

(GCF-19, GCF-20, GCF-21, VCF-4, SCF-6 & SCF-7)

DATE: 31.07.2020

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	<u>3,50,000</u>	
	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	<u>20,24,000</u> (1 M)
value of closing stock as on 31.3.2017	3,36,000	(1 M)

Answer**2:****(a)**

REVALUATION ACCOUNT			
Dr.			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	By Sundry Creditors A/c	40,000 (1/2 M)
To Profit on revaluation transferred to:	(1/2 M)	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		
	<u>1,60,000</u> (1/2 M)		
	1,85,000		<u>1,85,000</u>

CAPITAL ACCOUNT			
Dr.			Cr.
Particular	A (Rs.)	B (Rs.)	C (Rs.)
To Advertisements			
Suspense A/c (1/2 M)	24,000	24,000	12,000
To Profit and Loss A/c (1/2 M)	6,000	6,000	3,000
To B's Capital A/c (1/2 M)	40,000	-	20,000
(Goodwill)			
To B's Loan A/c	-	4,94,000 (1/2 M)	-
To Balance c/d (1/2 M)	5,94,000		1,97,000
	<u>6,64,000</u>	<u>5,24,000</u>	<u>2,32,000</u>

Particular	A (Rs.)	B (Rs.)	C (Rs.)
By Bal. b/d	5,00,000	3,00,000	1,50,000
By General Reserve	<u>1,00,000</u>	<u>1,00,000</u>	<u>50,000</u> (1/2 M)
By Revaluation A/c	64,000	64,000	32,000 (1/2 M)
By A's Capital A/c (Goodwill)	-	40,000 (1/2 M)	-
By C's Capital A/c (Goodwill)		20,000 (1/2 M)	
	<u>6,64,000</u>	<u>5,24,000</u>	<u>2,32,000</u>

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	<u>30,000</u>
Capital Accounts		Stock	5,70,000 (1/2 M)
A	5,94,000	Office Equipment (Computer)	3,20,000
B	<u>1,97,000</u>	Land and Buildings	45,000
	<u>20,45,000</u>		<u>11,00,000</u>
			<u>20,45,000</u>

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 $\times \frac{2}{5}$ = Rs. 60,000. It will be adjusted by passing 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****Dr.****Consignment A/c****Cr.**

Particulars	Rs.	Particulars	Rs.
To Good sent to Consignee A/c (5,000 X Rs.20) (1/2 M)	1,00,000	By S A/c (Sales) (3,750 X Rs.30)	1,12,500 (1/2 M)
To Bank		By cash A/c (Insurance paid)	2,250 (1/2 M)
Freight & insurance (1/2 M)	25,000	By Abnormal Loss A/c	875 (1/2 M)
To S A/c		By Stock on Consignment	25,658 (1/2 M)
Godown Rent (1/2 M)	10,000	By P&L a/c (loss)	5,342 (1/2 M)
Wages (1/2 M)	1,000		
printing & Stationary (1/2 M)	5,000		
Commission (1,12,500 X 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. (Note)	Nil
Units remaining	1,21,575
4,750	Cost
1,000	1,21,875
	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 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: (1/2 M) 55,000	
Less: Returns (1/2 M) 45,000		Return	
30,55,000		40,95,000	
Less: Furniture (1/2 M) 1,00,000		Less: Goods sent on 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	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:	1,00,000	(1/2 M)
Less: Goods With-drawn	50,000	(1/2 M)	Purchased	<u>6,50,000</u>	
			Less: Dep.	65,000	5,85,000 (1/2 M)
	<u>21,64,200</u>	(1/2 M)	Motor: Car.	48,000	
Less: Net Loss	5,02,300	<u>16,61,900</u> (1/2 M)	Less: Dep.	<u>9,600</u>	38,400 (1/2 M)
Sundry Creditors	(1/2 M)	4,00,000	Stock in hand		1,45,000 (1/2 M)
Outstanding Salesman's Commission	(1/2 M)	3,16,500	Goods sent on Approval		1,00,000 (1/2 M)
			Sundry Debtors	10,00,000	
			Less: Goods sent on Approval	1,50,000	(1/2 M)
				<u>8,50,000</u>	
			Less: Bad Debts	50,000	(1/2 M)
				<u>8,00,000</u>	
			Less: Provision for Doubtful Debts	(1/2 M) 40,000	7,60,000 (1/2 M)
			Cash in Hand		2,50,000 (1/2 M)
			Cash in Bank		5,00,000 (1/2 M)
		<u>23,78,400</u>			<u>23,78,400</u>

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 $\times$ 8% $\times$ $\frac{1}{365}$ = Rs.207 **(1/2 M)**

On Dr. Products: Rs. 24,25,000 $\times$ 10% $\times$ $\frac{1}{365}$ = 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.		1,400	
	To Stock A/c (1/2 M)			480
	To Provision for doubtful debts A/c			150
	To outstanding legal charges A/c			770
	(Decrease in the value of assets and increase in liabilities)			
	Land and Building A/c Dr.		5,000	
	To Revaluation A/c (1/2 M)			5,000
	(Increase in the value of assets)			
	Revaluation A/c Dr.		3,600	
	To A's Capital A/c			1,600
	To B's Capital A/c (1/2 M)			1,200
	To C's Capital A/c			800
	(Profit on revaluation transferred to partner's capital A/c)			
	Investments Fluctuation Reserve A/c Dr.		7,500	
	To Investment A/c			3,000
	To A's Capital A/c (1/2 M)			2,000
	To B's Capital A/c			1,500
	To C's Capital A/c			1,000
	(Decrease in the value of investments met out of Investments Fluctuation Reserve)			
	A's Capital A/c Dr.		1,950	
	C's Capital A/c (1/2 M) Dr.		1,650	
	To B's Capital A/c			3,600
	B's share of goodwill adjusted to the accounts of continuing partners in their gaining ratio 13:11)			
	B's Capital A/c Dr.		19,800	
	To B's Loan A/c (1/2 M)			19,800
	(The transfer of B's Capital A/c to B's Loan A/c)			
	A's Capital A/c ⁽²⁾ Dr.		2,150	
	To Bank A/c (1/2 M)			2,150
	(The amount returned to A, to bring his capital to profit sharing ratio)			
	Bank A/c ⁽³⁾ (1/2 M) Dr.		1,350	
	To C's Capital A/c			1,350
	(The amount brought in by C to raise his capital to profit sharing ratio)			

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	18,000	13,500	9,000
				By Revaluation			

(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		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)	(Bal. Fig.)				
	19,650	-		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

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

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

Hence, Gaining Ratio between A and C = $\frac{13}{72} : \frac{11}{72}$ 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 =Rs. 1,350

Calculation of Bank Balance is as follows:

Dr.		Bank Account		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Balance b/d	5,500	By A's Capital A/c	2,150	(1/2 M)	
To C's Capital A/c	1,350	By Balance c/d	4,700		
	6,850		6,850		

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

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

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 ERRORS ON LAST YEAR PROFITS

Rectifying Entry	Decrease in Profit Rs.	Increase in Profit 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 Increase in Profit = Rs. 10,000 - Rs. 3,800 = Rs. 6,300. (1/2 M)

Answer 6:**(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
for the year ending 31 st March, 2017

Dr. 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 (1/2 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	450	(1/2 M)
Purchases during the Year	4,000	(See Note 3)		
Less: Closing Stock	1,000			
To Depreciation on Furniture:				
On Rs. 40,000 for one year	4,000			
on Rs. 10,000 for 3 months	(1/2 M) 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	
Sports Fund	15,000	(Rs. 4,000 + Rs. 1,000 ⁽²⁾)	5,000 (1/2 M)
Less: Sports Expenses	(1/2 M) 4,000	Accrued Interest	450
	(1/2 M) 11,000	Stock of Medicines investment	1,000 (1/2 M)
Capital Fund	64,900	(Face value Rs. 20,000)	18,000
Add : Excess of Income		Furniture	50,000
Over expenditure	16,000	Less: Depreciation	4,250
	80,900 (1/2 M)		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:
 $200 \times \text{Rs. } 500 = 1,00,000$
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. (1/2 M) To Equity Share Application A/c (Application money received on 60,000 shares @Rs. 4 per share)		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. (1/2 M) To Equity Share Capital A/c To Securities Premium Reserve A/c (Allotment due on 40,000 shares @ Rs.5 per share)		2,00,000	1,20,000 80,000
	Bank A/c ⁽¹⁾ Dr. (1/2 M) To Equity Share Allotment A/c (Allotment money received except on 1,600 shares of Manoj)		1,61,700	1,61,700
	Equity Share First and Final call A/c Dr. (1/2 M) To Equity Share Capital A/c (Final call due on 40,000 shares @ Rs. 3 per share)		1,20,000	1,20,000
	Bank A/c Dr. (1/2 M) To Equity Share First and Final Call A/c (Final call received except on 3,500 shares @ Rs. 3 per share)		1,09,500	1,09,500
	Equity Share Capital A/c Dr. (1/2 M) Securities Premium Reserve A/c ⁽²⁾ Dr. (1/2 M) 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)		35,000 3,000	6,300 (1/2 M) 10,500 (1/2 M) 21,200 (1/2 M)
	Bank A/c Dr. (1/2 M) Share Forfeiture A/c To Equity Share Capital A/c (The re-issue of 3,500 shares at Rs. 8 per share)		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 $\frac{48,000}{40,000} \times 1,500 = 1,800$ 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 shares x Rs. 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 x 5 = 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 x Rs. 2 = Rs. 3,000 **(1/2 M)**
