

**TOPIC : PROFIT PRIOR TO INCORPORATION**

Question	Answer1	Answer2	Answer3	Answer4
Date of take over : 1.1.2018; Date of incorporation: 1.7.2018; Closing Date : 31st December 2018. The time ratio is	2:1	1:1	1:2	1:4
For computation of profit prior to incorporation , SALARY TO EMPLOYEES is considered as	post incorporation expenditure	pre incorporation expenditure	allocated in the ratio of sales	allocated in the ratio of time
For computation of profit prior to incorporation , SALARY TO PARTNERS is considered as	Take over	Balance sheet	Incorporation	Business commencement certificate
Profit after date of incorporation is	Capital Reserve	Capital profit	Net Profit	Statutory reserve
For computation of profits prior to incorporation, bad debts amount is apportioned on the basis of	allocated in the ratio of sales	pre incorporation expenditure	allocated in the ratio of time	post incorporation expenditure
For computation of pre-incorporation profit, Insurance Premium is _____	allocated in time ratio	allocated in sales ratio	allocated pre-incorporation	allocated in post-incorporation
Post Incorporation profit is transferred to _____	Security Premium Account	Capital Reserve Account	General Reserve Account	Goodwill Account
The expenses relating to the company should be allocated to _____period	Pre-Incorporation	Post-Incorporation	Capital Reserve Ratio	General Reserve Ratio
For computation of profit prior to incorporation, Divident on Equity shares apportioned on the basis of	pre incorporation expenditure	post incorporation expenditure	allocated in the ratio of time	allocated in the ratio of sales
For computation of profits prior to incorporation, Depreciation on fixed assets allocated in the ratio of	sales	time	partners capital	profits
For computation of profits prior to incorporation, interest to promoters is allocated in	allocated in the ratio of time	post incorporation expenditure	allocated in the ratio of sales	pre incorporation expenditure
PROFIT during PRE-INCORPORATION period is called	Goodwill	Security Premium A/c	post incorporation expenditure	Capital Reserve

Date of PURCHASE: 1.5.2017; Date of INCORPORATION: 1.8.2017; YEAR ENDED date: 31.3.2018. Salaries Rs. 90,000 . Salaries in pre-incorporation period were Rs. 6,000 p.m. and 9,000 p.m.respectively. Calculate salaries for pre-incorporation and post - incorporation period respectively.	Rs. 52,000 & Rs. 38,000	Rs. 40,000 & Rs. 50,000	Rs. 18,000 & Rs. 72,000	Rs. 45,000 & Rs. 45,000
For computation of profits prior to incorporation, RENT is allocated in	specific time period	time ratio	sales ratio	equally
Date of take over : 1.4.2018; Date of incorporation: 1.7.2018; Closing Date : 31st March 2019. Preliminary expenses Rs. 35,000.1/5th of the preliminary expenses to be written off. Calculate the amount of preliminary expenses to be written off	Rs.5,000	Rs. 4,000	Rs.7,000	Rs.3,000
Date of take over : 1.4.2019; Date of incorporation: 1.7.2019; Closing Date : 31st March 2020. Turnover is doubled in April, May, October, November & December as compared to other months . Calculate sales ratio.	11:4	5:12	7:4	12:5
For computation of pre-incorporation profit advertisement expenses is divided in the ratio of	Sales	Time	purchase	specific
For computation of pre-incorporation profit printing and stationary charges is divided in the ratio of	Time	purchase	specific	Sales
While calculating pre-incorporation profit, carriage on sales is	allocated in sales ratio	allocated in purchase ratio	debited to pre-incorporation period	debited to post - incorporation period
Discount allowed is _____ for computation of pre-incorporation profit	allocated in time ratio	allocated in sales ratio	treated as pre-incorporation expenditure	treated as post-incorporation expenditure

Date of PURCHASE: 1.4.2019; Date of INCORPORATION: 1.8.2019; YEAR ENDED date: 31.3.2020. Salaries Rs. 1,26,000 . Salaries in pre-incorporation period were Rs. 7,500 p.m. and 12,000 p.m.respectively. Calculate salaries for pre-incorporation and post - incorporation period respectively.	Rs. 58,000 & Rs. 58,000	Rs. 58,000 & Rs. 68,000	Rs. 30,000 & Rs. 96,000	Rs. 65,000 & Rs. 85,000
Date of PURCHASE: 1.4.2019; Date of INCORPORATION: 1.8.2019; YEAR ENDED date: 31.3.2020. Salaries Rs. 1,34,000 . Salaries in pre-incorporation period were Rs. 9,500 p.m. and 12,000 p.m.respectively. Calculate salaries for pre-incorporation and post - incorporation period respectively.	Rs. 67,000 & Rs. 67,000	Rs. 58,000 & Rs. 67,000	Rs. 48,000 & Rs. 96,000	Rs. 38,000 & Rs. 96,000
Date of PURCHASE: 1.4.2019; Date of INCORPORATION: 1.10.2019; YEAR ENDED date: 31.3.2020. RENT PAID Rs. 1,34,000 . RENT in pre-incorporation period AND post incorporation period were:	Rs. 67,000 & Rs. 67,000	Rs. 58,000 & Rs. 67,000	Rs. 48,000 & Rs. 96,000	Rs. 38,000 & Rs. 96,000
Date of PURCHASE: 1.4.2019; Date of INCORPORATION: 1.10.2019; YEAR ENDED date: 31.3.2020. RENT PAID Rs. 1,50,000 . RENT in pre-incorporation period AND post incorporation period were:	Rs. 175,000 & Rs.75,000	Rs. 58,000 & Rs. 67,000	Rs.1,00,00 & Rs. 50,000	Rs. 75,000 & Rs.75,000
Purchase Consideration Rs. 70,000. Capital Account Rs. 50,000 . The value of Goodwill is	Rs. 23,000	Rs.20,000	Rs.50,000	Rs. 70,000
Date of PURCHASE: 1.4.2019; Date of INCORPORATION: 1.10.2019; YEAR ENDED date: 31.3.2020. AUDIT FEES PAID Rs. 1,20,000 . AUDIT FEES in pre-incorporation period AND post incorporation period were:	Rs. 175,000 & Rs.75,000	Rs. 50,000 & Rs. 70,000	Rs.1,00,00 & Rs. 50,000	Rs. 60,000 & Rs.60,000
Interest on Fixed Deposit expense will be transferred to _____ for computation of profit prior to incorporation	Time	Pre-Incorporation Period	Profit & Loss A/c	Post -Incorporation Period

Variable Cost is _____ for computation of pre-incorporation profit	treated as pre-incorporation expenditure	treated as post-incorporation expenditure	allocated in time ratio	allocated in sales ratio
Which expense among the following is allocated in Time Ratio ?	Office Expenses	Sales Commission	Bad Debts	Discount allowed
Which of these expense is allocated in Sales Ratio ?	Rates	Selling Expenses	Salaries	Office Expense
Which one of the following expense is treated as pre-incorporation expenditure ?	Director fees	Preliminary Expense	Income Tax	Interest on partner's Capital
Which one of the following expense is treated as post -incorporation expenditure ?	Partner's salaries	Vendor's salary	Transfer Fees	Interest on partner's Capital
Gross profit allocated in the ratio of	sales	Pre-Incorporation Period	Profit & Loss A/c	Post -Incorporation Period
The excess of net assets over consideration paid is called	Security Premium	Capital Reserve	Goodwill	Reserve Capital
Pre- incorporation profit is available for	payment of dividend	payment of interest on debentures	payment of fixed assets	for writing off fixed assets
While calculating pre-incorporation profit, carriage on sales is	allocated in sales ratio	allocated in purchase ratio	debited to pre-incorporation period	debited to post -incorporation period
For computation of profit prior to incorporation, Rates and Taxes is	treated as pre-incorporation expenditure	allocated in sales ratio	allocated in time ratio	treated as post-incorporation expenditure
For computation of profit prior to incorporation, Board of Directors remuneration is	allocated in time ratio	treated as post-incorporation expenditure	allocated in sales ratio	treated as pre-incorporation expenditure
While computation of profit prior to incorporation , Brokerage on sale of debentures is	treated as pre-incorporation expenditure	allocated in sales ratio	allocated in time ratio	treated as post-incorporation expenditure
For computation of profit prior to incorporation, Office staff expense is	allocated in time ratio	treated as post-incorporation expenditure	treated as pre-incorporation expenditure	allocated in sales ratio
While computation of profit prior to incorporation , After sales service cost is	debited to post -incorporation period	debited to pre-incorporation period	allocated in sales ratio	allocated in time ratio
For computation of profit prior to incorporation, Preliminary expense is	debited to pre-incorporation period	treated as post-incorporation expenditure	transferred to General Reserve A/c	transferred to Capital Reserve
Preliminary expenses, discount on issue of shares and debentures not written off should be shown in	Balance sheet liabilities side	Partner's Capital A/c	Profit & loss Appropriation A/	Balance sheet asset side
While computation of profit prior to incorporation , Cost of Sales expense is	allocated in sales ratio	allocated in time ratio	treated as post-incorporation expenditure	treated as pre-incorporation expenditure

For computation of profit prior to incorporation, Discount received from creditors expense is	treated as pre-incorporation expenditure	treated as post-incorporation expenditure	allocated in purchase ratio	allocated in sales ratio
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