

(3)

HBN

Marks

2. ABC Ltd. took over a running business with effect from 1st April, 2009. The company was incorporated on 1st August, 2009. The following P & L A/c has been prepared for the year ended 31.3.2010 :

Dr.	Rs.	Cr.	Rs.
To Salaries	48,000	By Gross profit	3,20,000
To Stationery	4,800		
To Travelling expenses	16,800		
To Advertisement	16,000		
To Misc. trade exp.	37,800		
To Rent (office buildings)	26,400		
To Electricity charges	4,200		
To Director's fees	11,200		
To Bad debts	3,200		
To Commission to selling Agents	16,000		
To Audit fees	6,000		
To Debenture interest	3,000		
To Int. paid to vendors	4,200		
To Selling expenses	25,200		
To Depreciation on fixed assets	9,600		
To Net profit	87,600		
	<u>3,20,000</u>		<u>3,20,000</u>

Additional information :

- Total sales for the year, which amounted to Rs. 19,20,000 arose evenly upto the date of 30.9.2009. Thereafter they spurted to record an increase of two-third during the rest of the year.
- Rent of office building was paid @ Rs. 2,000 per month upto September, 2009 and thereafter it was increased by Rs. 400 per month.
- Travelling expenses include Rs. 4,800 towards sales promotion.
- Depreciation include Rs. 600 for assets acquired in the post incorporation period.

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P. T. O.