(GCF-1, GCF-2, GCF-3, GCF-4, GCF-5+8, GCF-6+9, GCF-10, GCF-11, MCF-1, VCF-1, VCF-2, SCF-1, SCF-2&VDCF-1)

DATE: 11.09.2019 **MAXIMUM MARKS: 100** **TIMING: 3 Hours**

PAPER : PRINCIPLES & PRACTICE OF ACCOUNTING

Question no. 1 is compulsory.

Candidates are required to answer any four questions from the remaining five questions.

Answer 1:

(a) (1) False:
Any type of error does not affect the agreement of trial balance. e.g. Compensating errors do not affect the Trial Balance.

(2) True:
Recording the transaction in a fundamentally incorrect manner in contravention of accounting principles is an error of principle.

(3) False:
Posting an amount on the wrong side or to a wrong account is called error of commission.

(4) False:
The allowance made for promoting sales is called 'Trade Discount and it may vary with the quantity purchased whereas cash discount is allowed for encouraging prompt payment.

(5) False:
Cash column of cash-book will always show a debit balance, because cash in hand can never be negative.

(6) True:
It is a non-cash expense and therefore will not affect cash profit of the business.

1 Mark for Decision & 1 Mark for Reason

Answer:

(b) (1) The factors considered for calculation of depreciation are as: (i) Cost of asset including expenses for installation, commissioning, trial run etc. (ii) Estimated useful life of the asset and (iii) Estimated scrap value (if any) at the end of useful life of the asset. **(2 M)**

(2)

1/2 M for each point for any four

	Consignment	Sale
1	The ownership of goods remain with the consignor and the possession is transferred to consignee.	The ownership and possession of goods, both the are transferred to the buyer immediately.
2	the two parties involved are known as consignor and consignee.	The two parties involved are known as buyer and seller.
3	The relation between them is that of a principal and agent which continued for long period till it is ended.	The relation between them is of buyer and seller, which ends immediately after the deliver and payment of the goods.
4	The risk of loss or damage is of the owner (consignor).	The risk passes with the ownership to the buyer.
5	The consignee sells goods for commission.	The goods are sold for profit against the price.
6	The expenses are borne by the consignor.	After sales, the expenses are borne by the buyer.
7	Consignee sends to consignor account sales from time to time.	The buyer does not needs to send any account sales to seller.

Answer:
(c)

Value of normal stock as on 1st April, 2016			2,80,000	**(1 M)**
(3,50,000-70,000)				
Add :	purchases		17,30,000	
Add:	Manufacturing expenses		3,50,000	
			23,60,000	**(1 M)**
Less:	cost of goods sold of normal stock			
	(26,10,000 – 80,000)	25,30,000		
Less:	gross profit	5,06,000	20,24,000	**(1 M)**
	value of closing stock as on 31.3.2017		3,36,000	**(1 M)**

Answer 2:
(a)

Dr. **REVALUATION ACCOUNT** **Cr.**

Particular		Rs.	Particular	Rs.
To Stock A/c **(1/2 M)**		20,000	By Land & Building	1,00,000 **(1/2 M)**
To Provision for Doubtful Debts A/c		5,000 **(1/2 M)**	By Sundry Creditors A/c	40,000 **(1/2 M)**
To Profit on revaluation transferred to:			By Office Equipment (Computer)	45,000 **(1/2 M)**
A's Capital A/c	64,000			
B's Capital A/c	64,000			
C's Capital A/c	32,000	1,60,000 **(1/2 M)**		
		1,85,000		1,85,000

Dr. **CAPITAL ACCOUNT** **Cr.**

Particular	A (Rs.)	B (Rs.)	C (Rs.)	Particular	A (Rs.)	B (Rs.)	C (Rs.)
To Advertisements Suspense A/c **(1/2 M)**	24,000	24,000	12,000	By Bal. b/d	5,00,000	3,00,000	1,50,000
To Profit and Loss A/c **(1/2 M)**	6,000	6,000	3,000	By General Reserve	1,00,000	1,00,000	50,000 **(1/2 M)**
To B's Capital A/c (Goodwill) **(1/2 M)**	40,000	-	20,000	By Revaluation A/c	64,000	64,000	32,000 **(1/2 M)**
To B's Loan A/c	-	4,94,000 **(1/2 M)**	-	By A's Capital A/c (Goodwill)	-	40,000 **(1/2 M)**	-
To Balance c/d **(1/2 M)**	5,94,000		1,97,000	By C's Capital A/c (Goodwill)		20,000 **(1/2 M)**	
	6,64,000	5,24,000	2,32,000		6,64,000	5,24,000	2,32,000

BALANCE SHEET
as at 1st April, 2018

Particular		Rs.	Particular		Rs.
Sundry Creditors		4,60,000	Cash at Bank		10,000
B's Loan A/c (4,94,000+1,80,000) **(1/2 M)**		6,74,000	Debtors	6,00,000	
C's Loan A/c		1,20,000	Less: Provision for Doubtful Debts	30,000	5,70,000 **(1/2 M)**
Capital Accounts			Stock		3,20,000
A	5,94,000		Office Equipment (Computer)		45,000
B	1,97,000	7,91,000	Land and Buildings		11,00,000
		20,45,000			20,45,000

Working Notes:

(1) Computer purchased for Rs. 50,000 was wrongly debited Office Expenses Account, whereas it should have been debited to Office Equipment Account. Depreciations for 6 months i.e. from 1st October 2017 to 31st March 2018 @ 20% p.a. has not been charged. Hence Rs. 45,000 (i.e. Rs. 50,000 – Dep. Rs. 5,000) will be adjusted by passing the following entry:

Office Equipment A/c	Dr.	45,000		**(1/2 M)**
To Revaluation A/c			45,000	

(2) B's share of Goodwill = Rs. 1,50,000 x $\frac{2}{5}$ = Rs. 60,000. It will be adjusted by pessing the following entry:

A's Capital A/c $\left(60,000 \times \frac{2}{3}\right)$	Dr.	40,000		**(1 M)**
C's Capital A/c $\left(60,000 \times \frac{1}{3}\right)$	Dr.	20,000		
To B's Capital A/c			60,000	

Answer:

(b)

In the books of M

Consignment A/c

Dr. **Cr.**

Particulars	Rs.	Particulars	Rs	
To Good sent to Consignee A/c (5,000XRs.20) **(1/2 M)**	1,00,000	By S A/c (Sales) (3,750XRs.30)	1,12,500	**(1/2 M)**
To Bank Freight & insurance **(1/2 M)**	25,000	By cash A/c (Insurance paid)	2,250	**(1/2 M)**
To S A/c		By Abnormal Loss A/c	875	**(1/2 M)**
Godown Rent **(1/2 M)**	10,000	By Stock on Consignment	25,658	**(1/2 M)**
Wages **(1/2 M)**	1,000	By P&L a/c (loss)	5,342	**(1/2 M)**
printing & Stationary **(1/2 M)**	5,000			
Commission (1,12,500X 5%) **(1/2 M)**	5,625			
	1,46,625		1,46,625	

Dr. **S A/C** **Cr.**

Particulars	Rs.	Particulars	Rs.	
To Consignment (3750XRs.30)	**(1/2 M)** 1,12,500	By Bills Receivable	50,000	**(1/2 M)**
		By Consignment		
		Godown Rent	10,000	
		Wages	1,000	
		Printing &Stationary	5,000	
		Commission	5,625	
		By Bank A/c	40,875	**(1/2 M)**
	1,12,500		1,12,500	

(i) Calculation of Closing Stock:

Particular	Kg.	
Goods Sent	5,000	
(-) Destroyed in transit	(125)	**(1/2 M)**
(-) Sold by 'S'	(3750)	
(-) Lost due to leakage	(125)	**(1/2 M)**
Closing Stock	1000kg.	**(1/2 M)**

(ii) Calculation of Value of Closing Stock:

Total Cost	1,25,000	
(-) Abnormal loss	(3125)	**(1/2 M)**
	1,21,875	**(1/2 M)**
(+) Consignees' exp.	NiL	
(Note)	1,21,575	
Units remaining	Cost	
4,750	1,21,875	
1,000	25,658	**(1/2 M)**

Note on Consignee expenses: It is assumed that expenses paid by consignee are selling expenses in nature & hence are not in included in closing stock.

Answer 3:

Trading and Profit & Loss Account
(For the year ended 31 st March, 2004)

Particulars			Amount (Rs.)	Particulars		Amount (Rs.)	
To Opening Stock			5,00,000	By Sales.	41,50,000		
To Purchases		31,00,000		**Less: Return** **(1/2 M)**	55,000		
Less: Returns	**(1/2 M)**	45,000			40,95,000		
		30,55,000		Less: Goods sent on			
Less: Furniture	**(1/2 M)**	1,00,000		approval **(1/2 M)**	1,50,000	39,45,000	**(1/2 M)**
		29,55,000		**By goods sent on Approval**		1,00,000	**(1/2 M)**
Less: Drawings	**(1/2 M)**	50,000	29,05,000	**(1/2 M)** By Closing Stock		1,45,000	**(1/2 M)**
To Carnage Inward			10,000				
To Wages			50,000				
To Gross Profit c/d	**(1 M)**		7,25,000				
			41,90,000			41,90,000	
To Salaries			95,000	By Gross Profit b/d		7,25,000	
To Rates & Taxes	**(1/2 M)**		50,000	By Discount received		75,000	
To Postage&Telegram	**(1/2 M)**		1,05,000	By net Loss transferred to Capital A/c		5,02,300	**(1 M)**
To Insurance	**(1/2 M)**		90,000				
To Printing & Stationery	**(1/2 M)**		95,500				
To Advertisement	**(1/2 M)**		1,70,000				
To Discount allowed	**(1/2 M)**		50,000				
To General Expenses	**(1/2 M)**		65,700				
To Carriage Outward	**(1/2 M)**		22,000				
To Bad debts	**(1/2 M)**		50,000				
To Provision for Doubtful Debts	**(1/2 M)**		40,000				
To salesman Commission		78,000					
Add: Outstanding	**(1/2 M)**	**3,16,500**	3,94,500				
To Depreciation on:							
Furniture	**(1/2 M)**	65,000					
Motor car	**(1/2 M)**	9,600	74,600				
			13,02,300			13,02,300	

Balance Sheet of Mr. Neel
(As on 31st March, 2004)

Liabilities		Amount	Assets		Amount
Capital	22,59,200		Furniture	5,50,000	
Less: Drawings	45,000	(1/2 M)	**Add: Purchased**	1,00,000	(1/2 M)
Less: Goods With-drawn	50,000	(1/2 M)		6,50,000	
			Less: Dep.	65,000	5,85,000 (1/2 M)
			Motor: Car.	48,000	
	21,64,200	(1/2 M)	Less: Dep.	9,600	38,400 (1/2 M)
Less: Net Loss	5,02,300	16,61,900	Stock in hand		1,45,000
Sundry Creditors	(1/2 M)	4,00,000	Goods sent on Approval		1,00,000 (1/2 M)
Outstanding Salesman's Commission	(1/2 M)	3,16,500	Sundry Debtors	10,00,000	
			Less: **Goods sent on Approval**	1,50,000	(1/2 M)
				8,50,000	
			Less: Bad Debts	50,000	(1/2 M)
				8,00,000	
			Less: Provision for Doubtful Debts	(1/2 M) 40,000	7,60,000
			Cash in Hand		2,50,000 (1/2 M)
			Cash in Bank		5,00,000 (1/2 M)
		23,78,400			23,78,400

Answer 4:
(a)

Date	Particulars	Dr.	Cr.	Dr./Cr.	Balance	Days	Dr. Product	Cr. Product	
2012									
1-07	**To Bal b/d**	75,000	-	Dr.	(1/2 M) 75,000	(1/2 M) 13	(1/2 M) 9,75,000	-	
14-07	**By Cash A/c**	-	1,38,000	Cr.	(1/2 M) 63,000	(1/2 M) 15	-	9,45,000	(1/2 M)
29-07	**To Self A/c**	97,000	-	Dr.	(1/2 M) 34,000	(1/2 M) 20	(1/2 M) 6,80,000	-	
18-08	**By Cash A/c**	-	22,000	Dr.	(1/2 M) 12,000	(1/2 M) 22	(1/2 M) 2,64,000	-	
09-09	**To Self A/c**	11,000	-	Dr.	(1/2 M) 23,000	(1/2 M) 22	(1/2 M) 5,06,000	-	
30-09	**To Interest A/c**	457		Dr.	(1/2 M) 23,457	-	-	-	
30-09	**By Bal c/d**		23,457	(1/2 M)					
		1,83,457	1,83,457				24,25,000	9,45,000	

Note: Interest is computed as follows:

On Cr. Products: Rs. 9,45,000 x 8%x $\frac{1}{365}$ =Rs.207 **(1/2 M)**

On Dr. Products: Rs. 24,25,000 x 10%x $\frac{1}{365}$ =Rs.664 **(1/2 M)**

So, Net Interest to be debited =664-204=Rs.457 **(1/2 M)**

Answer:

(b) **JOURNAL ENTRIES**

Date	Particulars.	L.F	DR.	CR.(RS.)
2018 April 1	Revaluation A/c Dr. To Stock A/c **(1/2 M)** To Provision for doubtful debts A/c To outstanding legal charges A/c (Decrease in the value of assets and increase in liabilities)		1,400	 480 150 770
	Land and Building A/c Dr. To Revaluation A/c **(1/2 M)** (Increase in the value of assets)		5,000	 5,000
	Revaluation A/c Dr. To A's Capital A/c To B's Capital A/c **(1/2 M)** To C's Capital A/c **(Profit on revaluation transferred to partner's capital A/c**)		3,600	 1,600 1,200 800
	Investments Fluctuation Reserve A/c Dr. To Investment A/c To A's Capital A/c **(1/2 M)** To B's Capital A/c To C's Capital A/c (Decrease in the value of investments met out of Investments Fluctuation Reserve		7,500	 3,000 2,000 1,500 1,000
	A's Capital A/c Dr. C's Capital A/c **(1/2 M)** Dr. To B's Capital A/c B's share of goodwill adjusted to the accounts of continuing partners in their gaining ratio 13:11)		1,950 1,650	 3,600
	B's Capital A/c Dr. **(1/2 M)** To B's Loan A/c (The transfer of B's Capital A/c to B's Loan A/c)		19,800	 19,800
	A's Capital A/c(2) Dr. **(1/2 M)** To Bank A/c (The amount returned to A, to bring his capital to profit sharing ratio) Bank A/c (3) **(1/2 M)** Dr. To C's Capital A/c (The amount brought in by C to raise his capital to profit sharing ratio)		2,150 1,350	 2,150 1,350

Dr. **CAPITAL ACCOUNTS** **CR.**

Particulars	A	B	C	Particulars	A	B	C
To B's Capital A/c **(1/2 M)**	1950	-	1,650	By Balance b/d By Revaluation	18,000	13,500	9,000

(Goodwill)		-		A/c	1,600	1,200	800	
To B's Loan A/c	-	19,800	**(1/2 M)**	By Investments				
To Balance c/d	19,650	-	9,150	Fluctuation				
				Reserve	2,000	1,500	1,000	**(1/2 M)**
				By A's Capital				
				A/c (goodwill)	-	1,950	-	
				By C's Capital	**(1/2 M)**			
				A/c (Good wil)	-	1,650	-	
	21,600	19,800	10,800		21,600	19,800	10,800	
To Bank A/c				By Balance b/d	19,650	-	9,150	
(Bal. fig.)	2,150	**(1/2 M)**	-	By Bank A/c	-	-	1,350	**(1/2 M)**
To Balance c/d	17,500	**(1/2 M)**	10,500	(Bal. Fig.)				
	19,650	-	10,500		19,650	-	10,500	

BALANCE SHEET (After B's Retirement)
as at 1st April, 2018

Liabilities		Rs.	Assets		Rs.	
Sundry Creditors		6,900	Cash at Bank[4]		4,700	**(1/2 M)**
Outstanding legal charges		770	Sundry Debtors	5,000		
B's Loan	**(1/2 M)**	19,800	Less: Provision	250	4,750	
Capital Accounts			Stock		7,520	
A	17,500		Investments		8,500	
C	10,500	28,000	Land and Building		30,000	
		55,470			55,470	

Working Notes:

(1) calculation of Gaining Ratio on B's retirement:

Gaining Ratio = New Ratio - Old Ratio

A Gains $= \frac{5}{8} - \frac{4}{9} = \frac{45-32}{72} = \frac{13}{72}$

C Gains$= \frac{3}{8} - \frac{2}{9} = \frac{27-16}{72} = \frac{11}{72}$

Hence, Gaining Ratio between A and $C = \frac{13}{72} : \frac{11}{72} \text{ or} 13:11$ **(1/2 M)**

(2) Adjustment of Capitals according to new profit sharing ratio :

Total Capital of the new firm = Rs.28,000

Therefore, A's Capital in the new firm should be $\frac{5}{8}$th of Rs.28,000 =Rs.17,500 **(1/2 M)**

A's existing capital =Rs. 19,650

Hence, A will be returned =Rs. 2,150

(3) C's capital in the new firm should be $\frac{3}{8}$th of Rs 28,000 =Rs.10,500

C's existing capital=Rs.9,150

Hence, C will bring =Rs1,350

Calculation of Bank Balance is as follows:

Dr. **BankAccount** Cr.

Particulars	Rs.	Particulars	Rs.
To Balance b/d	5,500	By A's Capital A/c	2,150
To C's Capital A/c	1,350	By Balance c/d	4,700
	6,850		6,850

(1/2 M)

Answer 5:
(a)

Dr. **CASH BOOK (AMENDED BANK COLUMN)** Cr.

Particulars		Rs.	Particulars	Rs.	
To Balance b/d	**(1/2 M)**	400	By Bank charges	200	**(1/2 M)**
To Cheque deposited but not recor.	**(1/2 M)**	2,000	By Insurance premium	500	**(1/2 M)**
To Bills Receivables	**(1/2 M)**	2,000	By Cheques dishonored	1,000	**(1/2 M)**
To Interest allowed	**(1/2 M)**	100	By Bill discounted	4,000	**(1/2 M)**
To Cheques issued returned	**(1/2 M)**	300	By Cash receipt wrongly recor.	1,000	**(1/2 M)**
To Direct Payment by Customers	**(1/2 M)**	700			
To Cash Payment wrongly recor.	**(1/2 M)**	600			
To Balance c/d	**(1/2 M)**	600			
		6,700		6,700	

BANK RECONCILIATION STATEMENT AS AT 31ST MARCH...

	Particulars		Plus Items Rs.	Minus Items Rs.	
A.	Adjusted Bank Overdraft as per Amended Cash Book			600	**(1/2 M)**
B.	Add: Cheques issued but not yet presented for payment	**(1/2 M)**	2,500		
	A wrong credit given by bank in Pass Book	**(1/2 M)**	400		
C.	Less: Cheques received and recorded in Bank column but not yet sent to Bank for collection			1,000	**(1/2 M)**
	Cheques deposited but not yet collected by the Bank			1,500	**(1/2 M)**
	A wrong debit given by Bank in Pass Book			800	**(1/2 M)**
			2,900	3,900	
D.	Overdraft as per Pass Book			1,000	**(1/2 M)**

Answer:
(b)

(i) RECTIFICATION OF ERRORS
JOURNAL

Date	Particulars			L.F.	Dr. (Rs.)	Cr. (Rs.)
(a)	Suspense A/c	**(1/2 M)**	Dr.		100	
	To Profit and Loss Adjustment A/c					100
	(Being Sales Book under cast, now rectified)					
(b)	Profit and Loss Adjustment A/c	**(1/2 M)**	Dr.		200	
	To Suspense A/c					200
	(Being wrong carrying forward, now rectified)					
(c)	Suspense A/c	**(1/2 M)**	Dr.		3,600	
	To X					3,600
	(Being wrong posting to X, now rectified)					
(d)	Profit and Loss Adjustment A/c	**(1/2 M)**	Dr.		3,600	
	To X					3,600
	(Being wrong recording, now rectified)					

(e)	Furniture A/c **(1/2 M)**	Dr.		10,000	
	To Profit and Loss Adjustment A/c				10,000
	(Being wrong recording, now rectified)				
(f)	Ys A/c **(1/2 M)**	Dr.		1,000	
	To Furniture A/c				1,000
	(Being wrong recording, now rectified)				
(g)	Profit & Loss Adjustment A/c **(1/2 M)**	Dr.		6,300	
	To Capital A/c				6,300
	(Being the transfer of Balance of P & L Adjustment A/c)				

Dr. **(ii) SUSPENSE ACCOUNT** Cr.

Particulars	Rs.	Particulars	Rs.
To Profit & Loss Adjustment A/c **(1/2 M)**	100	By Balance b/d	3,500 **(1/2 M)**
To X's A/c **(1/2 M)**	3,600	By Profit & Loss Adjustment A/c	200 **(1/2 M)**
	3,700		3,700

(iii) EFFECT OF RECTIFICATION OF ERRORSONLAST YEAR PROFITS

Rectifying Entry	Increase inProfit Rs.	Decrease inProfit Rs.
(a)	---	100 **(1/2 M)**
(b)	200 **(1/2 M)**	--
(c)	No effect	No effect **(1/2 M)**
(d)	3,600 **(1/2 M)**	
(e)	---	10,000 **(1/2 M)**
(f)	No effect **(1/2 M)**	No effect
	3,800 **(1/2 M)**	10,100 **(1/2 M)**

Net decrease in Profit = Rs. 10,000 - Rs. 3,800 = Rs. 6,300. **(1/2 M)**

Answer6:

(a) **BALANCE SHEET**
(as at 1st April, 2016)

Liabilities	Rs.	Assets	Rs.
Capital Fund (Balancing Figure)	**(1 M)** 64,900	Cash in hand	4,400
		Outstanding Subscription (Rs.1500+1,000)	2,500 **(1/2 M)**
		Furniture	40,000
		9% Investments (Face Value Rs. 20,000)	18,000
	64,900		64,900

INCOME AND EXPENDITURE ACCOUNT
Dr. **for the year ending 31 st March, 2017** Cr.

Expenditure		Rs.	Income		Rs.
To Salaries	44,000		By Subscriptions	96,000	
Add:	4,000	**(1/2 M)** 48,000	Add: Outstanding		
To Drama Expenses		18,400	for the year 2016-2017[(1)]	4,000	1,00,000 **(1/2 M)**
To Newspapers		2,500	By Entrance		8,000

To Municipal Taxes		3,600	By Sale of Drama Tickets		24,000
To Refreshments		32,200	By Sale of waste paper		150
To Lighting and Heating		6,000	By Interest on Investments	1,350	
To Medicines Consumed:			Add: Accrued Interest (See Note3)	450	1,800 **(1/2 M)**
Purchases during the Year	4,000				
Less: Closing Stock	1,000	3,000 **(1/2 M)**			
To Depreciation on Furniture:					
On Rs.40,000 for one year	4,000				
on Rs.10,000 for 3 months **(1/2 M)**	250	4,250			
To Excess of Income over Expenditure		16,000 **(1 M)**			
		1,33,950			1,33,950

Liabilities		Rs.	Assets		Rs.
Outstanding Salary **(1/2 M)**		4,000	Cash in Hand		19,200
Subscription received in advance **(1/2 M)**		500	Outstanding Subscriptions (Rs.4,000+Rs.1,000)[2]		5,000 **(1/2 M)**
Sports Fund	15,000		Accrued Interest		450
Less: Sports Expenses **(1/2 M)**		4,000	Stock of Medicines		1,000 **(1/2 M)**
(1/2 M)	11,000				
Capital Fund	64,900		investment		
Add : Excess of Income			(Face valueRs.20,000)		18,000
Over expenditure	16,000	80,900 **(1/2 M)**	Furniture	50,000	
			Less: Depreciation	4,250	45,750 **(1/2 M)**
		89,400			89,400

Notes:

(1) Total members are 200, each paying an annual subscription of Rs 500.
Hence, total subscriptions receivable during the year 2016-2017:
200xRs.500= 1,00,000
Less: Amount received during the year 2016-2017 96,000
Outstanding Subscriptions for the year 2016-2017 4,000
(1/2 M)

(2)The outstanding subscription for 2015-2016 Rs. 1,000 is still in arrear at the end of 2016-2017 also. Hence, it will be shown on the assets side of the both year's Balance Sheets.

(3)Interest is always calculated on the face value of Investments. Hence, Interest @9% on Rs 20,000= Rs.1,800 Out of this amount Rs.1,350 has been received and the remaining Rs.450 is accrued. **(1/2 M)**

Answer:

(b)

Date	Particulars	L.F.	Dr. Rs.	Cr. Rs.
	Bank A/c Dr. To Equity Share Application A/c (Application money received on 60,000 shares @Rs. 4 per share)	(1/2 M)	2,40,000	 2,40,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Equity Share Allotment A/c To Bank A/c (Application money transferred to Share Capital A/c for 40,000 shares; to Allotment A/c for 8,000 shares and amount returned on 12,000 shares @ Rs. 4 per share)		2,40,000	 1,60,000 32,000 (1/2 M) 48,000 (1/2 M)
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Allotment due on 40,000shares @Rs.5 per share)	(1/2 M)	2,00,000	 1,20,000 80,000
	Bank A/c (1) Dr. To Equity Share Allotment A/c (Allotment money received except on 1,600 shares of Manoj)	(1/2 M)	1,61,700	 1,61,700
	Equity Share First and Final call A/c Dr. To Equity Share Capital A/c (Final call due on 40,000 shares @ Rs3 per share)	(1/2 M)	1,20,000	 1,20,000
	Bank A/c Dr. To Equity Share First and Final Call A/c (Final call received except on 3,500 shares @ Rs.per share)	(1/2 M)	1,09,500	 1,09,500
	Equity Share Capital A/c Dr. Securities Premium Reserve A/c(2) Dr. To Equity Share Allotment A/c To Equity Share First and Final Call A/c to Share Forfeiture A/c (The Forfeiture of 3,500 shares)	(1/2 M) (1/2 M)	35,000 3,000	 6,300 (1/2 M) 10,500 (1/2 M) 21,200 (1/2 M)
	Bank A/c Dr. Share Forfeiture A/c To Equity Share Capital A/c (The re-issue of 3,500 shares at Rs.8 per share)	(1/2 M)	28,000 7,000	 35,000
	Share Forfeiture A/c Dr. (1/2 M) To Capital Reserve A/c (The balance of share Forfeiture A/c transferred to Capital Reserve A/c)		14,200	 14,200

(A) Excess amount received from Manoj on application:
Manoj has been allotted 1,500 shares. He must have applied for more shares.
If shares allotted were 40,000, shares
application for were =48,000

∴ If shares allotted were 1,500

applied for were $\frac{48,000}{40,000}x1,500 = 1,800$ shares. **(1/2 M)**

Excess application money received from Manoj =1,800 shares.-1,500 share
=300 shares x Rs.4= Rs.1,200 **(1/2 M)**

(B) Amount due from Manoj on allotment:
1,500 sharesxRs.5=Rs.7,500
Less : Excess received from Manoj on application=1,200 **(1/2 M)**
Net amount due from Manoj on allotment,
Which has not been received=Rs.6,300 **(1/2 M)**

(C)

Total amount due on allotment 40,000 shares x5	=	2,00,000
Less: Excess amount received on applications	=	32,000
Balance due	=	1,68,000
Less: Amount not received from Manoj on allotment	=	6300
Net amount received on allotment in cash=		1,61,700 **(1/2 M)**

(D) Premium is due with allotment and only Manoj has not paid the amount of allotment therefore, Securities Premium Reserve account has been debited from the amount of premium due from
Manoj= 1,500 shares xRs.2 =Rs.3,000 **(1/2 M)**

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