5. PROFIT/LOSS PRIOR TO INCORPORATION

MODEL WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC

MODEL NO.	N-11	M-12	N-12	M-13	N-13	M-14	N-14	M-15	N-15	M-16	N-16
Profit or loss Prior to incorporation	06	-	-	08	-	08	-	10	08	-	4

Meaning: When a newly formed Company takes over an existing business as a going concern as at date prior to the date of Incorporation then the Profit/Loss of the business, thus acquired, from the date of purchase to the date of Incorporation is called Profit/Loss Prior to Incorporation. Unless the agreement with the vendors provides otherwise, such profit/Loss belongs to the Company.

Methods of Computing Profit or Loss Prior to incorporation: The profit or loss prior to incorporation can be ascertained in any of the following two methods:

1. **Separate Final Accounts Method:** By keeping all accounting details separately for the two periods and taking stock valuation on the date of incorporation, two separate trading and Profit & Loss Accounts as follows can be prepared.
   - **a)** From the date of purchase to the date of incorporation (Pre-incorporation period) and
   - **b)** From the date of incorporation to the date of year ending (Post-incorporation period)

   But this is not always feasible and practical hence following method can be followed.
2. **Single Final Accounts Method:**
   - **a.** Preparation of Trading A/c for that whole period and to find out the gross profit or gross loss in the usual way.
   - **b.** Preparation of Profit & Loss A/c by splitting up into two periods (i.e. pre- incorporation & post-incorporation periods) by apportioning the items appearing in the Profit & Loss A/c on some equitable basis.

Item	Basis of Apportionment (Between Pre-and Post Incorporation periods)
a) Gross Profit or Gross Loss:	On the basis of turnover in the respective periods. **(Or)** On the basis of cost of goods sold in the respective periods in the absence of any information regarding turnover. **(Or)** On the basis of time in the respective periods in the absence of any information regarding turnover and cost of goods sold.
b) Variable expenses related to Turnover: [E.g.: Carriage/ Cartage Outward. Selling and Distribution Expenses, Commission to selling agents / traveling agents, Advertisement expenses, Bad debts (if actual bad debts for the two periods are not given), Brokerage traveling Expenses relating to Sales promotion.)	On the basis of turnover in the respective periods.
c) Fixed common expenses related to Time: [E.g.: Salaries, Office and Administration Expenses, Rent, Rates and Taxes, Printing and Stationery, Telephone, Telegram and Postage, Depreciation, Miscellaneous Expenses]	On the basis of time in the respective periods.

d) **Expenses exclusively relating to pre-incorporation period:** [E.g. Vendors salary, Interest on Vendor's capital]	Charge to Pre-incorporation period
e) **Expenses exclusively relating to post incorporation period:** [E.g. interest on Debentures, Director fees, Directors remuneration, Preliminary Expenses, Share issue Expenses, Underwriting Commission, Discount on issue of Share / Debentures, formation Expenses]	Charge to Post-incorporation period.
f) **Interest on purchase consideration to Vendor:** **i)** For the period from the date of acquisition of business to date of incorporation **ii)** For the period from the date of incorporation to the date of payment.	Charge to Pre-incorporation period Charge to Post-incorporation period
g) **Audit Fees:** **i)** For company's audit under the Companies Act. **ii)** For Tax Audit under section 44 AB of the income Tax Act 1961	Charge to Post incorporation period On the basis of Turnover in the respective periods.

Notes:

1. **Relevant Date for the Apportionment of Profit in case of a Public Limited Company:** Some accountants contends that in case of public limited company any profit made before the date of certificate of commencement of business should be taken as capital profit because a public company can commence business only after obtaining the certificate of commencement of business. However, it has now been widely accepted that when a company receives the certificate of commencement of business, the company's right to carry on the business relates back to the date of incorporation. Hence, the Date of incorporation should be taken as the relevant date for the apportionment of profits between pre and post incorporation periods even in case of a public limited company.

2. As per AS – 26, preliminary expenses and underwriting commission should be expensed in the year in which they are incurred. In case it is specifically mentioned in the problem to amortize then amortize and mention the note as per AS-26.

For share issue expenses and discount on issue of shares AS-26 is not applicable.

Treatment in Books of A/c's

If Profit

1. It is transferred to Capital Reserve Account (i.e. capitalized) (or) to the goodwill account, if any goodwill has been adjusted as an asset.
2. It can be used for:
   a. Writing off Goodwill on acquisition
   b. Writing off Preliminary Expenses
   c. Writing down over-valued assets
   d. Issuing of bonus shares
   e. Paying up partly paid shares

If Loss

1. It is treated as a part of business acquisition cost "Goodwill Account" (or) to a special account described as 'Loss Prior to Incorporation' and shown as an "Asset" in the balance sheet (or) debit to Profit and Loss account.
2. It can be used for:
   a. Setting off against Post-incorporation Profit
   b. Addition to Goodwill on acquisition.
   c. Writing off capital profit.

PROBLEMS FOR CLASSROOM DISCUSSION

Problem 1: Computation of Sales Ratio in various situations: From the following information, calculate the ratio of Sales in each case separately.

a) i) Date of acquisition – 1st April, 2013; date of incorporation – 1st July, 2013 and date of closing the books of accounts – 31st March, every year.

ii) The sales for the year ending on 31st March, 2014 were Rs.24,00,000 of which Rs.4,80,000 goods were sold during the first six months of the accounting period.

b) i) The accounts were made up to 31st December, 2013. The company was incorporated on 1st May, 2013 to take over a business from the preceding 1st January.

ii) Total sales for the year were Rs.12,00,000. It is ascertained that the sales for November and December are one and half times the average of those for the year, whilst those for February and April are only half the average.

c) i) Hello Ltd. was incorporated on 1st July, 2013 to take the existing business of X from 1st April, 2013. Date of closing the books of account – 31st March, 2014.

ii) Monthly sales in April 2013, February 2014 and March 2014 are double the average monthly sales for remaining months of the year. **(May-2014, RTP)**

(Ans: Sales ratio (a) 1 : 9 (b) 1 : 3, (c) 4 : 11)

(Solve Problem No: 1 of Assignment Problems as rework)

Note:____

Problem 2: (PRINTED SOLUTION AVAILABLE) Computation of sales & rent ratios: A firm which was carrying on business from 1st July, 2013 gets itself incorporated as a company on 1st November, 2013. The first accounts are drawn up to 31st March 2014. The gross profit for the period is Rs.56,000. The general expenses are Rs.14,220; directors' fees Rs.12,000 p.a.; Incorporation expenses Rs.1,500. Rent up to 31st December is Rs.1,200 p.a., after which it is increased to Rs.3,000 per annum. Salary of the manager, who upon incorporation of the company was made a director, is Rs.6,000 p.a. His remuneration thereafter is included in the above figure of fee to the directors.

Give Statement showing pre and post incorporation profit. The net sales are Rs.8,20,000 the monthly average of which for the first four months is one half of that of the remaining period the company earned a uniform profit. Interest and tax may be ignored.

(Nov. 2011, (PM) *(Ans.: Net Profit: Pre – Rs.7,280, Post – Rs.24,650)*

(Solve Problem No: 7 of Assignment Problems as rework)

Note:____

Problem 3: The partnership of Surya Agencies decided to convert the partnership into Private Limited Company named Sohna Company Pvt. Ltd. with effect from 1st January, 2014. The consideration was agreed at RS. 2,34,00,000 based on firm's Balance Sheet as on 31st December, 2013. However, due to some procedural difficulties, the company could be incorporated only on 1st April, 2014. Meanwhile, the business was continued on behalf of the company and the consideration was settled on that day with interest at 12% p.a. The same books of accounts were continued by the company, which closed its accounts for the first time on 31st March, 2015 and prepared the following summarized Profit and Loss account:

To Cost of goods sold	3,27,60,000	By Sales	4,68,00,000
To Salaries	23,40,000		
To Depreciation	3,60,000		
To Advertisement	14,04,000		
To Discount	23,40,000		
To Managing Director's remuneration	1,80,000		
To Miscellaneous office expenses	2,40,000		
To Office cum showroom rent	14,40,000		
To Interest	19,02,000		
To Profit	38,34,000		
	4,68,00,000		**4,68,00,000**

The company's only borrowing was a loan of RS. 1,00,00,000 at 12% p.a. to pay the purchase consideration due to the firm and for working capital requirements. The company was able to double the monthly average sales of the firm from 1st April, 2014, but the salaries trebled from the date. It had to occupy additional space from 1st July,
2014 for which rent was RS. 60,000 per month. Prepare a statement showing apportionment of costs and revenue between pre incorporation and post-incorporation periods.

(Ans.: Net Profit: Pre – Rs.38,000, Post – Rs.38,72,000)

Note:____

Problem 4: Computation of all ratios & profit/loss for the period: The partners Kamal and Vimal decided to convert their existing partnership business into a private limited company called M/S.KV trading private ltd. With effect from 1.7.2014. The same books of accounts were continued by the company which closed its accounts for first term on 31.03.2015.

The summarized Profit and Loss account for the year ended 31.03.2015 is below:

Particulars	Rs. in lakhs	Rs. in lakhs
Turnover		240.00
Interest on Investment		6.00
		246.00
Less: Cost of Goods sold	102.00	
Advertisements	3.00	
Sales Commission	6.00	
Salary	18.00	

Managing Directors Remuneration	6.00	
Interest on Debentures	2.00	
Rent	5.50	
Bad Debts	1.00	
Under writing Commission	2.00	
Audit Fees	2.00	
Loss on Sale of Investments	1.00	
Depreciation	4.00	152.50
		93.50

The following additional information was provided:

i) The average monthly sales doubled from 01.07.2014. GP ratio was constant.

ii) All investments were sold on 31.05.2014.

iii) Average monthly salary doubled from 01.10.2014.

iv) The company occupied additional space from 01.07.2014 for which rent of Rs. 20000 per month was incurred.

v) Bad debts recovered amounting to Rs.50000 for a sale made in 2012, has been deducted from bad debts mentioned above.

vi) Audit fees pertains to the company.

Prepare a statement apportioning the expenses between pre and post incorporation periods and calculate the profit or loss for such periods. Also suggest how the pre-incorporation profits are to be dealt with. **(May-15-3(a))**

Note:____

Problem 5: (PRINTED SOLUTION AVAILABLE) Computation of all ratios: ABC Ltd. took over a running business with effect from 1st April, 2013. The company was incorporated on 1st August, 2013. The following Profit and Loss Account has been prepared for the year ended 31.03.2014.

	Particulars	**Figures for the current Reporting period**
I	Gross Profit	3,20,000
II	Total Revenue (I + II)	3,20,000
III	**Expenses:**	
	Finance costs(interest on debentures)	3,000
	Employee Benefit Expenses:	
	i. Salaries	48,000
	ii. Directors Fees	11,200
	Depreciation and amortization expenses	9,600
	Other expenses:	
	i. Stationary	4800
	ii. Travelling Expenses	16,800
	iii. Advertisement	16,000
	iv. Miscellaneous trade expenses	37,800
	v. Rent (Office Building)	26,400
	vi. Electricity Charges	4,200
	vii. Bad debts	3,200
	viii. Commission to selling agents	16,000
	ix. Tax Audit Fee	6,000
	x. Interest paid to Vendor	4,200
	xi. Selling Expenses	25,200
	Total Expenses:	2,32,400
IV	Profit (Loss) for the period (II – III)	87,600

Additional Information:

a. Total sales for the year, which amounted to Rs.19,20,000 arose evenly upto the date of 30.09.2013. Thereafter they spurted to record an increase of two–third during the rest of the year.

b. Rent of office building was paid @ Rs.2,000 per month upto September, 2013 and thereafter it was increased by Rs.400 per month.

c. Traveling expenses include Rs.4,800 towards sales promotion.

d. Depreciation include Rs.600 for assets acquired in the post incorporation period.

e. Purchase consideration was discharged by the company on 30th September, 2013 by issuing equity shares of Rs.10 each.

Prepare statement showing calculation of Profits and allocation of expenses between pre and post incorporation periods. **(May - 2010,PM)**

(Ans.: Net Profit for the (Post) Period Rs.74,800, Net Profit for the (Pre) Period Rs.12,800)

(Solve Problem No: 4 of Assignment Problems as rework)

Note:____

Problem 6: (PRINTED SOLUTION AVAILABLE) Treatment of Bad debts and PBD: Ashok Company Limited was incorporated on 1st April to take over as from 1st January in the same year the existing business of Bijoy Brothers. Under the take over agreement all profits made from 1st January are to belong to the Company. The purchase consideration was Rs.7,00,000. The vendors received half of it in cash on 1st July in the same year together with interest at 5% p.a. For other half of the purchase consideration, they were allotted 3,500 fully paid up shares of Rs.100 each in the Company. The following balances appeared in the Company's Ledger as at 31st December:

Particulars	Rs.	*Particulars*	Rs.
Share Capital: 4,500 shares of Rs.100 each fully paid (including vendors shares)	4,50,000	Preliminary Expenses (These are to be fully written off)	8,000
Bank Overdraft	1,65,000	Salaries & Wages	48,000
		Rent Received	13,000
Sundry Creditors	65,000	Rates and Taxes	7,000
Fixed Deposits Received	35,000	Repairs to Building	3,000
Freehold Land at Cost	50,000	Miscellaneous Expenses	22,000
Building at Cost	1,30,000	Director's Fees	2,400
Furniture & Fixtures at Cost	15,000	Interest to Vendors	17,500
Transport Vehicles at Cost	35,000	Purchases	7,70,000
Stock-in-trade on 1st January	4,20,000	Sales	9,10,000
Book Debts	95,000	Goodwill	3,100
Cash on Hand	12,000		

The stock-in trade as at 31st December amounted to Rs.4,80,000. Bad debts amounting to Rs.1,000 out of which Rs.500 related to book debts taken over by the Company, have to be written off and a provision of Rs.5,000 to be made for doubtful debts as at 31st December. Depreciation has to be written off: Building at 5%. Furniture & Fixtures at 10% and Transport Vehicles at 20%.

You are required to prepare

a. A Profit & Loss A/c for the period from 1st January to 31st December and to compute the profit prior to incorporation. For the purpose of determining the profit prior to incorporation you should assume the turnover to be spread evenly over the year.

b. Balance Sheet as on 31st December.

(Ans.: Net Profit (post) Rs.63,850, Capital Reserve (pre) Rs.20,250, Total of Balance Sheet Rs.8,01,000)

(Solve Problem No: 5 and 6 of Assignment Problems as rework) **(Nov. 2011)**

Problem 7: Computation of COGS Ratio as purchase price had increased by 10% in post incorporation period: The business carried on by Khushilal under the name "Lost Horizon" was taken over as a running business with effect from 1st July, 2012 by North Horizon Ltd. which was incorporated on 1st October, 2012. The same set of books was continued since there was no change in the type of business and the following particulars of profits for the year ended 30th June, 2013 were available:

Particulars	Rs.	Rs.
Sales: Company period Prior period	40,000 10,000	 50,000
Selling Expenses	2,000	
Preliminary Expenses written off	1,200	
Salaries	3,600	
Directors' Fees	1,200	
Interest on Capital (up to 30-9-12)	700	
Variable Expenses	1,500	
Deprecation	2,800	
Rent	4,800	
Purchases	25,000	
Carriage Inwards	1,019	(43,819)
Net profit		**6,181**

The purchase price (including carriage inwards) for the Company period had increased by 10% as compared to pre-incorporation period. No, stocks were carried either at the beginning or at the end.

You are required to draw up a statement showing the amount of pre and post-incorporation profits stating the basis of allocation of expenses. **(RTP Nov. 2014)**

(Ans.: Capital Loss (pre) Rs.(251), Net Profit (post) Rs.6,432)

Note:____

ASSIGNMENT PROBLEMS

Problem 1: Computation of Time Ratio & Sales Ratio: X Ltd. was incorporated on 01.08.2009 to take over the running business of M/s Kumar Bros. with assets from 01.04.2009. The accounts of the company were closed on 31.03.2010.

The average monthly sales during the first four months of the year (2009-10) were twice the average monthly sales during each of the remaining eight months.
Calculate time ratio and sales ratio. **(May, 2010)** ***(Ans.: Time Ratio 4:8, Sales Ratio 1: 1)***

Problem 2: Computation of Sales ratio & profit/loss: The promoters of Glorious Ltd. took over on behalf of the company a running business with effect from 1st April, 2012. The company got incorporated on 1st August, 2012. The annual accounts were made up to 31st March, 2013 which revealed that the sales for the whole year totalled Rs.1,600 lakhs out of which sales till 31st July, 20l2 were for Rs.400 lakhs. Gross profit ratio was 25%.
The expenses from 1st April 2012, till 31st March, 2013 were as follows:

Particulars	(Rs. in lakhs)
Salaries	69
Rent, Rates and Insurance	24
Sundry Office Expenses	66
Travelers' Commission	16

Discount Allowed	12
Bad Debts	4
Directors' Fee	25
Audit Fee	9
Depreciation on Tangible Assets	12
Debenture Interest	11

Prepare a statement showing the calculation of Profits for the pre-incorporation and post incorporation periods.

(Note: Audit fees assumed to be in relation to Tax Audit) **(May – 2013, PM)**

(Ans: Net Profit Pre-Rs.32.75, Post Rs.119.25)

Problem 3: Computation of sales ratio & G.P.: Rama Udyog Limited was incorporated on August 1, 2013. It had acquired a running business of Rama & Co. with effect from April 1, 2013. During the year 2013-14, the total sales were Rs. 36,00,000. The sales per month in the first half year were half of what they were in the later half year. The net profit of the company, Rs. 2,00,000 was worked out after charging the following expenses:
(i) Depreciation Rs. 1,23,000, (ii) Directors' fees Rs. 50,000, (iii) Preliminary expenses Rs.12,000, (iv) Office expenses Rs. 78,000, (v) Selling expenses Rs. 72,000 and (vi) Interest to vendors upto August 31, 2013 Rs. 5,000. Please ascertain pre-incorporation and post-incorporation profit for the year ended 31st March, 2014.

(PM)*(Ans: Net Profit for the pre period = Rs. 33,000, Post Period = Rs. 1,67,000)*

Problem 4: Computation of all ratios: The partners of Maithry Agencies decided to convert the partnership into a private limited Company called MA (P) Ltd. with effect from 1st Jan., 2014. The consideration was agreed at Rs.1,17,00,000 based on the firm's Balance Sheet as at 31st Dec., 2013. However, due to some procedural difficulties, the Company could be incorporated only on 1st April, 2014. Meanwhile the business was continued on behalf of the Company and the consideration was settled on that day with interest at 12% p.a. The same books of A/c's were continued by the Company which closed it's A/c's for the first time on 31st March, 2015 & prepared the following summarized Profit & Loss A/c.

Particulars	Rs.	Rs.
Sales		2,34,00,000
Cost of goods sold	1,63,80,000	
Salaries	11,70,000	
Depreciation	1,80,000	
Advertisement	7,02,000	
Discounts	11,70,000	
Managing Director's remuneration	90,000	
Miscellaneous office expenses	1,20,000	
Office – cum- show room rent	7,20,000	
Interest	9,51,000	(2,14,83,000)
Profit		**19,17,000**

The Company's only borrowing was a loan of Rs.50,00,000 at 12% p.a. to pay the purchase consideration due to the firm and for working capital requirements. The Company was able to double the average monthly sales of the firm, from 1st April, 2014 but the salaries trebled from that date. It had to occupy additional space from 1st July, 2014 for which rent was Rs.30,000 per month.

Prepare statement of apportioning cost/revenue between pre-incorporation & post-incorporation periods and calculation of profits/losses for such periods. Also, suggest how the pre-incorporation profits are to be dealt with. **(SM)**

(Ans.: Net Profit (post) Rs.19,36,000, Pre-Inc. period (loss) Rs.19,000)

Problem 5: Computation of profit/loss for the period after adjustments: ABC Ltd. was incorporated on 1.5.2014 to take over the business of DEF and Co. from 1.1.2014. The summarized Profit and Loss Account as given by ABC Ltd. for the year ending 31.12.2014 is as under:

	Particulars	**Figures for the current reporting period**
I	Gross Profit	10,64,000
II	Other Income (Interest on Investments)	36,000
III	**Total Revenue (I + II)**	**11,00,000**
IV	**Expenses:**	
	Finance costs (Interest on Debentures)	25,000
	Employee Benefit Expenses:	
	Salaries including manager's salary of Rs. 85,000	3,31,000
	Other expenses:	
	i. Rent & Taxes	90,000
	ii. Carriage Outwards	14,000
	iii. Printing & Stationary	18,000
	iv. Sales Commission	30,800
	v. Bad Debts (related to sales)	91,000
	vi. Underwriting Commission	26,000
	vii. Preliminary Expenses	28,000
	viii. Audit Fees	45,000
	ix. Loss on Sale Of Investments	11,200
	Total Expenses:	7,10,000
V	Profit (Loss) for the period (III – IV)	3,90,000

Prepare a statement showing allocation of expenses and calculations of pre-incorporation and post-incorporation profits after considering the following information:

a. G.P. ratio was constant throughout the year.

b. Sales for January and October were 1½ times the average monthly sales while sales for December were twice the average monthly sales.

c. Bad debts are shown after adjusting a recovery of Rs.7,000 of Bad Debt for a sale made in July, 2011.

d. Manager's salary was increased by Rs.2,000 p.m. from 1.5.2014

e. All investments were sold in April, 2014.

f. The entire audit fees relates to company. **(SM) (May 15 Similar Problem)**

(Ans.: Net Profit for the pre period = Rs. 1,86,900, Post Period = Rs. 2,03,100)

Problem 6 BRIGHT Ltd. was formed to take over a running business of Mr. BRIGHT with effect from 1st April 20X1. The company was incorporated in 1st Aug. 20X1 and the certificate of Commencement of business was received on 1st Oct. 20X1. No entries relating to the transfer of the business were entered in the books which were continued until 31st March 20X2. Trial Balance was extracted from the books as on 31st March 20X2.

Journal		
Particulars	***Dr. (* Rs.*)***	***Cr. (* Rs.)**
Sales	-	9,60,000
Cost of Goods Sold	7,77,000	-
Rent	40,000	-
Salaries	21,000	-
Travelling Expenses	8,400	-
Depreciation	4,800	-
Carriage outward	400	-
Printing & Stationary	2,400	-
Advertisement	8,000	-
Miscellaneous Expenses	12,600	-
Directors' fees	600	-
Managing Director's Remuneration	4,100	-
Bad debts	1,600	-
Commission & Brokerage to Selling Agents	8,000	-
Audit Fees	3,000	-
Interest on Debentures	1,500	-
Interest paid to Vendors	2,100	-
Selling & Distribution Expenses	12,000	-
Preliminary Expenses	1,500	-
Underwriting Commission	900	-
Fixed Assets	3,65,000	-
Current Assets	43,800	-
BRIGHT's capital as on 01.04.20X1	-	2,78,000
Current Liabilities	-	30,700
Debentures	-	50,000

Additional Information:

a. Total Sales for the year arose evenly upto the date of certificate of Commencement whereafter they spurted to record an increase of two thirds during the rest of the year.

b. The Company deals in one type of product. The unit cost of goods sold was reduced by 10% since 1st Aug. 20X1 as compared to the pre-incorporation period.

c. Rent of old office building was increased to the by 20% since 1st Nov. 20X1. It had to occupy additional space from 1st July 20X1 for which rent was Rs.3,000 p.m.

d. The salaries were Tripled from 1st July 20X1

e. Travelling Expenses include Rs.2,400 towards sales promotion.

f. Depreciation includes Rs.300 for new assets acquired in Aug. 20X1.

g. Purchase consideration was discharged by the company on 30th Sept. 20X1 by issuing 30,000 Equity Shares of Rs.10 each.

h. One third of the preliminary expenses and underwriting Commission are to be written off.

Required: Prepare the Profit & Loss Account in a Columnary form, showing the allocation of profits between pre-incorporation and post-incorporation periods indicating the basis of allocation. **(RTP)** ***(Ans.: Net Profit for (post) period Rs. 50,900, Net Profit for (pre) period Rs. 800***

Problem 7: Computation of Sales ratio & profit/loss: Sneha Ltd. was incorporated on 1st July, 2013 to acquire a running business of Atul Sons with effect from 1st April, 2013. During the year 2013-14, the total sales were Rs. 24,00,000 of which Rs. 4,80,000 were for the first six months. The Gross profit of the company Rs. 3,90,800. The expenses debited to the Profit & Loss Account included:

i) Director's fees Rs. 30,000 **ii)** Bad debts Rs. 7,200

iii) Advertising Rs. 24,000 (under a contract amounting to Rs. 2,000 per month)

iv) Salaries and General Expenses Rs. 1,28,000

v) Preliminary Expenses written off Rs. 10,000

vi) Donation to a political party given by the company Rs. 10,000.

Prepare a statement showing pre-incorporation and post-incorporation profit for the year ended 31st March, 2014. **(PM)** *(Ans: Net Profit for the pre period = Rs. 360, Post Period = Rs. 1,81,240)*

(Solve Problem No: 2 of Assignment Problems as rework)

ABC ANALYSIS

	A Category	B Category	C Category
Class Room Problems	4,5,6	1,2,3	7
Assignment Problems	2,4,5,6	1,3,7	-

Verified by: Mahesh Sir, G.S.R.Sir
Executed by: Sai Ram Sir

THE END