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(Pages : 6)

Name.....

Reg. No.....

**FOURTH SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY
EXAMINATION, APRIL 2024**

(CBCSS)

Master of Commerce

MCM4C15—INCOME TAX LAW, PRACTICE AND TAX PLANNING – II

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

*Answers should be written in English only.***Part A***Answer any **four** questions.
Each question carries 2 weightage.*

1. Define 'Amalgamation' as per Income Tax Act, 1961.
2. Explain In-house Scientific Research and Development Expenses.
3. How Tax evasion differs from tax planning ?
4. Explain the transfer pricing.
5. Explain the powers of CBDT.
6. A trust is holding property wholly for charitable purposes in India earned Rs. 200000 during 2021-22 but received only Rs. 150000 out of such income in 2021-22. Out of Rs. 150000 it set apart Rs. 30000 to be used for charitable purposes in future and spent Rs. 120000. In 2022-23 the trust received Rs. 50000 (accrued income) and spent Rs. 30000 in 2022-23 and Rs. 20000 in 2023-24 for charitable purposes in India. Compute the Income chargeable to tax, if any, for the previous year's 2021-22, 2022-23 and 2023-24.
7. When a company said to be resident ?

(4 × 2 = 8 weightage)

Turn over

Part B

*Answer any four questions.
Each question carries 3 weightage.*

8. Nithya, Raji and Mahima are partners sharing profits and Losses in the ration of 3:2:1. They have closed their accounts on 31/3/2023 and give the following Profit and Loss Account.

	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Office Expenses		15400	Gross Profit	40000
Income tax		1000	Net Loss :	
Salary to partners			Nithya	8700
Nithya	5000		Raji	5800
Raji	4000		Mahima	2900
Mahima	<u>10000</u>	19000		17400
Bonus to Partners				
Nithya	10000			
Mahima	12000	<u>22000</u>		
		<u>57400</u>		<u>57400</u>

Compute the total Income of the firm

9. From the following information compute the income of a tonnage tax company :
- The company has two qualifying ships. The net tonnage of ship I is 27,749-ton 400 kg and ship II 16,750 ton 500 kg.
 - Ship I run for 365 days during the previous year and ship II for 150 days during the previous year.
10. Discuss implications of foreign collaboration agreements.

11. Aby, Balu and Cathy are partners in a firm sharing profit and loss equally. The firm in the previous year has incurred a net loss of Rs. 75000 after deduction of following :

- i) Salary to Aby, Balu and Cathy Rs. 20000 each
- ii) Interest on capital @ 20% : Aby-Rs. 8000, Balu- Rs. 7000 and Cathy- Rs. 9000
- iii) Bonus to Aby and Balu Rs. 10000 each
- iv) Commission to Cathy Rs. 5000
- v) Donation to PM Drought Relief Fund Rs. 10000 by cheque
- vi) Depreciation on assets Rs. 50000 (allowed Rs. 60000)
- vii) Income Tax Rs. 5000
- viii) Goods and Service Tax Rs. 5000
- ix) General Reserve Rs. 15000
- x) The Profit and Loss account includes the following incomes :

a) Capital Gains :

Long Term	Rs. 10,000
Short Term	Rs. 10,000

b) Export Earnings Rs. 50,000

Compute the taxable income of the firm. The firm fulfills the conditions of section 184.

12. Discuss the tax incentives provided by the government for export promotion.

13. An Association of persons has 3 members who share profits and losses equally. The profit of the A.O.P as per its P&L A/c is Rs. 390000 after debiting the following to its P&L A/c.

- 1) Remuneration to the members of A.O.P Rs. 62000
- 2) Interest on capital to members Rs. 70000
- 3) Depreciation on fixed assets Rs. 60000

Depreciation allowable is only Rs 50000. Compute the tax payable by A.O.P, of none of the members of A.O.P has income exceeding the non-taxable limits.

14. Explain the provisions under section 80P of Income Tax Act, 1961.

(4 × 3 = 12 weightage)

Turn over

Part C

*Answer any two questions.
Each question carries 5 weightage.*

15. From the following Profit and Loss, A/c of a partnership firm for the year ended 31 March 2023, compute book profit, income from business and total income of the firm for the Assessment Year 2023-24. The firm fulfils the conditions of section 184.

Profit and Loss Account

To Rates and Taxes To Rent	3,750	By Gross profit	1,44,000
To Rent	18,000	By Commission	7,500
To Car Expenses	13,500	By Income tax Refund	11,550
To Entertainment Expenses	4,500	By Excise suspense recd.	3,750
To Salaries	54,000	By Scrap Sales	7,500
To Electricity and water	3,300	By Short term Capital Gain	22,500
To Repair	9,000		
To Trade Expenses	9,750		
To Depreciation	12,000		
To Legal Expenses	5,250		
To Net Profit	63,750		
	<u>1,96,800</u>		<u>1,96,800</u>

Other particulars :

- Salaries include Rs. 23400 paid to Managing Partners
- Rent includes Rs. 9000 paid to a partner for the premises occupied by the firm.
- Rates and Taxes include municipal taxes of Rs. 1500 paid on the premises of the partner ,to be borne by him.
- Repairs include cost of electric motor replaced at a cost of R 4500

- e) Trade Expenses include :
- i) Donation to Charitable Institution Rs. 2250 by cheque
 - ii) Diwali pooja Expenses Rs.1500
 - f) Legal Expenses include Rs.750 paid to advocate in connection with the litigation of the partner's property.
- g) Excise suspense was disallowed when debited in the earlier year, i.e. Assessment Year 2021-22.
16. Tax planning is a very important and vital role in framing strategies for setting up new business. Explain the importance of tax planning for setting up new business towards optimizing tax liability.
17. From the following information compute the tax liability of Santa Ltd. for the assessment year 2023-24 :

Profit and Loss Account

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Raw material	10,00,000	Domestic sale of goods	25,00,000
Salary and wages	1,20,000	Export of goods	6,00,000
Entertainment expenditure	20,000	Other receipts	2,00,000
Travelling expenditure	30,000	Dividend from Indian company	3,22,000
Income tax	2,00,000		
Wealth tax	5,000		
Outstanding excise duty	15,000		
Provision for unascertained liability	40,000		
Dividend paid	52,000		
Dividend distribution tax	10,689		
Depreciation on assets after revaluation	6,40,000		
Net Profit	14,89,311		
	36,22,000		36,22,000

Turn over

Other information :

For tax purposes, the company wants to claim the following :

- a. Deduction under section 80-IAC (100% of Rs. 14,89,311).
- b. Custom duty of Rs. 50,000 pertaining to 2021-22 paid during 2022-23.
- c. Depreciation under section 32 is Rs. 6,00,000.
- d. Outstanding excise duty is paid on 12 December 2023.
- e. Assets whose book value was Rs. 8,00,000 was revalued at Rs. 20,00,000.
- f. The company wants to set-off the following losses/ allowances:

	For Tax purposes (Rs.)	For Accounting Purposes (Rs.)
B/F Loss of 2019-20	7,40,000	8,00,000
Unabsorbed Depreciation	3,00,000	4,50,000

18. A domestic company in which public are substantially interested, submits the following particulars of its income of the Previous Year ended March 31,2023.

i) Profits of business after deduction of donations to approved charitable institution	Rs. 1,90,000
ii) Donation to charitable institution by cheque	30,000
iii) Interest on Government securities	10,000
iv) Dividend from a domestic company (Gross)	60,000
v) long term capital gain	50,000
vi) Book Profit u/s 115-JB	8,00,000

During the FY 2022-23, the company deposited Rs 15,000 in Industrial Development Bank of India. The Company distributed gross dividend of Rs. 100,000 on 06/12/2022.

Compute the taxable income of the company and tax payable by it for the Assessment Year 2023-24.

(2 × 5 = 10 weightage)

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Name.....

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**FOURTH SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, APRIL 2023**

(CBCSS)

M.Com.

MCM4C15—INCOME TAX LAW, PRACTICE AND TAX PLANNING - II

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A

*Answer any four questions.
Each question carries 2 weightage.*

1. Explain the tax incidence of a Partnership firm.
2. What is Amalgamation and Demerger ?
3. Point out the elements to be covered in Tax Management.
4. What is the different type of trust ?
5. Discuss the different types of merger and amalgamation.
6. What are the objectives of Tax Planning ?
7. A non-resident Indian acquired shares on 01.02.2009 for Rs. 2,00,000 in foreign currency. These shares are sold by him on 01.02.2021 for Rs. 6,00,000. He invests Rs. 6,00,000 in shares on 31.03.2021 and these shares are sold by him on 30.06.2021 for Rs. 7,00,000. Discuss the tax implications.

(4 × 2 = 8 weightage)

Part B

*Answer any four questions.
Each question carries 3 weightage.*

8. Explain repair, replacement and renovation of an asset.
9. Explain the deductions in respect of profits and gains by an undertaking or enterprise engaged in development of special economic zone [sec. 80IAB].
10. XYZ LLP is being liquidated. Examine the liability of its partners in respect of its tax dues.
11. Write a note on "Tax incentives to amalgamated company".

Turn over

12. In the previous year 2021-22, a Charitable trust derived an income of Rs. 4,00,000 from property held for charitable purpose, including Rs. 25,000 by way of tax deducted from a part of such income at source. During the year, the trust spent Rs. 2,20,000 for charitable purposes. Compute taxable income.
13. The net profit of Y Ltd, an Indian company, as per its profit and loss account prepared as per the Income Tax Act ,1961 is Rs. 90,00,000 after adjusting the following :

Particulars	Amount
Provision for income-tax	5,00,000
Provisions for deferred tax	3,00,000
Proposed dividend	7,50,000
Depreciation including depreciation on revaluation of assets Rs. 20,00,000 debited to profit and loss account	60,00,000
Profit from industrial unit in SEZ area	80,000
Provision for permanent diminution in the value of investments	70,000

Compute tax liability under section 115JB for the assessment year 2022-23.

14. The directors of a Domestic Company, whose existing capital is Rs. 1 crore all in equity shares., proposes to expand its business for which an additional investment of Rs. 50 lakh would be needed. The entire money can be raised either by issue of Equity shares or by issue of 10% Debentures. They decide in favour of issue of Equity shares.

As a tax consultant do you approval the proposal? Assume the rate of return is 20% and rate of income tax is 26% including cess.

(4 × 3 = 12 weightage)

Part C

*Answer any two questions.
Each question carries 5 weightage.*

15. Evaluate Tax Management is essential, tax planning is desirable and tax evasion is objectionable.
16. A domestic company submits the following particulars of its income for the previous year ending on 31 March 2022.
- | | Rs. |
|---|----------|
| 1 Profits of business after deduction of donations to approved charitable institution section 80G | 4,00,000 |
| 2 Donation to charitable institution by cheque | 50,000 |

3	Interest on Government securities	20,000
4	Dividend from domestic company (Gross)	60,000
5	Long Term Capital Gain	1,00,000
6	Book Profits u/s 115JB	10,00,000

During the financial year 2020-2021 the company deposited 50,000 in IDBI. The company distributed a dividend of Rs. 1,00,000 on 06/09/2021. Compute the taxable income of the company and tax payable by it for AY 2022-2023.

17. ABC Ltd. proposes to sell one-unit XYZ which was set up in 2010 (out of 10 units) and is not related to company's main line of business. Total consideration for sale of XYZ unit as a going concern by way of slump sale is Rs. 3,50,000. The summarized financial position of XYZ unit as on 31 st January, 2022 (Date of Sale) is as under :

Capital and Liabilities	Amount Rs.	Assets	Amount Rs.
Paid up capital	50,000	Fixed assets	70,000
General Reserve	40,000	Debtors	40,000
Revaluation Reserve	30,000	Inventories	40,000
Current liabilities	30,000		
	<hr/>		<hr/>
	1,50,000		1,50,000
	<hr/>		<hr/>

Additional information as under :

- 1 Fixed assets include Land purchased at Rs. 5,000 in May, 2013 revalued at Rs. 50,000.
- 2 For the remaining fixed assets, their written down value as per the Income-tax Act, 1961 is Rs. 10,000. Compute the capital gain arising on sale of XYZ unit of ABC Ltd.

Turn over

18. Compute the assessable income of Right Ltd. Based on the undermentioned particulars relating to the year ended 31/3/2022.

	Rs.
1 Net profit without adjustments for following :	3,66,000
2 Allowable depreciation for the year (including that on roads drive-ways and compound wall Rs. 5000)	45,000
3 Brokerage for obtaining a loan of Rs 10 lakh	10,000
4 Propaganda to prevent seizure of business by Govt.	15,000
5 Legal expense for evicting squatters who took illegal possession of a part of the factory	16,000
6 Entertainment expenses	26,000
7 Forfeiture of the security deposit paid to a customer for non-fulfilment of contract	5,000

(2 × 5 = 10 weightage)

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Name.....

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**FOURTH SEMESTER M.Com. DEGREE [REGULAR/SUPPLEMENTARY]
EXAMINATION, APRIL 2022**

April 2021 Session for SDE/Private Students

(CBCSS)

Master of Commerce

MCM 4C 15—INCOME TAX LAW, PRACTICE AND TAX PLANNING—II

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

General Instructions

Covid Instructions are not applicable for Pvt/SDE students (April 2021 session)

1. *In cases where choices are provided, students can attend **all** questions in each section.*
2. *The minimum number of questions to be attended from the Section / Part shall remain the same.*
3. *The instruction if any, to attend a minimum number of questions from each sub section / sub part / sub division may be ignored.*
4. *There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.*

Part I (Descriptive Type Questions)

PART A

*Answer any **four** questions.*

Each question carries 2 weightage.

1. Explain book profit for computing remuneration to working partners.
2. Explain about private and public trust.
3. Explain tax under tonnage tax system.
4. Explain tax planning in relation to Bonus share.
5. Write a note on deductions under Section 80P.
6. Write a note on AMT.
7. From following information compute the tax payable by X Ltd. for the Assessment Year 2021-22. Business income from sale of securities - 8,50,000, other business income - 10,00,000, long term capital gains - 4,00,000, Securities transaction tax paid (not deducted from business income)- 1,50,000.

(4 × 2 = 8 weightage)

Turn over

PART B

Answer any **four** questions.
Each question carries 3 weightage.

8. Explain the conditions to assess a firm as a partnership firm u/s 184.
9. Explain the tax planning in relation to dividend income.
10. Explain the deduction in respect of profits and gains of an undertaking engaged in development of Special Economic Zone.
11. Y Co. is a firm of chartered accountants, having three partners X,Y and Z. The firm satisfies the conditions of Sec. 184. It gives the following income and expenditure account for the year ended 31.3.2021.

	Rs.		Rs.
Salary and other expenses ...	5,18,000	Receipts from clients ...	5,70,000
Depreciation ...	40,000	Audit fee ...	80,000
Salary and bonus to partners ...	1,06,000	Net loss ...	1,64,000
Interest on capital to partners ...	1,50,000		
	8,14,000		8,14,000

The following details are also available :

1. Out of other expenses Rs. 60,000 is not deductible.
2. Depreciation allowable Rs. 45,000.
3. Interest on capital to partners, not deductible as per sec. 40(b) Rs. 28,000.

Compute the taxable income of the firm.

12. The income of a Co-operative Society for previous year is constituted as below :
 - i) Income from business ... 5,000
 - ii) Income from processing the agricultural produce
to its members (without aid of power) ... 6,000
 - iii) Income from fishing and allied activities ... 4,000
 - iv) Income from interest on securities (gross) ... 2,500
 - v) Income from house property (computed) ... 2,300

Compute the total income of the society and calculate the tax payable by it for the Assessment Year 2021-22.

13. An association of persons has 3 members who share profits and losses equally. The profit of the A.O.P. as per its P&L A/c is Rs. 3,90,000 after debiting the following to its P&L A/c :

1) Remuneration to members of A.O.P	...	62,000.
2) Interest on capital to members	...	70,000
3) Depreciation on Assets	...	60,000

Depreciation allowable is only Rs. 50,000. Compute the tax payable by A.O.P. if none of the members of A.O.P has income exceeding the non-taxable limits.

14. A domestic company submits the following particulars of its income for the previous year ending on March 31, 2021 :

- i) Profits of business after deduction of donations to approved charitable institution Rs. 1,30,000.
- ii) Donation to charitable institution by cheque Rs. 30,000.
- iii) Interest on Govt. Securities Rs. 10,000.
- iv) Dividend from a domestic company (gross) Rs. 60,000.
- v) Long term capital gain Rs. 50,000.
- vi) Book profits u/s 115JB Rs. 8,00,000.

During the financial year 2020-21 the company deposited Rs. 15,000 in Industrial development bank in India. The company distributed a dividend of Rs. 1,00,000 on 6.12.2020.

Compute the taxable income of the company and tax payable by it for the Assessment Year 2021-22.

(4 × 3 = 12 weightage)

Part C

Answer any two questions.

Each question carries 5 weightage.

15. What factors would you keep in mind while planning with regard to own or lease of an asset ?
16. A and B want to start a business. They have two options for selecting a form of organisation, partnership firm or a private company. The estimated profits of which, before the following deductions are Rs. 6,96,000.
 - 1) Remuneration Rs. 20,000 p.m. each by the firm and Rs. 25,000 each by the company.
 - 2) Each will give a loan to the business of Rs. 2,00,000 @ 12% p.a.

Turn over

- 3) Contribution as capital Rs. 2,00,000 each. On this interest will be paid @ 12% p.a. However, the company cannot pay the interest on it.
- 4) The profits after tax will be distributed equally as profits/dividends.

Assume that the company is liable to pay income tax @ 25% + surcharge + health and education cess.

Suggest whether they should form a partnership firm or a private company.

17. A company has provided the following information :

1. Profit of P.Y. before deducting depreciation Rs. 2,00,000.
2. W.D.V. of assets Rs. 1,00,000.
3. Rate of depreciation 15%.
4. Rate of tax 26%
5. Asset purchased for scientific research cost Rs. 1,00,000; the amount is fully deducted u/s 35 ;
6. The asset is short term capital asset and it is sold for : a) Rs. 80,000, b) 1,50,000.

From tax planning point of view suggest whether the asset should be sold without using it for business purposes or after use for business purposes.

18. Compute total income of United Ltd. from the following details of income and payments. Textile business Rs. 12,00,000, cement plant Rs. 2,60,000, Toys export business Rs. 2,40,000, Industrial unit in Himachal Pradesh set up in January 2012 (Backward state) Rs. 3,00,000, poultry farming (commenced in 2018) Rs. 1,00,000.

Hotel business Rs. 2,00,000

Small scale industry Rs. 1,50,000

Steel business (loss) Rs. 6,00,000

Long term capital gain Rs. 5,00,000

Royalty income for technical knowhow in India Rs. 80,000, abroad Rs. 90,000

Dividend from Indian Company Rs. 75,000

The company has set out a building on monthly rent of Rs. 60,000.

The municipal valuation of the building is Rs. 7,00,000 (municipal taxes paid 5%).

In addition the company has rental income of a parking ground Rs. 20,000 per month.

The company donated Rs. 40,000 to PMNRF and Rs. 90,000 to PMDRF.

Compute total income for the year 2020-21.

(2 × 5 = 10 weightage)

C 953

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**FOURTH SEMESTER M.Com. DEGREE (REGULAR) EXAMINATION
MARCH 2021**

(CBCSS)

M.Com.

MCM 4C 15—INCOME TAX LAW, PRACTICE AND TAX PLANNING—II

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

General Instructions

1. In cases where choices are provided, students can attend all questions in each section.
2. The minimum number of questions to be attended from the section/part shall remain the same.
3. There will be an overall ceiling for each section/part that is equivalent to the maximum weightage of the section/part.

Part A

Answer any four questions.

Each question carries 2 weightage.

1. Explain tax planning regarding assessment of AOP/BOI.
2. What are the deductions available to corporate assesseees ?
3. Explain the Tax planning in relation to Make or Buy.
4. Describe the Assessment of Limited Liability Partnership (LLP).
5. What is MAT and explain the basic provisions of MAT.
6. Explain different types of companies according to taxation point of view.
7. From the following information, compute net tax payable by an Association of Person's for the assessment year 2019-20 if X, a member, is liable to pay tax on his other income :

- i) Long term capital gain (computed) - Rs. 75,000
- ii) Lottery winning (gross) - Rs. 80,000
- iii) Income from House property - Rs. 60,000

(4 × 2 = 8 weightage)

Turn over

Part B

Answer any four questions.

Each question carries 3 weightage.

8. Explain the special provisions applicable to assessment of total income of Companies.
9. Describe the conditions of qualifying ship under Tonnage Tax.
10. Explain the Tax Planning to Shut Down or Continue Decisions.
11. From the following, compute the total income of the firm and tax payable by it for the A. Y. 2019-20 :
 - i) Profit from small scale industrial undertaking ₹ 4,50,000.
 - ii) Profit from poultry breeding business ₹ 3,20,000.
 - iii) Short- term capital loss ₹ 1,50,000.
 - iv) Long-term capital gains ₹ 3,50,000.
 - v) Interest from Bank ₹ 70,000.
 - vi) Donation to charitable institution (approved) by cheque ₹ 1,20,000.
12. For the A.Y. 2019-20 the Jodhpur Co-operative Society derived total income from the following :
 - i) Income from processing with the aid of power ₹ 10,000.
 - ii) Income from collective disposal of labour of its members ₹ 15,000.
 - iii) Interest from another Co-operative Society (Gross) ₹ 30,000.
 - iv) Income from House Property ₹ 20,000.
 - v) Income from other business ₹ 10,000.Determine its taxable income and calculate tax.
13. From the following information compute the tax payable by a tonnage tax company for the A.Y. 2019-20 :
 - i) The company has two qualifying ships. The net tonnage of Ship I is 27,749 ton 400 kg and Ship II 16,750 ton and 500 kg.
 - ii) Ship I runs for 365 days during the previous year and Ship II for 150 days during the previous year.
 - iii) Turnover of core activities ₹ 20 crore.
 - iv) Profit from incidental activities ₹ 5.5 lakh.

14. From the following particulars, compute the total income of Z Ltd. An Indian company for the A.Y. 2019-20 :

- i) Interest on Securities ₹ 2,000 (Gross)
- ii) Business Income ₹ 3,00,000.
- iii) Interest on debentures of an Indian Paper Mill Ltd ₹ 50,000 (Gross)
- iv) Dividend from an Indian Company ₹ 20,000 (Gross)

It has distributed dividend of ₹ 50,000 on 1.9.2018.

(4 × 3 = 12 weightage)

Part C

Answer any two questions.

Each question carries 5 weightage.

15. Explain Tax Planning in relation to setting up of a new business with relation to Location, Nature and form of organization.
16. The directors of a domestic company whose existing capital is ₹ 1 crore all in Equity shares, proposes to expand its business for which an additional investment of ₹ 50 lakhs would be needed. The entire money can be raised either by issue of Equity shares or by issue of 10% Debentures. They decide in favour of issue of Equity shared.

As a Tax consultant do you approve the proposal ? Assume that the rate return is 20% and rate of income tax is 30%.
17. Suhas Company Ltd. is a widely held domestic company. The following are the particulars of its income in respect of the previous year 2018-2019 :
 - a) Income from business ₹ 1,10,00,000.
 - b) Interest from Govt. Securities ₹ 20,000.
 - c) Short term capital gains u/s 111A ₹ 30,000.
 - d) Long term capital gains ₹ 66,000.
 - e) Dividend from domestic company (gross) ₹ 20,000.
 - f) Dividend from foreign company ₹ 20,000.
 - g) Book Profit u/s 115JB ₹ 1,05,00,000.

During the Previous Year the company donated by cheque ₹ 50,000 to National Defence Fund. Compute company's total income and tax payable for the A.Y. 2019-20.

Turn over

18. A, B and C are partners in a firm, sharing profits and losses in the proportions of $\frac{2}{5}$ th, $\frac{2}{5}$ th and $\frac{1}{5}$ th respectively. The Profit and Loss Account for the year ended 31st March, 2019 is as follows :

Items	Amount	Items	Amount
To Sundry Trade Expenses	1,02,000	By Gross Profit b/d	4,78,200
To Interest on Capital @ 13% :		By Interest on Securities Gross	10,000
A 13,000			
B 6,500			
C 6,500	26,000		
To Rent to B	30,000		
To Salary to B	72,000		
To Commission to C	36,000		
To Net Profit	2,22,200		
Total	4,88,200	Total	4,88,200

Compute the total income of the firm.

(2 × 5 = 10 weightage)