

**ANSWERS OF MODEL TEST PAPER 10**  
**FOUNDATION COURSE**  
**PAPER – 1: ACCOUNTING**

1. (a) 1. **False:** The rule of nominal accounts states that all expenses and losses are recorded on debit side.
2. **False:** Overhaul expenses are incurred to put second-hand machinery in working condition to derive enduring long-term advantage. So, it should be capitalized.
3. **True:** The conservatism concept states that one shall not account for anticipated profits but shall provide for prospective losses. Valuing inventory at cost or net realisable value whichever is less, therefore is based on principle of conservatism.
4. **False:** A promissory note should not be made payable to the bearer. The payee must be to a certain person.
5. **False:** It depicts the cash system of accounting rather than the accrual system, as the cash receipts and payments pertaining to any year are entered in the Receipts and payments account. The principle of accrual is not followed with regard to the receipts and payments account of a non-profit organization.
6. **False:** Legal heirs of a deceased partner are entitled to all the dues of deceased partner.

(b) The difference between Book keeping and Accounting are as follows:

S. No.	Book-keeping	Accounting
1.	It is a process concerned with recording of transactions.	It is a process concerned with summarising of the recorded transactions.
2.	It constitutes as a base for accounting.	It is considered as a language of the business.
3.	Financial statements do not form part of this process.	Financial statements are prepared in this process on the basis of book-keeping records.
4.	Managerial decisions cannot be taken with the help of these records.	Management takes decisions on the basis of these records.
5.	There is no sub-field of book keeping.	It has several sub-fields like financial accounting, management accounting etc.
6.	Financial position of the business cannot be ascertained through book-keeping records.	Financial position of the business is ascertained on the basis of the accounting reports.

(c)

**Journal**

	Particulars	L.F.	Dr. ₹	Cr. ₹
(1)	Sales A/c Dr. Sales Returns A/c Dr. To Suspense A/c (Being the value of goods returned by Mr. A wrongly posted to Sales and omission of debit to Sales Returns Account, now rectified)		500 500	1,000
(2)	Suspense A/c Dr. To Mr. R (Being wrong debit to Mr. R for goods returned by him, now rectified)		500	500
(3)	Mr. Q Dr. To Mr. S To Suspense A/c (Being omission of debit to Mr. Q and wrong credit to Mr. S for sale of ₹ 700, now rectified)		700	70 630
(4)	Discount A/c Dr. To Suspense A/c (Being the total of Discount allowed during September not posted from the Cash Book; error now rectified)		350	350

**2. (a) Bank Reconciliation Statement of Mr. Hari as on 31st Dec., 2023**

Particulars	Details ₹	Amount ₹
Balance as per the Cash Book		1,36,800
<i>Add:</i> Cheques issued but not presented for payment	36,000	
Dividends directly collected by bank but not yet entered in the Cash Book	18,000	
Cheque recorded with wrong amount in the Cash Book	90	
Cheque directly deposited but not recorded in the cash book	1,53,600	
Amount received from sale of scrap not recorded in cash book	1,000	2,08,690
		3,45,490
<i>Less:</i> Cheques deposited but not cleared till 31 <sup>st</sup> dec	55,000	
Mediclaime paid by the bank directly not yet recorded in the Cash Book	14,160	

Bank charges not recorded in cash book	150	(69,310)
Balance as per the Pass Book		2,76,180

Alternatively, the question can also be solved by preparing adjusted cash book as shown below:

**Cash Book (Bank Column)**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	1,36,800	By Bank charges	150
To Amount received from sale of scrap	1,000	By Mediclaim	14,160
To dividends collected by bank	18,000	By balance c/d	2,95,180
To cheques recorded with wrong amount	90		
To cheque directly deposited not recorded	1,53,600		
	3,09,490		3,09,490

**Bank Reconciliation Statement of Mr. Hari as on 31st Dec., 2023**

Particulars	₹
Balance as per the Cash Book (corrected)	2,95,180
Add: Cheques issued but not yet presented	36,000
Less: Cheques deposited but not cleared	(55,000)
Balance as per the Pass Book	2,76,180

(b) **In the books of Sejal**

**Journal Entries**

Date	Particulars	DR. (in ₹)	CR. (in ₹)
1/1/2023	Harry Dr. To Bills payable A/c (Being bill of exchange accepted and sent to Mr. Harry)	60,000	60,000
1/1/2023	Bank A/c Dr. Discount charges A/c Dr. To Harry (Being the amount received from Harry on account of the bills receivable)	14,000 1,000	15,000
4/4/2023	Bills receivable A/c Dr. To Harry	80,000	80,000

	(Being the bills accepted by Harry)			
4/4/2023	Bank A/c Dr. 74,600 Discount charges A/c Dr. 5,400 To Bills receivable A/c (Being Harry acceptance discounted with bank)		80,000	
4/4/2023	Bills payable A/c Dr. 60,000 To Bank A/c (Being the amount met on the due date)		60,000	
4/4/2023	Harry Dr. 15,000 To Bank A/c To Discount A/c $\{(5,400/80,000) \times 60,000\}$ (Being the amount paid and the discount debited to Harry)		10,950 4,050	
7/7/2023	Harry Dr. 80,000 To Bank A/c (Being Harry's acceptance discounted with bank dishonoured due to Harry's bankruptcy)		80,000	
7/7/2023	Bank A/c Dr. 24,000 Bad debts A/c Dr. 36,000 To Harry (The amount received from Harry and the balance being written off as debt)		60,000	

#### Harry 's A/c

Particulars	₹	Particulars	₹
To Bills Payable A/c	60,000	By Bank A/c	14,000
To Bank A/c	10,950	By Discount A/c	1,000
To Discount A/c	4,050	By Bills Receivable	80,000
To Bank A/c	80,000	By Bank A/c	24,000
		By Bad Debts	36,000
	1,55,000		1,55,000

3. (a) **Trading Account for the year ended 31<sup>st</sup> March, 2024**

Particulars	Details	Amount ₹	Particulars	Details	Amount ₹
To opening Stock		4,80,000	By Sales	48,00,000	
To Purchases	21,35,000		Less: Returns Inwards	<u>93,000</u>	47,07,000
Less: Plant and Machinery included in purchases	3,00,000		By Closing Stock		5,20,000
Less: Returns Outward	55,000	17,80,000			
To wages		15,00,000			
To Factory rent	8,000				
Add: outstanding	3,000	11,000			
To Gross Profit c/d		14,56,000			
		52,27,000			52,27,000

**Profit and Loss Account for the year ended 31st March, 2024**

Particular	Amount ₹	Particular	Amount ₹
To Salaries	1,40,000	By Gross profit b/d	14,56,000
To Advertisements	60,000	By Discount Received	37,000
To Insurance	63,000		
To General expenses	10,000		
To Discount Allowed	65,000		
To provision for doubtful debts (W.N.1)	37,000		
To Provision for discount on debtors (W.N.2)	8,400		
To Depreciation (W.N. 3)	93,300		
To Net Profit transferred to Capital a/c	10,16,300		
	14,93,000		14,93,000

**Balance Sheet as at 31st March, 2024**

Liabilities	Details	Amount ₹	Assets	Details	Amount ₹
Capital	4,00,00		Plant and Machinery	5,00,000	
Add: Net Profit	10,16,300		Add: Additions	3,00,000	
Less: Drawings	(70,000)	13,46,300	Less: Dep. (W.N.3)	(80,000)	7,20,000
			Office furniture	26,000	
Bills Payable		56,000	Less: Dep. (W.N. 3)	(1,300)	24,700
Sundry Creditors		5,20,000			

Outstanding Factory rent		3,000	Motor Vans	1,20,000	
			Less: Dep. (W.N. 3)	(12,000)	1,08,000
			Bills receivables		72,000
			Stock in Trade		5,20,000
			Sundry Debtors	4,57,000	
			Less: Further Bad debts	(7,000)	
			Less: Provision for doubtful debts	(30,000)	
			Less: Provision for discount on debtors (W.N. 2)	(8,400)	4,11,600
			Cash at hand		4,000
			Cash in bank		65,000
		19,25,300			19,25,300

### Working Notes :

#### (1) Provision for Bad and Doubtful Debts Account

Particulars	₹	Particulars	₹
To Bad-debts (as per Trial Balance)	25,000	By Balance b/d (as per Trial Balance)	25,000
To Sundry debtors (further bad-debts)	7,000	By P&L A/c (Balancing figure)	37,000
To Balance c/d i.e. provision required at year end	<u>30,000</u>		
	62,000		<u>62,000</u>

#### (2) Provision for discount on debtors

Debtors as per Trial Balance	₹4,57,000
Less: Further bad-debts	(7,000)
Less: New provision for Doubtful Debts	<u>(30,000)</u>
Debtors before provision for discount	<u>4,20,000</u>
Provision for discount on debtors @2%	<u>₹ 8,400</u>

#### (3) Depreciation

Plant and Machinery @ 10% on 8,00,000 (5,00,000 + 3,00,000*)	80,000
Motor Van @ 10% on 1,20,000	12,000
Office Furniture @ 5% on 26,000	1,300
Total	<u>₹ 93,300</u>

\*Purchase of a plant and machinery during the year for ₹ 3,00,000 which was wrongly debited to purchase now added to Plant and Machinery.

(b)

**Revaluation A/c**

Liabilities	₹	Assets	₹
To Provision for Doubtful Debts	1,500	By Land and Building	5,000
To Profit on revaluation		By stock	3,500
Krish               4,200			
Bala <u>2,800</u>	7,000		
	8,500		8,500

**Partners' Capital A/c**

Particulars	Krish	Bala	Sobha	Particulars	Krish	Bala	Sobha
To Krish and Bala's capital A/c—			12,000	By balance b/d	25,000	15,000	
To Balance c/d	53,200	33,800	25,000	By Bank- (Capital + GW)			37,000
				By Sobha's Capital A/c	7,200	4,800	
				By General Reserve	15,600	10,400	
				By Workman comp. Reserve	1,200	800	
				By Revaluation A/c	4,200	2,800	
	53,200	33,400	37,000		53,200	33,800	37,000

**Balance Sheet of the Firm (after admission of Sobha)**

Liabilities	₹	Assets	₹
Capital Accounts:		Land and Building	33,000
Krish           53,200		Plant & Machinery	15,000
Bala           33,800		Stock	13,500
Sobha <u>25,000</u>	1,12,000	Debtors           25,000	
Employees provident fund	8,000	Less: Provision for Doubtful	
workman compensation Reserve	8,000	Debts <u>5,500</u>	19,500
Creditors	10,000	Bank (W.N.2)	57,000
	1,38,000		1,38,000

**Working Note:****(1) Calculation of Sacrificing ratio**

Partner	Old Share		New Share		Difference
Krish	3/5	—	3/6	=	3/30
Bala	2/5	—	2/6	=	2/30
Sobha		—	1/6		

**(2) Bank A/c**

Particulars	₹	Particulars	₹
To balance b/d	20,000	By Balance c/d	57,000
To Sobha's capital A/c	37,000		
	57,000		57,000

**4. (a) (i) Entries for the treatment of goodwill**

Total goodwill of firm is ₹ 60,000

Z's share ( $1/6 \times ₹ 60,000$ ) = ₹ 10,000

(a) X's Capital A/c Dr. 6,000

Y's Capital A/c Dr. 4,000

Z's Capital A/c Dr. 2,000

To Goodwill A/c 12,000

(Being existing goodwill written off)

(b) X's Capital A/c Dr. 6,000

Y's Capital A/c Dr. 4,000

To Z's Capital A/c 10,000

(Being Z's share of goodwill credited to him and debited to gaining partners in gaining ratio)

**(ii) Revaluation Account**

	₹		₹
To Patents A/c	6,000	By employee provident fund A/c	6,000
To Machinery A/c	6,000	By Investments A/c	2,600
To Provision for Bad Debts A/c	1,000	By Revaluation Loss	10,400
To workmen's compensation*	6,000	Partners' Capital A/cs –	
		X 5,200	
		Y 3,467	
		Z 1,733	
	19,000		19,000

**(iii) Partners' Capital Account**

		X (₹)	Y (₹)	Z (₹)			X (₹)	Y (₹)	Z (₹)
To	Goodwill	6,000	4,000	2,000	By	Balance b/d	78,000	42,000	31,000
To	Revaluation A/c	5,200	3,467	1,733	By	Investment Fluctuation Fund	3,000	2,000	1,000
To	Investments			27,600					
To	Z's Capital A/c	6,000	4,000		By	X's Capital A/c			6,000
To	Bank A/c			5,334	By	Y's Capital A/c			4,000
To	Z's Loan A/c			2,667					
To	Bills Payable A/c			2,666					



To	Balance c/d	63,800	32,533					
		81,000	44,000	42,000		81,000	44,000	42,000

(iv) **Balance Sheet as on 1<sup>st</sup> April, 2024**

Liabilities	₹	₹	Assets	₹	₹
Capital accounts:			Patent		24,000
X	63,800		Machinery		54,000
Y	32,533	96,333	Closing stock		30,650
Z's loan account		2,666	Sundry debtors	50,000	
Trade creditors		31,000	Less: Provision for	(5,000)	45,000
Bills payable		2,667	bad debts		
Workman compensation		18,000	Cash and bank		3,016
Employee Provident Fund		6,000	balances		
		1,56,666			1,56,666

**Working Notes:**

1. Gaining ratio of existing partners:

$$X \ 3/5-3/6=3/30$$

$$Y \ 2/5-2/6=2/30$$

(b) (a) **Delhi Club**

**Income and Expenditure Account for the year ending 31<sup>st</sup> December, 2023**

Expenditure	₹	Income		₹
To Salary	3,000	By Subscription (W.N. -ii)		10,650
To Repairs expenses	500	By Donations (50%)		3,500
To Miscellaneous expenses	410	By Interest on investments* (100 + 200)		300
To Insurance premium	380	By Entrance fees		1,500
To Paper, Ink etc	250	By Interest received from Bank		400
To Excess of Income over expenditure	12,810	By Sale of old newspaper		250
		By Sale of drama tickets	1,250	
		Less: expenses	500	750
	17,350			17,350

(b) **Balance Sheet of Delhi Club as at 31<sup>st</sup> December, 2023**

Liabilities	₹	Assets	₹
Capital Fund:		Furniture	7,000
Opening balance (W.N.1)	43,100	Investment	6,000
Add: Excess of income. over exp	12,810	Billiards table**	30,000
Add: Donations	3,500	Cash in hand	4,500
	59,410		

Insurance	80	Cash at Bank	11,050
Premium payable		Prepaid Expenses- Misc	90
Subscription received in advance for 2024	550	Subscription Receivable	1,200
		Interest accrued on investments*	200
	60,040		60,040

### Working Notes:

#### 1. Calculation of capital fund

##### Balance Sheet of Delhi Club as at 31st December, 2022

Liabilities	₹	Assets	₹
Capital Fund (Balancing figure)	43,100	Billiards table	30,000
Creditors for Billiard table	10,000	Cash in hand	8,100
		Cash at Bank	15,000
	53,100		53,100

#### 2. Calculation of amount of subscription shown in Income and expenditure account

	₹
Subscription received in cash during 2023	10,000
Add: Outstanding of 2023	1,200
	11,200
Less: Advance of 2024	(550)
	10,650

Alternatively, this working of calculation of amount of subscription can also be presented in the form of ledger A/c.

\* It may be interpreted that investments have been purchased during the year i.e. 5 months prior to the reporting date. Accordingly, total amount of interest accrued on such investment shall be ₹ 200 for the calendar year 2023. Out of which ₹ 100 has been received and remaining ₹ 100 (200-100) is yet to be received (accrued). In that case, Interest on Investments in income and expenditure account shall be ₹ 200 and Accrued Interest in Balance Sheet under asset side shall be ₹ 100.

\*\*Since in receipt and payment account ₹ 10,000 has been shown as payment for Billiard table, it can also be assumed that this amount is utilised for fresh purchase of billiard table. In that case, the amount of Billiard Table at assets side in Balance sheet will be ₹ 40,000 and unpaid amounts of billiard table shown at the liabilities side of balance sheet shall be ₹ 10,000.

5. (a) **Statement of Valuation of Stock on 30<sup>th</sup> June, 2023**

		₹
Value of stock as on 23 <sup>rd</sup> June, 2023		4,80,000
Add: Unsold stock out of the goods sent on consignment	24,000	
Purchases during the period from 23 <sup>rd</sup> June, 2023 to 30 <sup>th</sup> June, 2023	24,000	
Goods in transit on 30 <sup>th</sup> June, 2023	16,000	
Cost of goods sent on approval basis (80% of ₹ 16,000)	12,800	76,800
		5,56,800
Less: Cost of sales during the period from 23 <sup>rd</sup> June, 2023 to 30 <sup>th</sup> June, 2023 Sales (₹ 1,36,000 - ₹ 16,000)	1,20,000	
Less: Gross profit	<u>9,600</u>	1,10,400
Value of stock as on 30 <sup>th</sup> June, 2023		4,46,400

**Working Notes:**

1. Calculation of normal sales:		
Actual sales		1,36,000
Less: Abnormal sales	12,000	
Return of goods sent on approval	16,000	(28,000)
		1,08,000
2. Calculation of gross profit:		
Gross profit or normal sales $20/100 \times ₹ 1,08,000$		21,600
Less: Loss on sale of particular (abnormal) goods (₹ 24,000-₹ 12,000)		(12,000)
Gross profit		9,600

Alternatively, the value of stock as on 30<sup>th</sup> June, 2023 can also be calculated using trading Account. In that case the solution will be

**Trading Account for the period from 23<sup>rd</sup> June to 30<sup>th</sup> June**

Particulars	₹	Particulars	₹
To Opening Stock	4,80,000	By Sales including abnormal sales	1,20,000
To Purchase 40,000		By Closing stock as on June 30 (b/f)	3,93,600
Less: Goods In transit <u>16,000</u>	24,000		
To Gross Profit (W.N.)	9,600		
	<u>5,13,600</u>		<u>5,13,600</u>

### Statement of valuation of stock on 30th June 2023

Particulars	₹	₹
Value of stock as per Trading Account		3,93,600
Add: Unsold stock out of the Goods sent on consignment	24,000	
Goods in Transit	16,000	
Cost of goods sent on approval basis (80% of 16000)	<u>12,800</u>	52,800
Value of stock as on 30 <sup>th</sup> June 2023		<u>4,46,400</u>

#### Working Notes:

1. Calculation of normal sales:		
Actual sales		1,36,000
Less: Abnormal sales	12,000	
Return of goods sent on approval	16,000	(28,000)
		<u>1,08,000</u>
2. Calculation of gross profit:		
Gross profit or normal sales $20/100 \times ₹ 1,08,000$		21,600
Less: Loss on sale of particular (abnormal) goods (₹ 24,000-₹ 12,000)		12,000
Gross profit		<u>9,600</u>

(b) (i) Either

#### Calculation of Depreciation

		Purchased on Jan. 1, 2020 (₹)	Purchased on Jan. 1, 2021 (₹)	Total WDV	Total Depreciation (₹)
1-4-20	Cost	2,00,000			
	Depreciation	(40,000)			40,000
	Written Down Value (WDV)	1,60,000		1,60,000	
1-4-21	Cost	-	1,50,000		
	Depreciation	(32,000)	(30,000)		62,000
1-4-22	Written Down Value (WDV)	1,28,000	1,20,000	2,48,000	
	Depreciation	(25,600)	(24,000)		49,600
1-4-23	Written Down Value (WDV)	1,02,400	96,000	1,98,400	

#### Computers Account

Date	Particulars	Amount ₹	Date	Particulars	Amount ₹
1-4-23	To Balance b/d	1,98,400	31-3-24	By Depreciation	37,300
1-4-23	To Bank	1,00,000		(24,800 + 12,500)	
			31-3-24	By Balance c/d	2,61,100
		2,98,400			2,98,400
1-4-24	To Balance b/d	2,61,100			

(ii) Or

**Debtors Account**

Particulars	Amount	Particulars	Amount
To Balance b/d	6,50,000	By Bank A/c	7,32,000
To Credit Sales	12,80,000	By Discount allowed	12,800
		By Bills Receivable	2,90,000
		By Bad Debts (Bal fig)	45,200
		By Balance c/d	8,50,000
	19,30,000		19,30,000

(c)

**In the Books of XYZ Ltd.**

**Journal Entries**

		(₹)	(₹)
1-4-21	Bank A/c Dr. Loss on Issue of Debentures A/c* Dr. (W.N. 1) To 12% Debentures A/c To Premium on Redemption of Debentures A/c (For issue of debentures at discount and redeemable at premium)	5,70,000 90,000	6,00,000 60,000
1-4-21	Profit and Loss A/c Dr. To Debenture Redemption Reserve A/c (Being Debenture Redemption Reserve (DRR) created at 10%)	60,000	60,000
1-4-21	Debenture Redemption Reserve Dr. Investment To Bank A/c (Being DRR Investment created at 15%)	30,000	30,000
31-3-22	Profit & Loss A/c Dr. To Loss on issue of debentures (Being entire loss on issue of debentures written off)	90,000	90,000
31-3-22	Debenture Interest A/c** Dr. To Bank A/c (Being interest to debentures holder paid)	72,000	72,000
31-3-22	Debenture Redemption Reserve Dr. (DRR) To General Reserve	20,000	20,000

	(For DRR transferred to General reserve)			
31-3-22	Bank A/c Dr. To Debenture Redemption Reserve Investment (Being encashment of Debenture Redemption Reserve Investment for redemption of debentures)	30,000		30,000
31-3-22	12% Debentures ** Dr. Premium on redemption of Dr. debentures A/c To Bank A/c (Being amount of redemption of 2000 debentures paid to debentures holders)	2,00,000 20,000		2,20,000
01-04-22	Debenture Redemption Reserve Dr. Investment To Bank A/c (Being DRR Investment created at 15%)	30,000		30,000
31-03-23	Debenture Interest A/c Dr. To Bank A/c (Being interest to debentures holder paid)	48,000		48,000
31-03-23	Debenture Redemption Reserve Dr. (DRR) To General Reserve (For DRR transferred to General reserve)	20,000		20,000
31-03-23	Bank A/c Dr. To Debenture Redemption Reserve Investment (Being encashment of Debenture Redemption Reserve Investment for redemption of debentures)	30,000		30,000
31-03-23	12% Debentures A/c Dr. Premium on redemption of Dr. debentures A/c To Bank A/c (Being amount of redemption of debentures paid to debenture holders)	2,00,000 20,000		2,20,000
01-04-23	Debenture Redemption Reserve Dr. Investment To Bank A/c	30,000		30,000

	(Being DRR Investment created at 15%)			
31-03-24	Debenture Interest A/c Dr. To Bank A/c (Being interest to debentures holder paid)	24,000		24,000
31-03-24	Debenture Redemption Reserve (DRR) Dr. To General Reserve (For DRR transferred to General reserve)	20,000		20,000
31-03-24	Bank A/c Dr. To Debenture Redemption Reserve Investment (being encashment of Debenture Redemption Reserve Investment for redemption of debentures)	30,000		30,000
31-03-24	12% Debentures A/c Dr. Premium on redemption of debentures A/c Dr. To Bank A/c (Being final redemption of remaining 2000 debentures paid)	2,00,000 20,000		2,20,000

### Working Note:

#### 1. Discount /Loss on issue of debentures

Discount on Issue of debentures =  $6,000 \times 100 \times 5\% = ₹ 30,000$

Premium on redemption of debentures =  $6,000 \times 100 \times 10\% = 60,000$

Total loss on issue of debentures = ₹ 30,000 + ₹ 60,000 = ₹ 90,000

\*Alternatively, discount on issue and premium on redemption of debentures can also be shown separately. In that case, the entry will be

Bank A/c Dr.	5,70,000	
Discount on Issue of Debentures A/c (W.N.1) Dr.	30,000	
Loss on Issue of Debentures A/c (W.N.2) Dr.	60,000	
To 12% Debentures A/c		6,00,000
To Premium on Redemption of Debentures A/c		60,000
(For issue of debentures at discount and redeemable at premium)		

\*\* The entries for interest on Debentures and Redemption of debentures can also be routed through debentures holders a/c.

In addition to above, the following entry every year to transfer debenture interest and Premium on redemption of Debentures A/c to Profit and Loss A/c can also be passed

Profit and Loss A/c	Dr.
To Debenture Interest A/c	
To Premium on Redemption of Debentures A/c	

6. (a)

Particulars	Debit (₹)	Credit (₹)
Bank A/c Dr. To Equity Share Application A/c (Being application money received for 8,00,000 shares @ ₹ 3 per share)	24,00,000	24,00,000
Equity Share Application A/c Dr. To Equity Share Allotment A/c To Equity Share Capital A/c (Being excess application money adjusted against allotment and application money transferred to share capital on 6,00,000 shares at ₹ 3 each)	24,00,000	6,00,000 18,00,000
Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being allotment money due, ₹ 5 per share including ₹ 3 towards share capital and ₹ 2 towards premium)	30,00,000	18,00,000 12,00,000
Bank A/c Dr. To Equity Share Allotment A/c (Being allotment money received after adjusting excess application money)	24,00,000	24,00,000
Equity Share First Call A/c Dr. To Equity Share Capital A/c (Being first call money due @ ₹ 2 per share)	12,00,000	12,00,000
Bank A/c Dr. Calls in arrear Dr. To Equity Share First Call A/c (Being first call money received, except on 1600 shares)	11,96,800 3,200	12,00,000
<b>Or</b> Bank A/c Dr.	11,96,800	



To Equity Share First Call A/c (Being first call money received, except on 1600 shares)			11,96,800
Equity Share Final Call A/c Dr.	12,00,000		
To Equity Share Capital A/c (Being final call money due @ ₹ 2 per share)			12,00,000
Bank A/c Dr.	11,96,800		
Calls in arrear Dr.	3,200		
To Equity Share Final Call A/c (Being first call money received, except on 1600 shares)			12,00,000
<b>Or</b>			
Bank A/c Dr.	11,96,800		
To Equity Share Final Call A/c (Being first call money received, except on 1600 shares)			11,96,800
Equity Share Capital A/c Dr.	16,000		
To Call in Arrear			6,400
To Share Forfeiture A/c			9,600
(Being forfeiture of 1600 shares of Harish for non-payment of calls money)			
<b>Or</b>			
Equity Share Capital A/c Dr.	16,000		
To Equity Share First Call A/c			3,200
To Equity Share Final Call A/c			3,200
To Share Forfeiture A/c			9,600
(Being forfeiture of 1600 shares of Harish for non-payment of calls money)			

### Bank Account

Particulars	Debit (₹)		Credit (₹)
To Equity Share Application A/c	24,00,000	By Balance c/d	71,93,600
To Equity Share Allotment A/c	24,00,000		
To Equity Share First Call A/c	11,96,800		
To Equity Share Second Call A/c	11,96,800		
Total	71,93,600		71,93,600

- (b) The difference between Periodic Inventory System and Perpetual Inventory System are as follows:

S. No.	Periodic Inventory System	Perpetual Inventory System
1.	This system is based on physical verification.	It is based on book records.
2.	This system provides information about inventory and cost of goods sold at a particular date.	It provides continuous information about inventory and cost of sales.
3.	This system determines inventory and takes cost of goods sold as residual figure.	It directly determines cost of goods sold and computes inventory as balancing figure.
4.	Cost of goods sold includes loss of goods as goods not in inventory are assumed to be sold.	Closing inventory includes loss of goods as all unsold goods are assumed to be in Inventory.
5.	Under this method, inventory control is not possible.	Inventory control can be exercised under this system.
6.	This system is simple and less expensive.	It is costlier method.
7.	Periodic system requires closure of business for counting of inventory.	Inventory can be determined without affecting the operations of the business.