Reserve | Rs. 240000 |
| (iv) Transfer to Debenture Redemption Fund | Rs. 100000 |

Q-2 Vijay Ltd. Was incorporated on 1-5-17 to take over the running business of Shri Nirav Brothers from 1-1-17. The certificate of commencement of business was issued on 1-6-2017. Taking the following information into account; prepare a statement showing profit and loss prior to incorporation.

[15]

	Rs.
Commission on sales(1%)	60,000
Gross profit is 25% on sales	
Bad debts reserve	24,000
Salaries	2,40,000
Rent	50,000
Advertisement (per month Rs.4000)	40,000
General expenses	30,000
Preliminary expenses	40,000
Share transfer fee	4,000
Audit fee	30,000
Rent received	80,000
Interest paid to vendor	32,000
Bad debts	40,000
Salesmen allowance	20,000
Depreciation	90,000
Debenture discount	20,000
Director's fee	50,000

Q-4

A
pr
ar