

**TEST 9**  
**(PGBP - 3 + Old )**  
**Time : 30 minutes    Total Marks : 20**

**Question 1 :** Mr.Y carries on his own business. An analysis of his trading and profit & loss for the year ended 31.03.2024 revealed the following information:

- (1) The net profit was ₹11,20,000.
- (2) The following incomes were credited in the profit and loss account:
  - (a) Dividend from UTI ₹ 22,000.
  - (b) Interest on debentures ₹17,500
  - (c) Winnings from races ₹15,000.
- (3) It was found that some stocks were omitted to be included in both the opening and closing stocks, the value of which were:  
Opening stock ₹8,000.  
Closing stock ₹12,000
- (4) ₹1,00,000 was debited in the profit and loss account being contribution to a University approved and notified under section 35(1)(ii).
- (5) Salary includes ₹20,000 paid to his brother which is unreasonable to the extent of ₹2,500.
- (6) Advertisement expenses include 15 gift packets of dry fruits costing ₹1,000 per packet presented to important customers.
- (7) Total expenses on car was ₹78,000. The car was used both for business and personal purposes.  $\frac{3}{4}$ <sup>th</sup> is for business purposes.
- (8) Miscellaneous expenses included ₹30,000 paid to A & Co., a good transport operator in cash on 31.01.2024 for distribution of the company's product to the warehouses.
- (9) Depreciation debited in the books was ₹55,000. Depreciation allowed as per IT rules was ₹50,000.
- (10) Drawing ₹10,000
- (11) Investment in NSC ₹15,000.

Compute the Total Income of Mr. Y for the Assessment Year 2024-25.

## TEST 9 SOLUTION

### (PGBP - 3)

#### **Solution 1: Computation of Total Income of Mr. Y for the Assessment Year 2024-25**

<b>Income under the head Business/Profession</b>	<b>₹</b>
Net profit as per profit and loss account	11,20,000
Add: inadmissible expenses	
• Car used for personal purpose (78,000 x 1/4 )	19,500
• Under valuation of closing stock	12,000
• Salary disallowed u/s 40A(2)	2,500
• Depreciation (55,000 – 50,000)	5,000
• Drawing	10,000
• Investment in NSC	15,000
Total	11,84,000
Less:	
• Dividend from units of UTI	(22,000)
• Interest on debentures	(17,500)
• Winning From Races	(15,000)
• Under valuation of opening stock	(8,000)
Business income	11,21,500
<b>Income under the head Other Sources</b>	
Dividend from units of UTI	22,000
Interest on debentures	17,500
Winning From Races	15,000
<b>Income under the head Other Sources</b>	<b>54,500</b>
Gross Total Income	11,76,000
Less: Deduction u/s 80C	(15,000)
Total Income	<b>11,61,000</b>