

PROFIT PRIOR 2 INCORPORATION



Pre: Post
= Time ratio.

Methods:-

(a) P&L for pre period & B/s: very impractical.

(b) Trading & PL - columnar:

Trading → normal: GP → ÷ in sales ratio.

P&L → columnar:

Pre ratio Post Pre Post

Expenses related to:-

Sales

- sales ratio
- adv, S&D.

SR = TR

if sales are evenly spread.

Purchases

- PR
- discount

Period

- TR
- salary rent

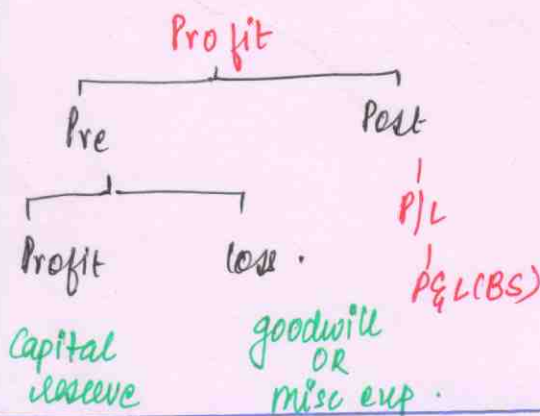
Specific.

Pre

- partners salary

Post

- MD salary
- Prop div, taxation
- Preliminary exp



• presentation as per company final A/c.

• Net assets t/o
↳ net liab t/o

OR
opening capital
± adj.

= Goodwill (seen in B/s)

Takeover entries

① PC

Business Purchase
To selling firm.

② asset & liab:

Asset t/o
Goodwill
To Liab
To BP
To Cap reserve.

③ settlement of PC:

Selling firm
To Cash
To ES
To PS
To Deb ?

* Be very careful of all ratios, months.

* Read & properly.

* Proper w/n

* date of incorporation = ✓ X
date of receipt of COCOB

* Int on PC