

Manufacturing, Trading and Profit & Loss Account for the year ended 31.03.2025			
Particulars	₹	Particulars	₹
To Opening Stock	71,000	By Sales	2,32,00,000
To Purchase of Raw Materials	2,16,99,000	By Closing stock	2,00,000
To Manufacturing Wages & Expenses	5,70,000		
To Gross Profit	10,60,000		
	2,34,00,000		2,34,00,000
To Administrative Expense	5,26,000	By Gross Profit	10,60,000
To SGST penalty	5,000	By Dividend from domestic companies	15,000
To Loss on sale of shares (Short-term)	8,100	By Income-tax refund (principal ₹ 5,000, interest ₹ 450)	5450
To Salary	60,000	By Income from agriculture (net)	1,80,000
To GST paid	1,10,000	By Interest from banks on fixed deposits (gross)	1, 50,000
To Purchase of Car (office Use)	80,000	By Cash gift from father	90000
To Housing Loan repaid to SBI (including interest of INR 88,000)	1,88,000	By Rent	27000
To Advance Tax Paid	17,50,000	By Winning from game show on T.V. (net of TDS of ₹ 15,000)	35000
To General Expenses	54,000	By Dividend from units of UTI (Gross)	10,500
To Amount paid to scientific research association approved u/s 35	1,50,000	By Bad debts Recovered	3,00,000
To Books bought on 1.07.2024 (annual publications by A/c payee cheque)	20,000		
To Public provident fund subscription	25000		
To Interest to Bank (On machinery term loan)	60,000		
To Motor car Maintenance	10,000		
To Depreciation	20,00,000		
To Net Profit	5,00,000		
	12,55,000		12,55,000

Following are the further information relating to the financial year 2024-25:

- (i) It was found that some stocks were omitted to be included in both the Opening and Closing Stock, the values of which were:

Opening stock	₹ 9,000
Closing stock	₹ 18,000

- (ii) Administrative charges include ₹ 46,000 paid as commission to brother of the assessee. The commission amount at the market rate is ₹ 36,000.
- (iii) Salary includes ₹ 10,000 paid to his brother, which is unreasonable to the extent of ₹ 2,000.
- (iv) The assessee paid ₹ 33,000 in cash to a transport carrier on 29.12.2024. This amount is included in manufacturing expenses. (Assume that the provisions relating to TDS are not applicable to this payment)
- (v) A sum of ₹ 4,000 per month was paid as salary to a staff throughout the year and this has not been recorded in the books of account.
- (vi) Bank term loan interest actually paid upto 31.03.2025 was ₹ 20,000 and the balance was paid in November 2025.
- (vii) Motor car was put to use both for official and personal purpose. One-fifth of the motor car use is for personal purpose.
- (viii) Depreciation as per Income-tax Rules: ₹ 28,00,000 including additional depreciation on new plant & machinery of ₹ 1,50,000.
- (ix) Interest amounting to ₹ 2,10,000 for short payment of advance tax as per section 234B relating to the assessment year 2024-25.
- (x) ₹ 3,50,000 paid to a contractor for carrying out whitewash work at factory premises. Tax was not deducted at source on this payment and the contractor did not file his return of income for the relevant PY.
- (xi) Contribution to Prime Minister National Relief Fund - ₹ 3,00,000 paid by way of cheque.
- (xii) Expenditure towards advertising charges in a brochure of a political party registered under section 29A of Representation of the People Act, 1951- ₹ 40,000 paid by way of cheque.
- (xiii) Contribution towards pension scheme of employees - ₹ 1,50,000. The eligible salary and dearness allowance for the pension scheme referred to under section 80CCD is ₹ 10,00,000.
- (xiv) Industrial power tariff concession of ₹ 2,50,000 received from the Central Government.
- (xv) Expenditure pertaining to previous financial year (F.Y. 2023-24) was allowed on due basis, but paid in current financial year in cash on 18.01.2025: ₹ 35,000

- (xvi) Audit fee for the previous year 2023-24: ₹ 75,000. TDS deducted but not deposited in the relevant previous year. However, TDS was deposited on 31.12.2024.
- (xvii) Provision made on the basis of actuarial valuation for payment of gratuity ₹ 5,00,000. However, no payment on account of gratuity was made before due date of filing return.
- (xviii) Purchase of oil seeds of ₹ 50,000 in cash from a farmer on a banking day.
- (xix) Tax on non-monetary perquisite provided to an employee ₹ 20,000.
- (xx) Salary payment of ₹ 10,00,000 to Mr. X outside India by a company without deduction of tax assuming Mr. X has not paid tax on such salary income.
- (xxi) During the year, he had taken professional services from a lawyer in relation to a business dispute. The legal fees was amounted to ₹ 1,00,000. Tax has been deducted on time but did not deposit it with the government within the due date. The TDS was later on deposited on 15th November 2025.
- (xxii) He purchased goods worth ₹ 30,000 from Vishnu & Co., a micro enterprise, on March 01, 2025. According to the written agreement between them, the payment was to be made by 05th April 2025. However, he made payment to Vishnu & Co on 15th April 2025.
- (xxiii) As per restructuring agreement with the bank, the bank has converted unpaid interest of ₹ 6,00,000 into a new loan account repayable in 20 equal annual installments. The first installment was paid in March 2025. Vaibhav claimed the entire interest amount of ₹ 6,00,000 as an expense while computing his business income.
- (xxiv) He received ₹ 3,00,000 from a debtor which was written off as bad in the year 2018-19. Amount due from the debtor (which was written off as bad) was ₹ 5,00,000, out of which tax officer had only allowed ₹ 3,00,000 as deduction in computing the total income for assessment year 2018-19.
- (xxv) On 1.4.2024, the production manager working in the factory of Mr. Shobhit took voluntary retirement from the services. Mr. Shobhit paid him ₹ 8,00,000 as compensation for his services under the Voluntary Retirement Scheme.