

15. COMPANY FINAL ACCOUNTS

PROBLEM NO: 1

Journal Entries in the Books of CODIG Ltd.

Date	Particulars	Debit	Credit
31.03.03	Profit and Loss A/c Dr.	2,10,000	
	To Provision for Income Tax A/c		2,10,000
	(Being provision for income tax for 2002-03 made)		
31.03.03	Profit and Loss Appropriation A/c Dr.	40,000	
	To Provision for Income Tax A/c		40,000
	(Being previous year provision for income tax charged to Profit and Loss Appropriation A/c)		
31.03.03	Provision for Income Tax A/c Dr.	2,40,000	
	To Income Tax Payable A/c		2,40,000
	(Being Provision Transfer to Income Tax Payable A/c for final settlement)		
31.03.03	Income Tax Payable A/c Dr.	2,20,000	
	To Advance tax A/c		2,20,000
	(Being the advance tax for 2001-02 adjusted against income tax payable account)		

Balance Sheet of CODIG Ltd. as at 31.03.2003 (Extract)

Particulars	Amount
Current Liabilities:	
Other Current Liabilities (Income Tax Payable)	20,000
Short term provision (Provision for Income tax)	2,10,000
Total	2,30,000
Current Assets:	
Short term loans and advances (Advance tax)	2,30,000
Total	2,30,000

Working Note:

Provision for Income Tax A/c

Particulars	Amount	Particulars	Amount
To Income Tax Payable A/c	2,40,000	By Balance b/d	2,00,000
To Balance c/d	2,10,000	By Profit & Loss Appropriation A/c	40,000
		By Profit & Loss A/c	2,10,000
	4,50,000		4,50,000

Advance Tax A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	2,20,000	By Income Tax Payable A/c	2,20,000
To Bank A/c	2,30,000	By Balance c/d	2,30,000
	4,50,000		4,50,000

Income Tax Payable A/c

Particulars	Amount	Particulars	Amount
To Advance Tax	2,20,000	By Provision for Income Tax	2,40,000
To Balance c/d	20,000		
	2,40,000		2,40,000

PROBLEM NO: 2

Journal entries in the books of CANIH Ltd

Date	Particulars	LF NO	Debit ((Rs.))	Credit ((Rs.))
31.03.03	Profit & loss A/c Dr.		1,60,000	
	To provision for income tax A/c			1,60,000
	(Being the provision for tax is created for the current year)			
31.03.03	Profit & loss Appropriation A/c Dr.		32,000	
	To provision for income tax A/c			32,000
	(Being short provision of income tax relating to previous year has been provided)			
31.03.03	Provision for income tax A/c Dr.		1,52,000	
	To income tax payable A/c			1,52,000
	(Being assessment is completed & tax liability has been finalized)			
31.03.03	Income tax payable A/c Dr.		1,40,000	
	To advance income tax A/c			1,40,000
	(Being the liability of income tax is adjusted with advances tax paid for 2001-02)			

Provision for income tax

Dr.

Cr.

Date	Particulars	(Rs.)	Date	Particulars	(Rs.)
31.03.03	To Income tax Payable	1,52,000	01.04.02	By Balance b/d	1,20,000
	To Balance c/d	1,60,000	31.03.03	By Profit & loss A/c	1,60,000
			31,03,03	By Profit and Loss Appropriation	32,000
		3,12,000			3,12,000

Advance tax A/c

Dr.

Cr.

Date	Particulars	Amount	Date	Particulars	Amount
31.03.03	To Balance b/d	2,20,000	31.03.03	By Income tax payable	1,40,000
			31.03.03	By Balance c/d	80,000
		2,20,000			2,20,000
	To Balance b/d	80,000			

Income Tax Payable A/c

Dr.

Cr.

Date	Particulars	(Rs.)	Date	Particulars	(Rs.)
31.03.03	To Advance Income tax	1,40,000	31.03.03	By Provision for Income tax	1,52,000
	To Balance c/d	12,000			1,52,000
		1,52,000	01.04.03	By Balance c/d	12,000

An extract of profit & loss statement for the year ended 31.03.03

Particulars	(Rs.)
Net profit before tax	-
Tax Expenses:	
Provision for income tax (1,60,000)	
Short fall for income tax (32,000)	(1,92,000)
Profit for the period	-

Name of the company: CANIH Ltd

Balance sheet date: 31.03.03 (Extract)

		Particulars	Notes No.	(Rs.)
		<u>EQUITY AND LIABILITIES:</u>		
1		Current liabilities		
	a	Other current liabilities (tax payable)	1	12000
	b	Short – term payable (provision for tax)	2	1,60,000
		<u>ASSETS:</u>		
1		Current Assets		
	A	Other current tax (advance tax)	3	80,000

PROBLEM NO: 3

Statement of Profit and loss for the year ended 2008

	Particulars	Amount (Rs.)
a.	Profit	10,00,000
b.	Expenses :	
	Depreciation and amortization expenses	(31,200)
	Total expenses	(31,200)
c.	Profit before Tax	9,68,800
d.	Provision for Tax	(80,000)
e.	Profit (Loss) for the period	8,88,800
	Balance of Profit and Loss account brought forward	80,000
	Total	9,68,800
	Appropriations(made in notes to accounts)	
	Transfers to Reserves	(1,77,760)
	Proposed Preference Dividend(1,82,000+93,450)	(2,75,450)
	Proposed Equity dividend(1,40,000+1,86,900)	(3,26,900)
	Bonus to employees(14,000+18,690)	(32,690)
	Total	(8,12,800)
h	Balance carried to Balance Sheet	1,56,000

Working Notes:

Balance of amount available for Preference and Equity shareholders and Bonus For employees	Rs.
Credit side	9,68,800
Less: Dr. side [1,77,760+1,82,000+1,40,000+14,000+1,56,000]	(6,69,760)
	2,99,040
Suppose remaining balance will be = X	
Suppose Preference shareholders will get share from remaining balance = $X \times 1/3 = X / 3$	
Equity shareholders will get share from remaining balance = $X \times 2/3 = 2X / 3$	
Bonus to employees = $2 / 3X \times 10/100 = 2X/30$	
Now, $2X/3 + 1X/3 + 2X/30 = 2,99,040$	
$32X = 89,71,200$	
$X = 89,71,200/32 = \text{Rs.} 2,80,350$	
Share of Preference shareholders – $\text{Rs.} 2,80,350 \times 1/3 = \text{Rs.} 93,450$	
Share of Equity shareholders – $\text{Rs.} 2,80,350 \times 2/3 = \text{Rs.} 1,86,900$	
Bonus to employees – $\text{Rs.} 2,80,350 \times 2/30 = \text{Rs.} 18,690$	

*As per revised Schedule VI (now Schedule III to the Companies Act, 2013). Statement of Profit and Loss is to be prepaid up to profit for the current year only. Any appropriation to current year's profit along with the brought

Forward profit is to be shown in the notes to Financial Statement for Reserves and Surplus.

PROBLEM NO: 4

Computation of net profit for managerial remuneration u/s 349

Particulars	Amount (Rs.)
Revenue from operations	40,25,365
Add: subsidy received from govt.	2,32,560
Interest on investment	15,643
Transfer fees	722
Profit on sale of machinery (Revenue Profit) (40000-30000)	10,000
	42,84,290
Less: Directors feel	(66,750)
Interest on Debentures	(31,240)
Depreciation on amortization (as per schedule xiv)	(5,75,345)
Donations to charitable funds	(25,500)
Compensation for breach of contract	(42,530)
Administration & selling expenses	(8,22,542)
Net profit u/s 349	27,20,383

Case (a) if there is only one whole time director

Maximum managerial remuneration = 27,20,383 x 5% = 1,36,019

Remunerator paid = 1,49,331

The excess amount must be returned to company (or) must obtain permission from central Govt.

Case (b) if there are 2 whole time directors

Maximum Managerial Remuneration = 27,20,383 x 10% = 2,72,038

Remuneration already paid = 2,85,350

Excess Remuneration paid = 13,312

The excess amount paid should be refunded to the company (or) must obtain permission from central Govt.

Case (C) if there are 2 whole time directors, a part time director & a manager

Maximum Managerial remuneration = 27,20,383 x 11% = 2,99,242

Remuneration already paid = 2,85,350

Difference amount = 13,892

The difference amount may be paid by the company if it is authorized by articles of association.

PROBLEM NO: 5

(Rupees in Lakhs)

Calculation of remuneration of the managing director	Amount
Net profit as per books	43.00
Add: Provision for taxation	17.20
Annual profit for the purpose of managerial remuneration	60.20
Managing Director's Remuneration @ 5% of above	3.01
Minimum remuneration to be paid to Managing Director = 25,000 per month x 12	3.00

Hence, in this case, remuneration to be paid to the Managing Director of Anil Ltd. is Rs.3,01,000 in the year.

PROBLEM NO: 6**(a) Calculation of Effective Capital ** of the Company**

(Rupees in thousands)

Particulars	Amount
Paid-up Capital	18,000
Add: Reserves and surplus	7,200
Securities premium	1,200
Long term loans	6,000
	32,400
Less: Investments	(3,600)
Preliminary expenses	(3,000)
Effective capital for the purpose of managerial remuneration	25,800

As effective capital is less than Rs. 5 crores but more than Rs.1 crore. Therefore maximum remuneration payable to the Managing director should be @ Rs. 1,00,000 per month.

So, Maximum remuneration payable to the Managing Director for the year (Rs.1,00,000 x 12) = Rs.12,00,000.

*straight line method given in the question should be read as 'Written Down Value method' due to absence of related information for solving the question on the basis of straight line method.

**it is assumed that the company is having inadequate net profit and is not exceeding the ceiling limit of Rs.24,00,000 p.a.

PROBLEM NO: 7

According to Section 205A (3) of the Companies Act, 1956 dividend out of reserves may be declared in accordance with the Companies (Declaration of dividend out of Reserves) Rules, 1975. These rules provided the following four conditions to be fulfilled.

Step -1 Maximum withdrawal of Reserve if condition (i) is satisfied

= 10% of Paid up Capital and free reserves

= 10% of (Rs.100 lakh + 20 lakh) = 12 lakh

Step - 2 Maximum withdrawal of Reserve if condition (ii) is satisfied

A. Opening Balance of Reserves in the beginning of the year 20,00,000

B. **Less:** Closing Balance of Reserve being 15% of paid up share capital 15,00,000

C. Reserve available (A – B) 5,00,000

Step-3 Permissible withdrawal of Reserve if conditions (i) and (ii) are satisfied

= Rs.5,00,000 (being lower of limits as per Step – 1 and Step – 2)

Step-4 Maximum Permissible Divisible Profits

A. Permissible withdrawal of Reserve (as per Step - 3) 5,00,000

B. **Less:** Loss to the extent of depreciation 1,00,000

C. Maximum Permissible Divisible profit [A – B] 4,00,000

Step-5 Actual Permissible Rate of Dividend

A. Maximum Permissible Rate of Dividend $\frac{\text{Rs.4 lakh}}{\text{Rs.100 lakh}} \times 100 = 4\%$

B. Average Rate of Dividend based on 5 years

$[(11\% + 10\% + 9\% + 7\% + 8\%) / 5] = 9\%$

- C. Maximum Rate of Dividend as % of paid up capital 10%
- D. Actual Permissible Rate of Dividend being lowest of three i.e. 4%

Comment: The Management can declare dividend only upto a rate of 4%. Here, the management's dividend decision of 8% is not in accordance with the Provisions of Section 205 A (3).

PROBLEM NO: 8

Note: Through current surcharge rate on DDT is 12% the question is on the basis of the information given in the question. However, education cess of 3% is applied though not given in the question.

Therefore, total DDT arrives of 17.304%.

Yes. Corporate Dividend Tax (CDT)* is payable by the company which has provided for the payment of dividend. CDT is payable even if no income tax is payable. This is payable by a domestic Company on distribution of profits to its shareholders.

In the given case Corporate Dividend Tax would be worked out as under:

- (i) Gross up of dividend:
 $10,00,000 \times 100/85 = 11,76,470$
- (ii) CDT = $11,76,470 \times 17.304\% = 2,03,576.36$.

The liability in respect of CDT arises on the profits are distributed as dividends where as

The normal income tax liability arises on the earning of the taxable profits.

Since the CDT

Liability relates to distribution of profits as dividends which are adjusted in as appropriation / allocation of profits in the 'Notes to Accounts' of 'Reserves and Surplus'. It is appropriate that the liability in respect of DDT should also be adjusted therein.

CDT liability should be presented separately in the 'Notes to Accounts' of 'Reserves and Surplus' as follows.

Dividend	xxxxx	
Dividend Corporate tax thereon	xxxxx	xxxxx

*Corporate Dividend Tax is also known as 'Dividend Distribution Tax'.

PROBLEM NO: 9

Bose and Sen Ltd.

Balance sheet as on 31st March, 2015

Particulars	Notes	Figures at the end of current reporting period (Rs.)
Equity and Liabilities		
1. Shareholders funds		
a. Share capital	1	69,93,000
b. Reserves & Surplus	2	21,56,000
2. Non Current Liabilities		
a. Long-term borrowings	3	16,97,000
3. Current Liabilities		
a. Trade Payables		14,00,000
b. Other current liabilities	4	2,00,000
c. Short-term provision	5	8,16,900
Total		1,32,62,900

Assets		
1. Non-current Assets		
a. Fixed Assets		
Tangible Assets	6	74,75,000
Intangible Assets (Patents & Trade marks)		4,00,000
2. Current Assets		
a. Inventories	7	17,50,000
b. Trade receivables	8	14,00,000
c. Cash and cash equivalents	9	19,39,000
d. Short term loans and advances		2,98,900
Total		1,32,62,900

Notes to Accounts:

	Amount (Rs.)	Amount (Rs.)
1 Share Capital		
Equity share capital Issued, subscribed and called up 7,00,000 Equity Shares of Rs.10 each	70,00,000	
(Out of the above 4,20,000 shares have been issued for Consideration other than cash)		
Less: Calls in arrears	(7,000)	69,93,000
Total		69,93,000
2 Reserves and Surplus		
General Reserve		15,49,100
Surplus (Profit & Loss a/c)	7,00,000	
Less: Preliminary expenses	(93,100)*	6,06,900
Total		21,56,000
3 Long-term borrowings		
Secured		
Term Loans - Loan from State Finance Corporation (Rs.10,50,000 – Rs.2,00,000) (Secured by hypothecation of Plan and Machinery)		8,50,000
Unsecured		
Bank Loan	2,00,000	
Loan from related parties	1,00,000	
Others	5,47,000	8,47,000
Total		16,97,000
4 Other current Liabilities		
Loan Installment repayable within one year		2,00,000
5 Short-term provisions		
Provision for taxation		8,16,900
6 Tangible assets		
Land		14,00,000
Building	28,00,000	
Less: depreciation	(7,50,000)	20,50,000
Plant and Machinery	49,00,000	
Less: Depreciation	(12,25,000)	36,75,000
Furniture & Fittings	4,37,500	
Less: Depreciation	(87,500)	3,50,000
Total		74,75,000
7 Inventories		
Raw Material	3,50,000	
Finished goods	14,00,000	17,50,000
8 Trade receivables		

	Debts outstanding for a period exceeding six months	3,80,000	
	Other Debts	10,20,000	14,00,000
9	Cash and Cash equivalents		
	Cash at bank with Scheduled Bank including Bank Deposits for period of 9 months amounting Rs.5,00,000 With others	17,29,000	
	Cash in hand	2,10,000	19,39,00

*Preliminary expenses have been written off in line with Accounting Standards.

PROBLEM NO: 10

Pioneer Ltd

Balance sheet as on 31st March, 2012

Particulars	Notes	Figures at the end of current reporting period (Rs.)
Equity and Liabilities		
1. Shareholders funds		
a. Share capital	1	9,99,000
b. Reserves & Surplus	2	2,96,700
2. Non Current Liabilities		
a. Long-term borrowings	3	2,63,500
3. Current Liabilities		
a. Trade Payables		2,00,000
b. Other current liabilities	4	7,500
c. Short-term provision	5	1,28,000
Total		18,94,700
Assets		
1. Non - current Assets		
a. Fixed Assets		
Tangible Assets	6	11,25,000
2. Current Assets		
a. Inventories	7	2,50,000
b. Trade receivables	8	2,00,000
c. Cash and cash equivalents	9	2,77,000
d. Short term loans and advances		42,700
Total		18,94,700

Notes to Accounts:

	Amount (Rs.)	Amount (Rs.)
1 Share Capital		
Equity share capital Issued, subscribed and called up 10,000 Equity Shares of Rs.100 each	10,00,000	
(Out of the above 2,000 shares have been issued for Consideration other than cash)		
Less: Calls in arrear	(1,000)	9,99,000
Total		9,99,000
2 Reserves and Surplus		
General Reserve		2,10,000
Surplus (Profit & Loss a/c)		86,700
Total		2,96,700
3 Long-term borrowings		
Secured		

	Term Loans		
	Loan from Financial Corporation (Secured by hypothecation of Plan and Machinery)		1,42,500
	Unsecured		1,21,000
	Total		2,63,500
4	Other current Liabilities		
	Interest accrued but not due on loans		7,500
	Short-term provisions		
5	Provision for taxation		68,000
	Proposed Dividend		60,000
	Tangible assets		1,28,000
6	Land		2,00,000
	Building	4,00,000	
	Less: depreciation	(50,000)	3,50,000
	Plant and Machinery	7,00,000	
	Less: Depreciation	(1,75,000)	5,25,000
	Furniture & Fittings	62,500	
	Less: Depreciation	(12,500)	50,000
	Total		11,25,000
7	Inventories		
	Raw Material		50,000
	Finished goods		2,00,000
	Total		2,50,000
8	Trade receivables		
	Debts outstanding for a period exceeding six months	2,45,000	52,000
	Other Debts	2,000	1,48,000
	Total		2,00,000
9	Cash and Cash equivalents		
	Cash at bank with Scheduled Bank including Bank		2,47,000
	With others (Perfect Bank Ltd) Cash in hand		30,000
	Total		2,77,000

Notes: Estimated amount of contract remaining to be executed on capital account and not provided for Rs. 1,50,000*

*it has been assumed that the given this contract for purchase of machinery.

PROBLEM NO: 11

Haria Chemicals Ltd. Balance sheet as on 31st March, 2012

Particulars	Notes	Figures at the end of current reporting period (Rs.)
Equity and Liabilities		
1. Shareholders funds		
a. Share capital	1	25,00,000
b. Reserves & Surplus	2	7,40,000
2. Non Current Liabilities		
a. Long-term borrowings	3	11,45,000
3. Current Liabilities		
a. Trade Payables		2,81,000
Total		46,66,000

Assets		
1. Non - current Assets		
a. Fixed Assets		
Tangible Assets	4	30,05,000
Intangible Assets (Goodwill)		2,65,000
2. Current Assets		
a. Inventories		8,23,000
b. Trade receivables		4,40,000
c. Cash and cash equivalents	5	53,000
d. Short term loans and advances	6	80,000
Total		46,66,000

Haria Chemicals Ltd.

Statement of Profit and Loss for the year ended 31st March, 2015

Particulars	Notes	Figures at the end of 31 st March, 2015
Revenue From operations		42,68,000
Other income	7	56,000
Total (A)		43,24,000
Expenses:		
Cost material consumed	8	23,19,000
Change in inventory of finished goods	9	(1,43,000)
Employees benefit expenses	10	9,00,000
finance cost	11	1,36,000
Other expenses	12	5,11,000
Total (B)		37,23,000
Profit before tax (A – B)		6,01,000
Provision for tax		–
Profit for the period		6,01,000

Notes to Accounts

1. Share capital

Particulars	Amount (Rs.)
Authorized:	
Equity share capital of Rs.10 each	25,00,000
Issued and Subscribed:	
Equity share capital of Rs.10 each	25,00,000

2. Reserves and Surplus

Particulars	Amount (Rs.)
Balance as per last balance sheet	1,39,000
Balance in profit and Loss account	6,01,000
	7,40,000

3. Long term Borrowings

Particulars	Amount (Rs.)
11% Debentures	5,00,000
Bank loans	6,45,000
	11,45,000

4. Tangible Assets

Particulars	Gross block	Depreciation	Net Block
Freehold land	15,46,000		15,46,000
Furniture	2,00,000		2,00,000
Fixtures	3,00,000		3,00,000
Plant & Machinery	8,60,000	1,46,000	7,14,000
Tools & Equipment	2,45,000		2,45,000
Total	31,51,000	1,46,000	30,05,000

5. Cash and Cash equivalents

Particulars	Amount (Rs.)
Current account balance	45,000
Cash	8,000
	53,000

6. Short-term loans and Advances

Particulars	Amount (Rs.)
Loan to directors	80,000

7. Other income

Particulars	Amount (Rs.)
Rent received	46,000
Transfer fees	10,000
	56,000

8. Cost of material consumed

Particulars	Amount (Rs.)
Add: purchases	23,19,000

9. Change in inventory of finished goods, WIP & Stock in trade

Particulars	Amount (Rs.)
Opening inventory	6,80,000
Closing Inventory	(8,23,000)
	(1,43,000)

10. Employee benefit expenses

Particulars	Amount (Rs.)
Wages	9,00,000

11. Finance cost

Particulars	Amount (Rs.)
Interest on bank loans	1,16,000
Debenture interest	20,000
	1,36,000

12. Other expenses

Particulars	Amount (Rs.)
Consumables	84,000
Preliminary expenses	10,000
Bad debts	35,000
Discount	40,000
Rentals	25,000
Commission	1,20,000

Advertisement	20,000
Dealers' aids	21,000
Transit insurance	30,000
Trade expenses	72,000
Distribution freight	54,000
	5,11,000

PROBLEM NO: 12Balance sheet of Mount-view Ltd. as on 31st March, 2012

Particulars	Note No	Figures at the end of current reporting period (Rs.)
Equity and Liabilities		
1 Shareholders funds		
a Share capital	1	56,685
b Reserves & Surplus	2	1,941.47
2 Current Liabilities		
a Trade Payables		3,390
b Other current liabilities	3	510
c Short-term provision	4	8,264.53
Total		70,791
Assets		
1 Non-current Assets		
a Fixed Assets		
Tangible Assets	5	55,734
2 Current Assets		
a Inventories	6	4,701
b Trade receivables	7	489
c Cash and cash equivalents		9,867
Total		70,791

Statement of Profit and Loss of Mount-View Hotel Ltd.,

For the year ended 31st March, 2015

Particulars	Note No	Amount (Rs.)
I. Revenue from operation (A)	8	46,623
II. Expenses:		
Cost of materials consumed	9	7,587
Purchases of Inventory-in-Trade	10	11,733
Changes in inventories of finished goods work-in-progress	11	6
And inventory-in-trade		
Employee benefit expenses	12	7,215
Other operating expenses	13	6,453
Administrative and general expenses	14	3,423
Total expenses (B)		36,417
III. Profit before tax (A – B)		10,206
IV. Provision for tax		(4,300)
V. Profit (Loss) for the period		5,906

Notes to Accounts:

1. Share Capital

	Amount (Rs.)	Amount (Rs.)
Equity share capital		
Authorized		
10,000 Shares of Rs.10 each		1,00,000

Issued & Subscribed & Called up		
5,490 Equity Shares of Rs. 10 each	54,900	
Forfeited shares (210 x 8.5)	1,785	56,685
Total		56,685

2. Reserves and Surplus

	Amount (Rs.)	Amount (Rs.)
Surplus (Profit & Loss a/c)		5,906
Appropriations		
Proposed Dividend	3,294	
Dividend Distribution tax (W.N)	670.53	(3,964.53)
Profit (Loss) carried forward to Balance Sheet		1,941.47

3. Trade Payables = Rs.3390

4. Other current Liabilities

Manager's Commission Outstanding = 510

5. Short-term provisions

	Amount (Rs.)
Provision for taxation	4,300
Proposed Dividend	3,294
Dividend Distribution tax	670.53
Total	8,264.53

6. Tangible assets

	Amount (Rs.)	Amount (Rs.)
Freehold Premises	47,148	
Less: Depreciation	(348)	46,800
Furniture & Fittings	9,594	
Less: Depreciation	(660)	8,934
Total		55,734

7. Inventories

	Amount (Rs.)	Amount (Rs.)
Raw Material:		
Wines, Spirits & Beer	1,704	
Minerals, Cigars & Cigarettes	426	
Sundry Provisions & Stores and Coal	240	2,370
Loose tools:		
Linen	1,230	
Less: Depreciation	(390)	840
Cutlery & Plate	597	
Less: Depreciation	(207)	390
Glass & China	1,710	
Less: Depreciation	(609)	1,101
Total		4,701

8. Cash and Cash equivalents

	Amount (Rs.)
Cash at bank	7,500
Cash in hand	2,367
Total	9,867

9. Revenue from operations

	Amount (Rs.)	Amount (Rs.)
Sale of products		
Wines, Sprints, Beer	10,068	
Minerals, Cigars and Cigarettes	2,550	12,618
Sale of services		
Meals	23,829	
Rooms	9,375	
Fire in Bed Rooms	582	
Washing Charges	219	34,005
Total		46,623

10. Cost of materials consumed

	Amount (Rs.)
Meat, Fish and Poultry	7,587
Total	7,587

11. Purchase of Inventory-in-trade

	Amount (Rs.)
Wines, Sprints, Beer	5,223
Minerals, Cigars & Cigarettes	1,290
Sundry Provisions & Stores	5,220
Total	11,733

12. Change in inventories of finished goods work-in-progress and Inventory-in-Trade

	Amount (Rs.)	Amount (Rs.)
Opening Inventory		
Wines, Spirits & Beer	1,782	
Minerals, Cigars & Cigarettes	261	
Sundry Provisions & Stores and Coal	333	2,376
Less: Closing Inventory		
Wines, Sprints & Beer	1,704	
Minerals, Cigars & Cigarettes	426	
Sundry Provisions & Stores and Coal	240	(2,370)
Total		6

13. Employee benefit expenses

	Amount (Rs.)
Salaries	2,400
Wages	4,305
Manager's commission (on Rs.10,206 @ 5%)	510
Total	7,215

14. Other operating expenses

	Amount (Rs.)	Amount (Rs.)
Coal and Gas		2,160
Laundry		951
Electricity Light		1,128
Repairs, Renewals and Depreciation		
Premises	348	
Furniture & Fittings	660	

Glass and china	609	
Linen	390	
Cutlery & Plate	207	2,214
Total		6453

15. Administrative and general expenses

	Amount (Rs.)
Rates, Taxes and Insurances	1,713
General Expenses	1,710
Total	3,423

Working Note:**Calculation of dividend distribution tax**

	Amount (RS.)
(i) Grossing-up of dividend:	
Dividend distributed by Mount view hotel Ltd.	3,294
Add: Increase for the purpose of grossing up of dividend	581
[$15/(100-15) \times 3,294$]	
Gross dividend	3,875
(ii) Dividend Distribution tax @ 17.304	670.53

MASTER MINDS
THE END

Copyrights Reserved
To **MASTER MINDS**, Guntur