CA Foundation Course		**(Mock Test Paper – Series : 1)**
DATE: 17.11.2024	**MAXIMUM MARKS: 100**	**TIMING: $3^{1/4}$ Hours**

PAPER 1 : ACCOUNTING

Question no. 1 is compulsory.

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

Answer 1:

(a) (1) **False:** Under matching concept all expenses matched with the revenue of that period should only be taken into consideration. In the financial statements of the organization if any revenue is recognized then expenses related to earn that revenue should also be recognized.

(2) **False:** The nature of business is a very important criteria in separating an expenditure between capital and revenue. For example- For a trader dealing in furniture, purchase of furniture is revenue expenditure but for any other trade, the purchase of furniture should be treated as capital expenditure and shown in the balance sheet as asset.

(3) **False:** When it is probable that the firm will need to pay off the obligation, this gives rise to provision.

(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) **False:** At the end of the accounting year, all the nominal accounts of the ledger book are totaled and transferred to P&L A/c.

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) In a situation where existing shareholder does not intend to subscribe to the rights issue of a company, he may give up his right in favour of another person for a consideration. Such giving up of rights is called renunciation of rights. **(2 M)**

Answer:

(c) **Statement of Calculation of Value of Inventory 31/03/17**

Opening Balance of Inventory as on 01.04.2016	3,50,000		
Less : Value of Abnormal item (1,00,000 – 30,0000) **(1/2 M)**{	70,000	2,80,000	}**(1/2 M)**
Add : Purchase b/w 01.04.2016 to 31.03.2017		17,30,000	
Add : Manufacturing Exps.		3,50,000	
Cost of normal goods available for sale		23,60,000	}**(1/2 M)**
Less : Cost of goods sold			
Total Sales 26,10,000			
(-) Abnormal item sale **(1/2 M)**{ 80,000	25,30,000		
(-) GP @ 25% on cost or 20% on sales **(1/2 M)**{	5,06,000	20,24,000	}**(1/2 M)**
Value of Closing Stock as on 31.03.2017		3,36,000	}**(1 M)**

Answer 2:

M/s Raghuram & Associates
Trading Account for the year ended 31st March 2018

Particulars	Details	Amount	Particulars	Details	Amount	
		Rs.			Rs.	
To Opening Stock		3,20,000	By Sales	15,00,000		
To Purchases	12,00,000		Less: Sales Returns	(24,000)	14,76,000	}{1 M}
Less: Purchase Returns	(18,000)	11,82,000 }{1 M}	By Closing Stock		4,10,000	
To Freight		62,000				
To Gross Profit c/d		3,22,000 }{1 M}				
		18,86,000			18,86,000	

M/s Raghuram & Associates
Profit and Loss Account for the year ended 31st March 2018

Particulars	Details	Amount	Particulars	Details	Amount
		Rs.			Rs.
To Salaries		72,000	By Gross profit b/d		3,22,000
To Rent for Godown	55,000		By Discount received		12,000
Add: Outstanding {1 M}{	5,000	60,000 }{1 M}			
To Provision for Doubtful Debts (W.N.4)		16,200 }{2 M}			
To Rent and Taxes		24,000			
To Discount Allowed		7,500			
To Carriage outwards		8,500			
To Printing and stationery		6,000			
To Electricity charges		14,000			
To Insurance premium (W.N. 1)		4,800			
To Depreciation (W.N. 2)		80,000 }{2 M}			
To General expenses		11,000			
To Bank Charges		3,800			
To Interest on loan	4,400				
Add: Outstanding (W.N. 3) {1 M}{	100	4,500 }{1 M}			
To Motor car expenses (Repairs)		13,000			
To Net Profit transferred to Capital A/c		8,700 }{2 M}			
		3,34,000			3,34,000

Balance Sheet of M/s Raghuram & Associates as at 31st March 2018

Liabilities	Details	Amount	Assets	Details	Amount
		Rs.			Rs.
Capital	14,11,400		Land & Building	5,00,000	
Add: Net Profit	8,700		Less: Depreciation	(25,000)	4,75,000
Less: Drawings	(20,000)		Motor Vehicles	1,00,000	
Less: proprietor's Insurance Premium	(42,000)	13,58,100 }{1 M}	Less: Depreciation	(20,000)	80,000
Loan from Rajan	60,000		Office equipment	2,00,000	
Add: Outstanding Interest	100	60,100	Less: Depreciation	(30,000)	1,70,000
Sundry Creditors		62,000	Furniture & Fixture	50,000	
Outstanding rent		5,000	Less: Depreciation	(5,000)	45,000

			Stock in Trade		4,10,000
			Sundry Debtors	2,80,000	
			Less: Provision for doubtful debts	(14,000)	2,66,000
			Cash at hand		16,000
			Cash in bank		22,000
			Prepaid insurance (W.N. 1)		1,200
		14,85,200 {1 M}			14,85,200 {1 M}

Working Notes:

(1) Insurance premium **Rs.**

Insurance premium as given in trial balance	48,000
Less: Personal premium	(42,000)
Less: Prepaid for 3 months $\left(\frac{6,000}{15} \times 3\right)$	(1,200)
Transfer to Profit and Loss A/c	4,800

{1 M}

(2) Depreciation

Building @ 5% on 5,00,000	25,000
Motor Vehicles @ 20% on 1,00,000	20,000
Furniture & Fittings @ 10% on 50,000	5,000
Office Equipment @ 15% on 2,00,000	30,000
Total	80,000

{1 M}

(3) Interest on Loan

Interest on Loan Rs. 60,000 X 10% X 9/12	=	4,500
Less: interest as per Trial Balance	=	(4,400)
Amount (Outstanding)		100

{1 M}

(4) Provision for bad debts A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To bad debts a/c	12,200	By Balance b/d	10,000
To balance c/d (5% of 2,80,000)	14,000	By P&L A/c	16,200
	26,200		26,200

{1 M}

Answer 3:

(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 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. 10,100 - Rs. 3,800 = Rs. 6,300. }(1/2 M)

Answer 4:

(a) **Journal Entries**

Date	Particulars		Rs.	Rs.	
01.04.2020	Equity Share Final Call A/c	Dr.	4,00,000		(1 M)
	To Equity Share Capital A/c			4,00,000	
	(Being final call of Rs. 2/- per share on 2,00,000 equity shares due as per Board's resolution dated)				
25.04.2020	Bank A/c	Dr.	4,00,000		(1 M)
	To Equity Share Final Call A/c			4,00,000	
	(Final Call money on 2,00,000 equity shares received)				
	Capital Redemption Reserve A/c	Dr.	1,20,000 }(1 M)		
	General Reserve A/c	Dr.	3,60,000 }(1 M)		
	Profit and Loss A/c	Dr.	20,000 }(1 M)		
	To Bonus to shareholders			5,00,000	}(1 M)
	(Being provision for bonus shares at one share for every four shares held as per Board's resolution dated……..)*				
	Bonus to shareholders	Dr.	5,00,000		(1 M)
	To Equity Share Capital A/c			5,00,000	
	(Being issue of bonus shares)				

*Any other logical method for utilization of reserves may be followed as per the Companies Act, 2013.

Extract of Balance Sheet

Authorized Capital	**Rs.**	
3,00,000 Equity shares of Rs. 10/- each	30,00,000	
Issued and Subscribed Capital		
2,50,000 Equity shares of Rs.10/- each, fully paid	25,00,000	}(1 M)
(Out of the above 50,000 Equity shares Rs.10/- each were issued by way of bonus shares)		
Reserves and Surplus		
Securities premium (not realized in cash)	75,000	}(1 M)
Profit and Loss Account	5,80,000	}(1 M)

Note: As per SEBI regulations, securities premium should be realized in cash, whereas under the Companies Act, 2013 there is no such requirement. In accordance with Section 52, securities premium may arise on account of issue of shares other than by way of cash. Thus, for unlisted companies, securities premium (not realized in cash) may be used for issue of bonus shares, whereas the same cannot be used in case of listed companies.

Answer:

(b) **JOURNAL ENTRIES**

Date	Particulars.	L.F	DR. (Rs.)	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. To B's Loan A/c **(1/2 M)** (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. To Bank A/c **(1/2 M)** (The amount returned to A, to bring his capital to profit sharing ratio)		2,150	 2,150
	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)		1,350	 1,350

Dr. **CAPITAL ACCOUNTS** CR.

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

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

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

Hence, Gaining Ratio between A and C $= \frac{13}{72} : \frac{11}{72}$ 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
To C's Capital A/c	1,350	By Balance c/d	4,700
	6,850		6,850

(1/2 M)

Answer 5:

(a) Statement showing the amount of cash defalcated by the Cashier

	Rs.	Rs.	
Cash balance as on 1.1.20X2	2,000		
Add : Cash sales (W.N.2 and W.N.4)	1,16,250	1,18,250	
Less : Salary to clerk (Rs. 300 × 13)	3,900		
Sundry expenses (Rs. 50 × 13)	650		
Drawings of Sri Srinivas (Rs. 100 × 13)	1,300		
Deposit into bank (Rs. 1,25,000 – Rs. 30,000)	95,000	(1,00,850)	
Cash balance as on 31.3.20X2 (defalcated by cashier)		17,400	}(1 M)

Trading and Profit and Loss Account of Sri Srinivas for the 13 week period ended 31st March, 20X2

	Rs.		Rs.	Rs.
To Opening stock	70,000	By Sales :		
To Purchases	91,000	Cash (W.N.2 and W.N.4)	1,16,250	
To Gross Profit c/d	30,250	Credit (W.N.3)	35,000	1,51,250
		By Closing stock		40,000
	1,91,250			1,91,250
To Salaries (300 x 13) (1/2 M){	3,900	By Gross profit b/d		30,250
To Rent (Rs. 4,000 – Rs. 1,000) (1/2 M){	3,000			
To Sundry Expenses (50 x 13)	650 }(1/2 M)			
To Loss of cash by theft	17,400			
To Net Profit (b.f.)	5,300 }(1 M)			
	30,250			30,250

Balance Sheet of Sri Srinivas as on 31st March, 20X2

Liabilities		Rs.	Assets	Rs.
Capital as on 1.1.20X2	1,00,000		Furniture	10,000
Add : Profit	5,300		Stock	40,000
	1,05,300		Debtors	30,000
Less : Drawings	(1,300)	1,04,000 }(1/2 M)	Cash at bank	60,500
Liabilities for goods		36,500		
		1,40,500		1,40,500

Working Notes:

(1) Purchases

Creditors Account

	Rs.		Rs.	
To Bank A/c	75,000	By Balance b/d	20,500	
To Balance c/d	36,500	By Purchases A/c (Bal. fig.)	91,000	}(1 M)
	1,11,500		1,11,500	

(2) Total sales

	Rs.
Opening stock	70,000
Add : Purchases	91,000

	1,61,000
Less : Closing stock	(40,000)
Cost of goods sold	1,21,000
Add : Gross profit @ 25% on cost	30,250 }(1 M)
Total Sales	1,51,250 }(1 M)

(3) Credit Sales

Debtors Account

	Rs.		**Rs.**
To Balance b/d	25,000	By Bank A/c	30,000
To Sales A/c (Bal. fig.) (1 M){	35,000	By Balance c/d	30,000
	60,000		60,000

(4) Cash Sales

	Rs.
Total sales	1,51,250
Less : Credit Sales	(35,000)
Cash sales	1,16,250 }(1 M)

(5) Bank balance as on 31.3.20X2

	Rs.		**Rs.**
To Balance b/d	14,500	By Creditors A/c	75,000
To Debtors A/c	30,000	By Rent A/c	4,000
To Cash A/c (1,25,000 – 30,000)	95,000	By Balance c/d (b.f.)	60,500
	1,39,500		1,39,500 }(1 M)

Notes:

1. All purchases are taken on credit basis.
2. In the absence of information about the rate of depreciation, no depreciation has been charged on furniture.
3. The amount defalcated by the cashier may be treated as recoverable from him. In that case, Rs. 17,400 may be shown as sundry advances on assets side in the Balance Sheet and net profit for the 13 week period ending 31st March, 20X2 would amount Rs. 22,700.

Answer:

(b)

Dr. **MACHINERY ACCOUNT** **Cr.**

Date	**Particulars**	**Rs.**	**Date**	**Particulars**	**Rs.**
2005			2005		
April 1	To Balance b/d	5,00,000	Oct. 1	By Machinery Disposal A/c	1,00,000
			2006		
			March 31	By Balance c/d	4,00,000 }(1 M)
		5,00,000			5,00,000
2006					
April 1	To Balance b/d	4,00,000			

Dr. **PROVISION FOR DEPRECIATION ACCOUNT** Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
2005			2005		
Oct. 1	To Machinery Disposal A/c (WN 1)	42,400 **(1 M)**	April 1	By Balance b/d	1,16,000
			Oct. 1	By Depreciation A/c (WN 1)	6,400 **}(1 M)**
2006			2006		
March 31	To Balance c/d	1,44,000 **(1 M)**	March 31	By Depreciation A/c (WN 2)	64,000 **}(1 M)**
		1,86,400			1,86,400
			2006		
			April 1	By Balance b/d	1,44,000

Dr. **MACHINERY DISPOSAL ACCOUNT** Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
2005			2005		
Oct. 1	To Machinery A/c	1,00,000	Oct. 1	By Provision for Depreciation A/c	42,400
Oct. 1	To Gain (profit) on Sale (Bal. Fig.) (Profit and Loss A/c)	2,400 **(1 M)**	Oct. 1	By Bank A/c – Sale	60,000 **}(1 M)**
		1,02,400			1,02,400

Working Notes :

1. Depreciation provided on Machinery sold till 1st October, 2005:

	Rs.
For 2003-04 (Rs. 1,00,000 x 20/100)	20,000
For 2004-05 (Rs. 1,00,000 – Rs. 20,000) x 20/100	16,000
For 2005-06 (Rs. 1,00,000 – Rs. 20,000 – Rs. 16,000) x 20/100 x 6/12	6,400 **}(1 M)**
Total Depreciation provided on Machinery sold	42,400 **}(1 M)**

2. Calculation of Depreciation provided for 2005-06:

	Rs.
Balance of Provision for Depreciation on 1st April, 2005	1,16,000
Add: Depreciation provided on Machinery sold	6,400
	1,22,400
Less: Accumulated Depreciation on Machinery sold (WN 1)	42,400
Accumulated Depreciation on the remaining Machinery	80,000
Cost of Remaining Machinery (Rs. 5,00,000 – Rs. 1,00,000)	4,00,000
Less: Accumulated Depreciation on remaining Machinery (As above)	80,000
	3,20,000

Depreciation provided during 2005-06 = Rs. 3,20,000 x 20/100 = Rs. 64,000. **}(1 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. 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	450	1,800 }(1/2 M)
Purchases during the			(See Note3)		
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		
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		1,000 }(1/2 M)
Capital Fund	64,900		investment		
Add : Excess of Income			(Face value Rs. 20,000)		18,000
Over expenditure	16,000	80,900	Furniture	50,000	
		(1/2 M)	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:
200 x 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. 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 40,000 shares @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
$\therefore$ If shares allotted were 1,500
applied for were $\frac{48,000}{40,000} x 1,500 = 1,800$ 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)

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