Udhna College

M.Com. Sem.-1

Financial & Management Accounting-1

Unit-1 Managerial Remuneration : (Practical)(30%)

Contents:

Managerial Remuneration: (Practical)

What is 'Remuneration?'

- 'Remuneration' means any money or its equivalent given to any person for services rendered by him and includes the perquisites mentioned in the Income-tax Act, 1961.

Managerial Persons covered are Managing Director, Whole-time Director, Part time Directors and managers who shall be paid remuneration subject to and in accordance with provisions of Section 197 of the Companies Act, 2013.

Key Managerial Personnel

The Companies Act, 2013 has for the first time recognized the concept of Key Managerial Personnel. As per section 2(51) "key managerial personnel", in relation to a company, means—

(i) The Chief Executive Officer or the managing director or the manager;

(ii) The company secretary;

(iii) The whole-time director;

(iv) The Chief Financial Officer; and

(v) Such other officer as may be prescribed.

Remuneration to Managerial Personnel

Section 197 of the Companies Act, 2013 prescribed the maximum ceiling for payment of managerial remuneration by a public company to its managing director whole-time director and manager which shall not exceed 11% of the net profit of the company in that financial year computed in accordance with section 198 except that the remuneration of the directors shall not be deducted from the gross profits.

Further, the company in general meeting may, with the approval of the Central Government, authorize the payment of remuneration exceeding 11% of the net profits of the company, subject to the provisions of Schedule V.

The net profits for the purposes of this section shall be computed in the manner referred.

The remuneration payable to any one managing director or whole time director or manager shall not exceed 5% of the net profits of the company and if there are more than one such director remuneration shall not exceed 10% of the net profits to all such directors and manager taken together. Except with the approval of the company in general meeting, the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed,—

— 1% of the net profits of the company, if there is a managing or whole-time director or manager;

— 3% of the net profits in any other case.

The percentages aforesaid shall be exclusive of any fees payable to directors for attending the meeting of the board/committees or for such other purposes as decided by the board. The remuneration payable to any one managing director or whole time director or manager shall not exceed 5% of the net profits of the company and if there are more than one such director remuneration shall not exceed 10% of the net profits to all such directors and manager taken together. Except with the approval of the company in general meeting, the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed,—

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The percentages aforesaid shall be exclusive of any fees payable to directors for attending the meeting of the board/committees or for such other purposes as decided by the board.

Remuneration by a Company having no Profit or Inadequate Profit

If, in any financial year, a company has no profits or its profits are inadequate, the company shall not pay to its directors, including managing or whole time director or manager, any remuneration exclusive of any fees payable to directors except in accordance with the provisions of Schedule V and if it is not able to comply with Schedule V, with the previous approval of the Central Government.

Where the effective capital is:	**Limits of yearly remuneration**
Negative or less than 5 Crores	60 Lakhs

5 crores and above but less than 100 Crores	84 Lakhs
100 Crores and above but less than 250 Crores	120 Lakhs
250 Crores and above	120 Lakhs plus 0.01% of the effective capital in excess of 250 Crores

Effective capital

- 1. Paid-up share capital (excluding share application money and advances against shares);
- 2. Share premium account;
- 3. Reserves and surplus (excluding revaluation reserve); and
- 4. Long-term loans and deposits repayable after one year but excluding working capital loans, overdrafts, interest due on loans unless funded, bank guarantee and short-term arrangements.

The following amount shall be deducted:

- *Aggregate of Investment (*Except investment Made by an investment co.)
- Accumulated losses;
- Preliminary expenses not written off.

Exercise:

Q1) A manager is entitle to commission at a certain percentage of net profit (such commission to be charged in arriving at the net profit).The commission is to be allowed on the following rates:

First Rs.20000 of the net profit NIL

Second Rs.40000 of the net profit at 10%

Third Rs. 60000 of the net profit at 15%

Fourth Rs. 120000 of the net profit at 20%

Balance of the net profit at 30%

The net profit before charging Manager Commission is Rs. 290000. Compute the amount of manager commission.

Q2) Following information of one investing company. Calculate maximum remuneration payable to the managing director for the year 2024-25(as per latest guidelines)

Share capital	50000000
Investment	6000000
Debentures	2000000
Preliminary expenses	90000
Securities premium	500000
Reserves & surplus	2500000
P/L(DR.BAL.)	1610000
Public Deposits (For 6 months)	700000

(Co. has been sustaining loss for last few years) (VNSGU-NOV-2016)

Q3) One co. appoints one manager and he is entitled to a salary of Rs.6000 p.m. or a commission of 2% of the net profit of the company, before charging such salary and commission.

Net profit has been calculated after considering the following is Rs.542000

1. Salary of manager	72000
2. Director fee	18000

3. Bad debt reserve (old) 25000
Less: bad debt reserve (new) 20000   5000
4. Income tax refund (incl. interest Rs.4000) 24000
5. Provision for dep.305000(incl. 65000 for extra shift)
6. Prov. For income tax 305000
7. Profit on sale of machine 45000   (selling price Rs.135000 total accumulated dep. Up to date of sale was 25%)

You are required to calculate max. remuneration to the manager. (VNSGU APRIL-2015)

Q4) Net profit has been calculated after considering the following is Rs.425000.

1. provision for dep.		85000
(incl. 10000 for extra shift and dep. Of machinery from the date of purchase to date of use Rs.5000)		
2. allowable dep. As per act.		90000
3. by received interest(gross)		10000
(TDS rate 10%)		
4. profit on sale of building		200000
5. details for sale of building		
a. date of purchase	1/4/2012	
b. date of sale	1/4/2016	
c. dep rate	15%	
d. method:	SLM	
e. selling price	WDV+200% Profit	
6. Manager salary		30000
7. manager commission		3000
8. securities premium		8000

The manager of company is entitled to a salary Rs.2500 p.m. and in addition to a commission of 1% of NP of co. after charging such salary & commission from above information compute total managers commission and outstanding commission payable to manager. (VNSGU-OCT.2017)

Q5) Following is the income statement of Ashish Ltd. For the year ended 31/3/25

Particulars	**Amount**	**Amount**
Net Sales		30,00,000

Less: cost of sales		17,50,000
Gross Profit		12,50,000
Add: Other incomes:		
Subsidy received from state government	1,00,000	
Interest received (TDS Rs.25000)	75,000	
Profit on sales of machinery	1,50,000	3,25,000
(cost price Rs.225000, accumulated depreciation Rs.75000)		15,75,000
Less: Other Expenses		
Interest on debenture	30,000	
Administrative expenses	1,20,000	
Directors fee	20,000	
Salary to staff	3,00,000	
Bonus to employee	80,000	
Depreciation	1,50,000	
Repairs	75,000	
R&D Expenses	50,000	
Debenture issue expense	20,000	
Loss on sales of furniture	25,000	
Donation to civil hospital	25,000	
Bad debt Reserve	40,000	
Loss on sale of investment	35,000	
Provision for income tax	1,50,000	
Remuneration to trustees of debentures	12,500	
Interest on bank loan	25,000	
Development rebate reserve	37,500	
Proposed dividend	90,000	
Discount on debentures	15,000	13,00,000
Net Profit		2,75,000

Additional information:

1.Depreciation allowable as per the act is Rs.1,25,000

2.Bad debt written off against bad debt reserve is Rs.15,000

3.Salary to staff includes Rs.15000 paid for the previous year and ex-gratia payment of Rs.20,000 to an employee

4.R&D expenses include purchase of instruments for Rs.30,000

5.Repair expense includes Rs. 25000 for extension of building.

6.Depreciated value of furniture sold was Rs.40,000

You are required to calculate managerial remuneration as per act.(VNSGU JAN-2021)

Q6) The Managing Director of A Ltd. is entitled to 5% of the annual net profit, as his remuneration, subject to a minimum of Rs.25000 p.m. The net profits, for this purpose are to be taken without charging income tax and his remuneration itself. During the year, A Ltd., made net profit of Rs.4300000 before charging MD's remuneration but after charging provision for taxation of Rs.1720000. Compute remuneration payable to MD

Q7) You are provided with the following information for AD Vita Ltd., for the year.

a. Net profit before provision for income tax and managerial remuneration but after depreciation Rs 1387600

b. Depreciation provided in the books Rs415000

c. Depreciation allowable Rs.309000

You are required to calculate the managerial remuneration:

a. When there is only one whole time director

b. When there are two whole time directors and

c. when there are two whole time director and one manager

Q8) Net profit has been calculated after considering the following is Rs.8,50,000.

1. Provision for dep.	170000
(incl. 20000 for extra shift and dep. Of machinery from the date of purchase to date of use Rs.10000)	
2. Allowable dep. as per act.	180000
3. By received interest(gross)	20000
(TDS rate 10%)	
4. Profit on sale of building	400000
5. Details for sale of building	
a. Date of purchase	1/4/2016
b. Date of sale	1/4/2020
c. Depreciation rate	15%

d. Method: SLM

e. Selling price WDV+200% Profit

6. Manager salary 60000

7. Manager commission 6000

8. Securities premium 16000

The manager of company is entitled to a salary Rs.5000 p.m. and in addition to a commission of 1% of NP of co. after charging such salary & commision from above information compute total managers commission and outstanding commission payable to manager.

Q9) Profit is Rs.704000 after taking into consideration following (June 2023)

Bad debts(old)	40000
Bad debts(new)	30000
BDR(old)	56000
BDR(New)	60000
Managers salary	72000
Commission to manager	6000
Provision for depreciation (in which included extra shift Rs.20000)	164000
Interest paid on debentures(net)rate of TDS 10.3%	35880
Donation to society	64000
Other administrative expenses	304000
Net profit for Managerial remuneration	?????

Q10) June 2023

Find out capital profit for machinery and furniture

Machinery was purchases on 1/1/2017

Furniture was also purchased on 1/1/2017

- Total depreciation of first Four years as per 10%WDV of machinery and furniture was Rs.206340
- Total depreciation of machinery was double than total depreciation of furniture

Sales price of machinery is 10% more than cost price while sales price of furniture is 50% more than cost price.

Q11)JUNE 2023

Sai Ltd. Employs a manager and two whole time directors It pays 5% commission to the manager and 3% to each shole time director. The commission payable to the manager of shale time directors and commission payable to whole time directors are calculated on profit left after charging their commission and commission of manager.

The following in the Profit & Loss statement of the year ended 31st March 2018.

Particular		Rs.	Rs.
1	**Revenue income for operation**		
	Sales		3,42,326
2	**Other Income**		
	Profit on sale of machinery	15,000	
	Divided (TDS Rs. 20,000)	60,000	
	Profit on re-issue of forfeited shares	5,000	
	Income Tex Refund	5,000	
	Government subsidy	35,000	1,20,000
	Total Income		**4,62,326**

	Particular	Rs.	Rs.
3	**Less: Expenses:**		
	1. Expenses on Employees benefits		
	Salary-Bonus (included Ex- gratia payment to an employee Rs. 2000)	20,000	
	Managerial Remuneration	5,000	25,000
	2. Financial Costs		
	Interest on Debentures (Net)	21,000	
	Interest on bank loan	5,000	26,000
	3. Depreciation and amortization expense:		
	Depreciation	50,000	
	Written off Good will	5,000	
	Discount on debentures written off	10,000	65,000
	4. Other Expenses		
	Selling and Distribution expenses	13,500	
	Director fee	4,500	
	Repair Expenses	15,000	
	Scientific Research (New Laboratory Set up)	25,000	
	Loss on sale of furniture	7,000	
	Donation	15,000	
	Bad Debts	1,500	
	Bad Debts Reserve	5,000	
	General Reserve	5,000	
	Development Rebate Reserve	12,500	
	Dividend on Equity shares	20,000	1,24,000
	Total Expense (B)		**2,40,000**
	Profit before Income Tax (A-B)		**2,22,326**
	Less : Provision for Tax		**66,950**
	Net Profit		**1,55,376**

Other Information:

1. Depreciation allowable as per section 350 of the company act was 13,700.
2. I'he accumulated Depreciation Of Machinery up to date of sale was 5,000
3. Surtax 3% include in above provision for taxation.
4. The Rate of TDS for Interest paid on Debenture was 30%.
5. Donation Include 1120 donation given to poor Students.
6. Following items are not recorded in above profit and loss a/c statement.
    - Write off Debenture Discount 2,000
    - Buliding Construction Expenses 40,000.
    - Advertisement Expenses 12,000.
    - Tax on Abnormal Profit 2,000.
    - Liability of Current year bonus 7163.
    - Loss on sale of Investment 5,000

Q12) Net profit has been calculate after considering the following is Rs. 4,55,000 (NOV-2024}

(i)	Provision for depreciation Including Rs. 10,000 for extra shift and depreciation of machinery from the date of purchase to date of use Rs. 5,000)	Rs. 85,000
(ii)	Allowable depreciation as per act	Rs. 90,000
(iii)	By received interest (gross) (T.D.S rate 10%)	Rs. 10,000
(iv)	Profit on sale of building	Rs.2,00,000
(v)	**Details for sale of building**	
	Date of purchase	1-4-2020
	Date of sale	1-4-2024
	Depreciation rate	15%
	(strainght line method)	
	Selling Price W.D.V+200% Profit	
(V)	Securities premium	Rs. 12,000
(VI)	Manager salary	Rs. 30,000
(VII)	Manager admition	Rs. 3000

The manager of company is entitled to a salary Rs. 2,500 p.m. and additional to a commission of 1% of the net profit of the company after charging such salary and commission form above information. Compute total manager commission and outstanding commission payable to the manager.

Q13) The Following is the statement of profit and loss account of "JALA" ltd for the year ended 31-3-2014.(VNSGUNOV.2024)

Particulars	Rs.	Rs.
Gross Profit	-	17,50,000
Add:- other income		
Profit on sales of buliding	1,20,000	
Intrest from tax - free debenture	18,000	
(T.D.S 10%)		
Value added tax returnd	6,000	
Subsidy	45,000	
Profit on sales of Investment	25,000	
Received other interest (Gross)	36,000	2,50,000
(T.D.S. 20%)		
Total Income		**20,00,000**
Less: Expenses:		
Salaries wages & bonus	2,50,000	
Scientific reserach exp.	78,000	
Insurance premium	30,000	
Prenalty paid for late filling income tax Return	2,000	
Income tax provision	2,75,000	
Loss on investment	5,000	
Depreciation provision on fixd asset	1,75,000	
Loss by fire	2,000	
Bad - debts (old) 4,000		
+ Bad - debts (New) 2,000		
+Bad - debts reserve (New) **4,000**	10,000	
Debenture redemption loss	1,000	
Debenture Redemption Reserebe	20,000	
Interest on debenture (Net)	40,000	
Interest on bank loan	28,000	
Intengible assets written off	8,000	
Provision for RPF share redemption premum	10,000	
Donation	50,000	
Other office & Selling Exp.	4,70,000	
Discount on debenture (Gross)	36,000	14,90,000
Net Profit		**5,10,000**

Additional Details :-

(1) Purchase of building was 1-1-2020 depreciation provided 20% pa as per decilne method up to 2021-22 but from. Year of 2022-23 method of depreciation should be change that consider 10% pa.a as per straight line method. Building was sold on 1-4-23 on this date book value of building was Rs. 1,01,600

(2) In scientific reserach exp. Include 25% exp. Is capital nature exp.

(3) In the books of company Rs. 5, 00,000 12% debenture shown on 1-4-23 (Repayable on 31-3-29) Interest on debenture is paid on 30th June and 31th December every year Rate of T.D.S. is 20% for interest paid on debenture.

(4) 3% cess charges is not included in amount of income tax provision.

(5) In received other interest included Rs. 6,000 interest on debenture redemptions fund investment.

(6) 80% amount of donation is recognided as per income tax Act.

(7) Following gitems are not recorded in above profit & loss A/C

(a) Company accepted Rs. 5, 00,000 12% public deposits on 31st January 2024.

(b) Bad - debts recovery Rs. 10,000.

(c) Sale of goods received as a free sanple Rs. 10,000.

(d) On 31-3-24 unpaid salary is Rs. 5,000.

(e) Provide Rs.2, 000 discount reserve on debtors and Rs. 3,000 discount reserve on creditor.

(f) Income tax retund Rs. 2,200. (including 200 interest)

(8) Above provision of depreclation on assets included Rs. 25,000 for additional shift and initial depreciation Rs. 5,000.

(a) Total remmuneration amount as per Article -198

(b) Managing director / manager are not helping to full time diretors.

Q14) The following is the statement of Profit and loss amount of ram ltd for the year ended 31-3-2024(VNSGU NOV-2024)

Particulars	Rs.	Rs.
Gross Profit	-	4,90,000
Add:- other income		
Profit prior to in corporation	25,000	
Securities premium	35,000	
Income tax return	35,000	
Subsidy from centural govt.	50,000	
Interest debited to Debtors Account	10,000	
Interest on 10% less tax debentures (Net)	27,000	
Profit on sale of machine	4,85,000	
Profit on sale of furniture	5,000	6,72,000
Total Income		**11,62,000**
Less: Expenses :-		
Salaries and wages	2,00,000	
Loanl -Tax	15,000	
Travelling exp	45,000	
Advertisement exp	60,000	
Repaid Exp	40,000	
Donation	30,000	
Loss on sale of Investment	15,000	
Interest on Debenture (Net) 18,000		
+ TDS 2,000		
+ onpaid **10,000**	30,000	
Remuneration debenture trustees	15,000	

Interest on Debenture (Net) 18,000		
+ TDS 2,000		
+ onpaid **10,000**	30,000	
Remuneration debenture trustees	15,000	

Income tax provision	52,000	
General Reserve	15,000	
Dividend Equalization fund	30,000	
Bad debts (Debt of three years ago)	10,000	
Managerial Remuneration	30,000	

Development rabate reseove Fire Insurance: Premium Paid 13,000 +Advance paid in last year 3,000 -advance paid in current year **4,000**		25,000 12,000	 6,24,000
Net Proft			**5,38,000**

Additional Details :-

(1) On 1-4-2015 one machine was purchased which estimated life is 20 years which W.D.V. later on 30-9-23 was Rs. 5, 17,500. Its sold out with profit on 30-09-23.
(2) The balance of depreciation on furniture as on 31-03-2023 and as on 31-3- 2024 Rs. 60,000 respectivelt Rs. 20,000 depreciation provided for current year.
(3) The rate of TDS for less tax debenture is 10%.
(4) Less tax at 3% is not included in the provision for income-tax
(5) Donation included following
    (a) Donation given to andhajan school rs. 10,000.
    (b) Donation to puar student Rs. 5,000.
    (c) Donation to chief ministed relief fund Rs. 8,000.
(6) Advertisement exp. Included exp. For neon sign board at Rs. 15,000.
(7) Travelling expenses included Rs. 5,000 for purchase of machine.
(8) Following items are not shown in above P&L account.

Q15) (VNSGU NOV.-2025)Saurav Limited employ a manager and three whole-time directors. It pays 5% commission to the manager and 2% to each of the whole time directors. The commission payable to the manager is calculated on the profit left after charging his commission and commissions of whole-time directors are calculated on the profits left after charging their commission and the commission payable to the manager. The Profit & Loss Account for the year ending on 31/3/2024 is as follows:

Particulars	Note	Rs.	Rs.
1. Revenue from Operation Sales			25,50,000
2. other Income (Profit on sale of plant and machinery			3,00,000
Total income			28,50,000
Expenses			
1. Expense for Employee			
Salary		45,000	
Depreciation **Depreciation provision**		3,75,000	
Other Expenses			
Administrative Expenses		8,25,000	
Selling-Distribution		2,25,000	
Managerial Remuneration		1,12,500	
Bad Debts Reserve		2,25,000	
Research expenses		1,50,000	
Discount on Debenture written off		30,000	
Loss on investment		15,000	20,02,500
Profit before TAX			8,47,500
PROVISION FOR TAX			1,68,000
Net profit			6,79,500

Other Information:

(1) Selling-distribution expenses included the cost of new show room of Rs 1,50,000

(2) Depreciation provision included development rebate of Rs.75,000.

(3) On 1-4-19 one machine was purchased which estimated life is 20 years. Which W.D.V later on 30-09-2024 was Rs. 4,35,000. Its Sold out with profit on 30-09-2024

(4) surtax 5%include in above provision for taxation

(5) Bad Debts Rs 75,000 written off against Bad Debts Reserve

(6) salary include Rs 15,000 for last year

(7) Following items are not recorded in above profit and loss statement

A. Write off Discount Debentures Rs 5,000

B. Scientific Research Exp. Rs 30,000 (New Lab)

C. Bad debt (Current year) Rs 4,000

D. Bad debt reserve (New) Rs 12,000

E. Administrative Exp. Rs 40,500

F. Loss on Sale of Investment 20,000.

Q16) The Profit & Loss Account for the Mamta ltd. year ending on 31/3/2025 is as follows:

Particulars	Note	Rs	Rs
1. Revenue from Operation Sales			1,00,00,000
2. other Income Profit on sale of building (cost price Rs 20,00,000 accumulated depreciation 6,00,000 and Sale Price 24,00,000)		10,00,000	
Dividend (TDS 1,80,000)		6,00,000	
Profit on sale of investment		3,00,000	19,00,000
Total income			1,19,00,000
Expenses			
1. Expense for Employee Salary		23,00,000	
2. Financial cost Interest on debenture Interest on public deposit		 2,00,000 1,60,000	
Depreciation and Amortization Depreciation Written of debenture Issue exp		 10,00,000 2,00,000	
Other Expenses			
Administrative Expenses		12,00,000	
Director fee		1,00,000	
Maintenances expense		5,20,000	
Loss on furniture (depreciated value 2,00,000)		1,20,000	
Bad debt reserve		3,00,000	
Scientific research expense (Equipment purchased)		5,00,000	

Total expense			66,00,000
Profit before TAX			53,00,000
PROVISION FOR TAX			21,00,000
Net profit			32,00,000

Additional Information

(1) Bad debt 1,00,000 written off against bad debt reserve

(2) Surtax 5% induces in above provision for taxation

(3) Employer's salary and bonus includes 3,20,000 last year outstanding and 1,60,000 paid to an employee's ex gratia rebate

(4) Depreciation allowable as per section 350 of the company act 11,00,000

(5) Repair/maintenance expense includes 1,20,000 as on extension expense

(6) following items are not recorded in above statement

A. Security Premium Rs 60,000

B. Profit before Registration Rs 8,000

C. Liability of Current year bonus Rs 30,000

D. Bad Debts 8,000.

E. Depreciation for extra Shift 20,000. And Depreciation for Purchase Date of Machine to Date of Use of that machine Rs. 5,000.

Find out maximum Remuneration as per section 198

Q17) Find out Capital profit for machinery and Furniture 5 Machinery was purchased on 1-1-2018 Furniture also purchased on 1-1-2018 Total Depreciation of first four as per 10%Written down balance method of Machinery and Furniture Was Rs 5,15,850 Total Depreciation of Machinery was Double than Total Depreciation of furniture Sale price of Machinery are 10% more than cost price while sale price of furniture are 50%more than cost price (VNSGU NOV-2025)

Q18)

(a) Audit fee Rs. 8,000.

(b) New provision for bad debts Rs. 12,000.

(c) Depreciation for extra shift Rs. 15,000.

(d) Scientific research exp. Rs. 30,000.

From the above information find out net proft as per section 349 and calculate manajerial Remuneration.

Q. 3. (A) Net profit has 'A' Ltd been calculate after considering the following is Rs. 8,28,111.

1	Manager Salary	50,000
2	Manager Commission	25,000
3	Donation to caste community	5,000
4	Provision of Depreciation (Included Depreciation from purchased date of machine up to date of use of that machine 10,000)	30,000
5	Income Tax Refund (Included Rs. 5,000 Interest)	25,000
6	Provision for Taxation	2,20,000
7	Payable Interest on Public Deposit (Gross) (TDS 10%)	10,000
8	Selling & Distribution Expenses	10,000
9	Bed debt	7,000
10	Bed debt reserve	15,000
11	Loss on sale of Investment	3,000
12	Profit on sale of machinery (Cost price Rs. 5,25,000 Depreciation up to date of sale Rs. 25,000)	50,000

A Ltd. has two full time Directors and one manager. Manager is entitled to a 5% and each full time director is entitled to 3% commission. Commission of manager is calculated on profit after deduction of director's commission and commission of directors is calculated on profit after deduction of Manager's Commission. Calculate the commission of manager & Directors.

Q19)April 2021(VNSGU)

10. NPA ratio

Q-4. Sunanda Ltd. has appointed two managing directors who have been paid Rs. 60,000 as directors fees for year ended on 31.3.2019. (15)

Particulars	Rs.	Particulars	Rs.
To salaries for employees	3,60,000	By Gross Profit	33,30,000
To Municipal tax	6,000	By Rent Received	48,000
To. Insurance premium	7,500	By profit on sale of fixed assets	27,000
To Bad debts	15,000		
To Research Expenses	18,000		
To salary and Commission paid to the Managing Directors (including Directors fees)	2,40,000		
To Additional Salary (without legal responsibility)	15,000		
To Debenture Interest	33,000		
To Interest on fixed Deposit	45,000		
To Other Administrative Expenses	25,500		
To Selling and distribution expenses	90,000		
To Depreciation	2,04,000		
To Development Rebate Reserve	21,000		
To Provision for income tax	9,00,000		
To Net Profit	14,25,000		
	34,05,000		**34,05,000**

Other Information:

1. Depreciation allowable under companies Act Rs. 1,98,000
2. Cost price of fixed assets sold was Rs. 87,000 while its depreciated value was Rs. 63,000.
3. No Provision for Bonus was made for the year 2019 but its estimated amount is Rs. 36,000.
4. Employees salary includes Rs. 33,000 as Bonus paid for the last year and Rs. 15,000 towards the contributes to insurance corporation for the current year

From the above information find out the outstanding amount of commission payable to the Managing Directors.

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