Mock Test Paper - Series I: August,2026

Date of Paper: 10th August,2026

Time of Paper: 2 P.M to 5 P.M

FOUNDATION COURSE

PAPER – 1: ACCOUNTING

ANSWERS

1. (a) (i) **False:** Trade Discount is a reduction granted by a supplier from the list price of goods or services on business considerations other than for prompt payment.

(ii) **True:** The conservatism concept states that one shall not account for anticipated profits but shall provide all prospective losses. Valuing inventory at cost or net realisable value whichever is less, therefore is based on principle of conservatism.

(iii) **False:** Amount spent for replacement of any worn- out part of a machine is revenue expense since it is part of its maintenance cost.

(iv) **True:** All the receipts and payments whether of revenue or capital nature are included in Receipt and Payment account.

(v) **False:** Legal heirs of a deceased partner are entitled to all the dues of deceased partner.

(vi) **True:** As per Perpetual Existence company has existence independent of its members, it continues to be in existence despite the death, insolvency or change of members.

(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) (i) Calculation of the value of Inventory as on 31-5-2026

	Receipts			Issues			Balance		
Date	Units	Rate	Amount (₹)	Units	Rate	Amount	Units	Rate	Amount (₹)
1-5-26	Balance						100	15	1,500
2-5-26	300	21	6,300				400	19.5	7,800
5-5-26				250	19.5	4,875	150	19.5	2,925
16-5-26	500	22.8	11,400				650	22.04	14,326
21-5-26				100	22.04	2,204	550	22.04	12,122
25-5-26				450	22.04	9,918	100	22.04	2,204

Therefore, the value of Inventory is as follows:

Value as per Weighted Method as on 31-5-2026: 100 units @ ₹ 22.04 = ₹ 2,204

Working Note:

(i) Per unit cost of raw material purchased on May 2,2026

$$= \frac{300 \text{ x } 18 + 600 + 300}{300} = ₹\ 21$$

(ii) Per unit cost of raw material purchased on May 16,2026

$$= \frac{500 \text{ x } 21 + 600 + 300}{500} = ₹\ 22.8$$

Note:

Freight and unloading charges are directly attributable cost and are necessary to bring the inventory into present location and condition hence are included in the cost of inventory.

2. (a) **In the books of M/s. Surya Prakesh**

Machinery Account

Date		Particulars	Amount ₹	Date		Particulars	Amount ₹
1.4.2022	To	Bank A/c	1,60,000	31.03.2023	By	Depreciation A/c	24,000
	To	Bank A/c	40,000			(₹ 20,000 + ₹ 4,000)	
		(Erection charges)		31.03.2023	By	Balance c/d	2,56,000
1.10.2022	To	Bank A/c	80,000			(₹ 1,80,000 + ₹ 76,000)	
			2,80,000				2,80,000
1.4.2023	To	Balance b/d	2,56,000	31.03.2024	By	Depreciation A/c (₹ 20,000 + ₹ 8,000)	28,000
				31.03.2024	By	Balance c/d	2,28,000
						(₹ 1,60,000 + ₹ 68,000)	
			2,56,000				2,56,000
1.4.2024	To	Balance b/d	2,28,000	1.10.2024	By	Bank A/c	1,00,000
31.12.2024	To	Bank A/c	30,000	1.10.2024	By	Profit and Loss A/c (Loss on Sale – W.N. 1)	50,000
				31.03.2025	By	Depreciation A/c (₹ 10,000 + ₹ 8,000 + ₹ 750)	18,750
				31.03.2025	By	Balance c/d	89,250
						(₹ 60,000 +₹ 29,250)	
			2,58,000				2,58,000
1.4.2025	To	Balance b/d	89,250	31.3.2026	By	Depreciation A/c (₹ 9,000 +₹ 4,387.5)	13,387.5
				31.3.2026	By	Balance c/d	75,862.5
						(₹ 51,000 + ₹ 24,862.5)	
			89,250				89,250

Working Notes:

Book Value of machines (Straight line method)

	Machine I ₹	Machine II ₹	Machine III ₹
Cost	2,00,000	80,000	30,000
Depreciation for 2022-23	(20,000)	(4,000)	
Written down value as on 31.03.2023	1,80,000	76,000	
Depreciation for 2023-24	(20,000)	(8,000)	
Written down value as on 31.03.2024	1,60,000	68,000	
Depreciation for 2024-25 (Mach I- 6 months)	(10,000)	(8,000)	(750)
Written down value as on 01.10.2024	1,50,000		
Written down value as on 31.03.2025		60,000	29,250
Sale proceeds	(1,00,000)		
Loss on sale	50,000		

(b) Journal Entries in the books of Mr. Saket

S No.	Particulars		Dr. (₹)	Cr. (₹)
(i) (a)	Somesh A/c	Dr.	2,01,600	
	To Sales			1,80,000
	To Output CGST			10,800
	To Output SGST			10,800
	(Being goods sold to Somesh at 10% trade discount, CGST and SGST is applicable at 6% each.)			
(b)	Bank A/c	Dr.	67,200	
	Cash A/c	Dr.	33,600	
	To Somesh			1,00,800
	(Being 50% of the amount due is received from Somesh, out of which 2/3rd is received by cheque and 1/3rd in cash)			

(ii)	Mr. C	Dr.	4,500	
	To Mr. Z			4,500
	(Being Mr. Z paid his dues to Mr. C)			
(iii)	Misc Expenses A/c /Diwali Gift A/c	Dr.	84,000	
	To Purchases A/c			75,000
	To Input CGST			4,500
	To Input SGST			4,500
	(Being inventory given to employees as Gift and GST input reversed)			
(iv)	Machinery A/c	Dr.	40,500	
	Depreciation A/c	Dr.	4,500	
	To Repairs and Maintenance			45,000
	(Being overhauling charges wrongly debited to repairs and maintenance a/c now rectified)			
(v)	Purchase A/c	Dr.	136	
	To Yash			100
	To Suspense A/c			36
	(Being purchases of ₹ 151 from Yash wrongly posted in purchase book as ₹ 15 and posted to Mr. Yash as ₹ 51 now rectified)			
(vi)	Mr. C. Dass A/c	Dr.	14,480	
	To Purchases A/c			14,480
	(Being Cheque issued to Mr. C. Dass wrongly debited to purchases now rectified)			
(vii)	Rebate A/c	Dr.	6,000	
	Output CGST	Dr.	360	
	Output SGST	Dr.	360	
	To R			6,720
	(Being rebate allowed to R for the goods supplied was found defective)			

(viii)	Discount allowed A/c	Dr.	2,000	
	To S			2,000
	(Being credit given for making prompt payment for outstanding goods sold)			
(ix)	Telephone exp. A/c	Dr.	1,410	
	To Outstanding Expenses A/c			1,410
	(Being telephone charges omitted to be recorded now rectified)			
(x)	Kamal Kumar	Dr.	2,500	
	To Kamla Rani			2,500
	(Being sale to Mr. Kamal Kumar has been wrongly debited to Mrs. Kamla Rani now rectified)			

3. (a) Statement showing Realization of Cash

Sr. No.	Particulars	Realization	Creditors	Partner's Loan	Partner's Capital
1	After taking into account cash balance and amount set aside for expenses	1,500	1,500	-	-
2		4,500	1,500	3,000	
3		5,850	-	4,500	1,350
4		9,000	-	-	9,000
	Including Savings in Exp	30,150	-	-	30,150
		51,000	3,000	7,500	40,500

To ascertain the amount distributable out of each installment realized among the partners, the following table will be constructed:

Statement of Distribution on Capital Accounts

(1) Calculation to determine the mode of distribution of ₹1,350

Particulars	Total	X	Y	Z
Balance	63,000	22,500	27,000	13,500
Less: Maximum Loss in 2:2:1	(61,650)	(24,660)	(24,660)	(12,330)
	+1,350	-2,160	+2,340	+1,170

Deficiency of X's capital written off against those of Y and Z in the ratio of their capital 27,000: 13,500, (Garner vs. Murray)			(1,440)	(720)
Manner in which the first ₹ 1,350 should be distributed			+ 900	+ 450

(2) Distribution of ₹ 9,000

Balance after (1)	61,650	22,500	26,100	13,050
Less : Maximum Loss in 2:2:1	(52,650)	(21,060)	(21,060)	(10,530)
Balance available and distributed	9,000	1,440	5,040	2,520

(3) Distribution of ₹ 30,150

Balance after (2)	52,650	21,060	21,060	10,530
Less: Maximum Loss in 2:2:1	(22,500)	(9,000)	(9,000)	(4,500)
Distribution of ₹ 30,150	30,150	12,060	12,060	6,030
Summary:				
- Balance	63,000	22,500	27,000	13,500
- Total Amounts Paid	40,500	13,500	18,000	9,000
- Loss	22,500	9,000	9,000	4,500

(b) **Manufacturing A/c**

Particulars	₹	Particulars	₹
To Raw Material Consumed (Balancing Figure)	9,15,000	By Trading A/c (W.N. 4)	18,32,000
To Wages (W.N. 2)	3,15,000		
To Depreciation (W.N. 1)	3,95,000		
To Direct Expenses (W.N. 3)	2,07,000		
	18,32,000		18,32,000

Raw Material A/c

Particulars	₹	Particulars	₹
To Opening Stock A/c	1,27,000	By Raw Material Consumed (from Manufacturing A/c above)	9,15,000
To Creditors A/c (W.N. 5)	14,40,000	By Closing Stock A/c (Balancing Figure)	6,52,000
	15,67,000		15,67,000

Working Notes:

(1) Since purchase of Machinery worth ₹ 12,00,000 has been omitted.

So, depreciation omitted from being charged = 12,00,000 X 15%

= ₹ 1,80,000

Correct total depreciation expense = ₹ (2,15,000+1,80,000)

= 3,95,000

(2) Wages worth ₹ 50,000 will be excluded from manufacturing account as they pertain to office and hence will be charged P&L A/c. So the revised wages amounting ₹ 3,15,000 will be shown in manufacturing account.

(3) Expenses to be excluded from direct expenses:

Office Electricity Charges (80,000 X 25%)	20,000
Delivery Charges to Customers	22,000
Total expenses not part of Direct Expenses	42,000

=> Revised Direct Expenses = ₹ (2,49,000 - 42,000)

= ₹ 2,07,000

Fuel charges are related to factory expenses and also freight inwards are incurred for bringing goods to factory/ godown so they are part of direct expenses.

(4) Revised Balance to be transferred to Trading A/c:

Particulars	₹
Current Balance transferred	17,44,000
Add: Depreciation charges not recorded earlier	1,80,000

Less: Wages related to Office	(50,000)
Less: Office Expenses	(42,000)
Revised balance to be transferred	18,32,000

(5) **Creditors A/c**

Particulars	₹	Particulars	₹
To Bank A/c	23,50,000	By Balance b/d	15,70,000
To Balance c/d	6,60,000	By Raw Materials A/c (Bal. figure)	14,40,000
	30,10,000		30,10,000

4 **(a)** **(i)** Journal Entry for the treatment of goodwill

Ram's Capital A/c Dr. 6,000

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

To Bharat's Capital A/c 10,000

(Being Bharat's share of goodwill adjusted through the gaining partners in gaining ratio)

(ii) **Revaluation A/c**

	₹		₹
To Patents A/c	6,000	By Trade creditors A/c	6,000
To Machinery A/c	6,000	By Investments A/c	2,500
To Provision for Doubtful Debts A/c	1,000	By Revaluation Loss Partners' Capital A/c's –	
To workmen's compensation	6,000	Ram 5,250 Laxman 3,500 Bharat 1,750	10,500
	19,000		19,000

Partners' Capital Account

	Ram (₹)	Laxman (₹)	Bharat (₹)		Ram (₹)	Laxman (₹)	Bharat (₹)
To Revaluation A/c	5,250	3,500	1,750	By Balance b/d	78,000	42,000	31,000
To Investments			27,500	By General Reserve	3,000	2,000	1,000

To Bharat's Capital A/c	6,000	4,000		By Ram's Capital A/c			6,000
To Bank A/c			6,375	By Laxman's Capital A/c			4,000
To Bharat's Loan A/c			3,187				
To Bills Payable A/c			3,188				
To Balance c/d	69,750	36,500					
	81,000	44,000	42,000		81,000	44,000	42,000

Balance Sheet as at 31st March,2026

Liabilities	₹	₹	Assets	₹	₹
Capital accounts:			Patent		24,000
Ram	69,750		Machinery		54,000
Laxman	36,500	1,06,250	Closing stock		42,650
Bharat's loan A/c		3,187	Sundry debtors	50,000	
Trade creditors		37,000	*Less*: Provision		45,000
Bills payable		3,188	for doubtful debts	(5,000)	
Workman compensation		18,000	Cash and bank balances (8,350-6,375)		1,975
		1,67,625			1,67,625

Working Notes:

1. **Gaining ratio of existing partners:**

   Ram 3/5-3/6=3/30

   Laxman 2/5-2/6=2/30

(b) **In the books of Hari Om Distributors**

Trading Account
for the year ended 31st March, 2026

Particulars	Amount (₹)	Amount (₹)		Amount (₹)	Amount (₹)
To Opening Stock		5,12,400	By Sales		
To Purchases			Cash	30,67,200	

	Cash	28,45,200		Credit (W.N. 1)	2,60,68,800	2,91,36,000
	Credit (W.N. 2)	2,28,31,200	2,56,76,400	By Closing stock		6,94,800
To	Gross profit c/d		36,42,000	(bal fig)		
	(12.5% of 2,91,36,000)					
			2,98,30,800			2,98,30,800

Profit and Loss Account
for the year ended 31st March, 2026

	Particulars		Amount (₹)		Amount (₹)
To	Rent & taxes		7,54,800	By Gross profit b/d	36,42,000
To	Salaries (W.N. 3)		12,55,800	By Discount received	1,05,000
To	Sundry expenses		4,15,200	By Interest on investment	10,800
To	Discount allowed		1,87,500		
To	Depreciation				
	(10% on (3,30,000 & 2,20,500))	33,000 22,050	55,050		
To	Net Profit (b.f.)		10,89,450		
			37,57,800		37,57,800

Working Notes:

1. Trade Debtors Account

	₹		₹
To Balance b/d	4,36,200	By Cash/Bank	2,56,56,000
To Credit sales (Bal. fig.)	260,68,800	By Discount allowed	1,87,500
		By Balance c/d	6,61,500
	265,05,000		265,05,000

2. Trade Creditors Account

	₹		₹
To Cash/Bank	226,35,000	By Balance b/d	2,25,600

To Discount received	1,05,000	By Credit purchases (bal fig)	2,28,31,200
To Balance c/d	3,16,800		
	2,30,56,800		2,30,56,800

3. Computation of salary to be charged to Profit & Loss A/c

	₹
Salary expenses paid (as per cash book)	12,38,400
Less: Outstanding expenses as on 31.3.2025	(27,000)
	12,11,400
Add: Outstanding expenses as on 31.3.2026	44,400
	12,55,800

5. (a) Receipts and Payments Account of Club for the year ended 31st March, 2026

	Receipts		Amount (₹)		Payments	Amount (₹)
To	Balance b/d		60,000	By	Lawn maintenance	42,000
To	Subscriptions as per Income & Expenditure Account	1,05,000		By	General Expenses	13,000
	Add: Outstanding for 2024-25	10,000		By	Honorarium	10,400
	Less: Outstanding for 2025-26	(15,000)	1,00,000	By	Tournament Expenses	14,000
To	Admission Fees		12,000	By	Sports material (W.N.2)	14,000
To	Entertainment Fees		14,000	By	Stationary (W.N.1)	2,000
To	Donation for Building		1,40,000	By	By balance c/d (bal fig)	2,53,000
To	Tournament Income (6,000 + 14,000)		20,000			
To	Sale of sports material (Refer Note)		2,400			
			3,48,400			3,48,400

Working Notes:

1. Stationary purchased during the year

Stationary Account

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	4,000	By Depreciation	1,500
To Cash -Purchases	2,000	By Balance c/d (bal. fig.)	4,500
	6,000		6,000

Total Stationary during the year on which 25% depreciation was charged = ₹ 1,500 / 25% = ₹ 6,000.

Since stationary worth ₹ 4,000 is the opening stock, stationary of ₹ 2,000 (6,000 - 4,000) would be considered as purchased during the year.

2. Sports material purchased during the year

Sports Material Account

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	30,000	By Bank (Sale of Second hand sports material)	2,400
To Income and Expenditure A/c (Gain on sale of Second-hand material)	2,400	By Depreciation	22,000
To Cash -purchases	14,000**	By Balance c/d (bal fig)	22,000
	46,400		46,400

**Total Sports Material during the year on which 50% of depreciation was charged = ₹ 22,000 / 50% = ₹ 44,000.

Since Sports Material worth ₹ 30,000 is the opening stock, Sports Material of ₹ 14,000 (44,000-30,000) would be considered as purchased during the year.

(b) (i) Bank Reconciliation Statement as on 31st March, 2026

Particulars	**Details (₹)**	**Amount (₹)**
Balance as per Pass Book (Cr.)		1,50,000
Add: Cheque deposited but not yet cleared	22,000	
Add: Cheque recorded in Cash Book but not yet deposited	5,000	
Add: Bank Charges debited by bank	250	27,250
Less: Cheque issued but not yet presented	48,000	
Less: Amount deposited but not recorded in Cash Book	15,700	
Less: Interest allowed by bank	1,500	(65,200)
Balance as per Cash Book		1,12,050

OR

(ii) Journal Entries in the books of Mr. B

Date 2025	**Particulars**		**Amount (₹)**	**Amount (₹)**
1st June	Bills receivable (No. 1) A/c	Dr.	3,00,000	
	Bills receivable (No. 2) A/c	Dr.	1,20,000	
	To Mr. A's A/c			4,20,000
	(Being drawing of bills receivable No. 1 due for maturity on 4.8.2025 and bills receivable No. 2 due for maturity on 4.9.2025)			
3rd June	Bank A/c	Dr.	2,98,000	
	Discount A/c	Dr.	2,000	
	To Bills receivable (No.1) A/c			3,00,000
	(Being Bills receivable (No.1) discounted from bank)			
2nd August	Mr. A's A/c	Dr.	4,20,000	
	To Bank A/c			3,00,000
	To Bills receivable (No.2) A/c			1,20,000

	(Being the reversal entry for cancellation of both the bills)			
2nd August	Bills receivable (No. 3) A/c	Dr.	4,28,400	
	To Interest A/c			8,400
	To Mr. A's A/c			4,20,000
	(Being the bill of exchange no. 3 drawn together with interest at 12 %p.a. in lieu of the original acceptance of Mr. A)			
3rd Sep	Mr. A's A/c	Dr.	4,28,400	
	To Bills receivable (No. 3) A/c			4,28,400
	(Being the amount due from Mr. A on dishonour of his acceptance on presentation on the due date)			
3rd Sep	Bank A/c	Dr.	1,71,360	
	Bad Debts A/c	Dr.	2,57,040	
	To Mr. A's A/c			4,28,400
	(Being the amount received from official assignee of Mr. A at 40 paise per rupee against dishonoured bill)			

(c) In the books of Nova tech System Limited

Journal Entries

Particulars		Dr. (₹)	Cr. (₹)
12% Redeemable Preference Share Capital A/c	Dr.	3,60,000	
Premium on Redemption of Preference Shares A/c	Dr.	72,000	
To Preference Shareholders A/c			4,32,000
(Being the amount payable on redemption of 36,000 12% Redeemable Preference Shares transferred to Shareholders Account)			

Preference Shareholders A/c Dr.		4,29,600	
To Bank A/c			4,29,600
(Being the amount paid on redemption of 35,800 preference shares)			
Bank A/c	Dr.	66,000	
To Equity Shares Capital A/c			60,000
To Securities Premium A/c			6,000
(Being the issue of 6,000 Equity Shares of ₹ 10 each at a premium of 10% as per Board's Resolution No……. Dated……)			
General Reserve A/c	Dr.	2,40,000	
Profit & Loss A/c	Dr.	60,000	
To Capital Redemption Reserve A/c (Working Note)			3,00,000
(Being the amount transferred to Capital Redemption Reserve A/c as per the requirement of the Act.)			
Capital Redemption Reserve A/c	Dr.	2,40,000	
To Bonus to Shareholders A/c			2,40,000
(Being the amount appropriated for issue of bonus share in the ratio of 5:2 as per shareholders Resolution No…... dated…)			
Bonus to Shareholders A/c	Dr.	2,40,000	
To Equity Share Capital A/c			2,40,000
(Being the utilisation of bonus dividend for issue of 24,000 equity shares of ₹ 10 each fully paid)			
Profit & Loss A/c	Dr.	72,000	
To Premium on Redemption of Preference Shares A/c			72,000
(Being premium on redemption of preference shares adjusted against to Profit & Loss Account)			

Working Note:

(1) Partly paid-up preference shares cannot be redeemed.

(2) Amount to be Transferred to Capital Redemption Reserve Account

Face value of share to be redeemed	₹ 3,60,000
Less: Proceeds from fresh issue (excluding premium)	(₹ 60,000)
	₹ 3,00,000

(3) No bonus shares on 6,000 equity shares issued for redemption.

Note: Bonus shares do not result in receipt of cash, and hence the increase in share capital on account of bonus issue cannot be considered in determination of amount to be transferred to Capital Redemption Reserve.

6. (a) In the books of David Limited

Journal Entries

Particulars		**Dr. (₹)**	**Cr. (₹)**
Bank A/c (Note 1 – Column 3)	Dr.	32,40,000	
To Equity Share Application A/c			32,40,000
(Being application money received on 10,80,000 shares @ ₹ 3 per share)			
Equity Share Application A/c	Dr.	32,40,000	
To Equity Share Capital A/c			10,80,000
To Equity Share Allotment A/c (Note 1 Column 5)			13,20,000
To Bank A/c (Note 1 – Column 6)			8,40,000
(Being application money on 3,60,000 shares transferred to Equity Share Capital Account; out of the excess application money received, ₹ 13,20,000 is adjusted towards allotment and ₹ 8,40,000 refunded as per Board's Resolution No.....dated...)			
Equity Share Allotment A/c	Dr.	18,00,000	
To Equity Share Capital A/c			10,80,000
To Securities Premium a/c			7,20,000
(Being allotment money due on 3,60,000 shares @ ₹ 5 each including premium at ₹ 2 each as per Board's Resolution No...dated...)			

Bank A/c (Note 1 – Column 8) Dr. To Equity Share Allotment A/c (Being balance allotment money received)	4,80,000	 4,80,000
Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c (Being final call money due on 3,60,000 shares @ ₹ 4 per share as per Board's Resolution No… dated…)	14,40,000	 14,40,000
Bank A/c Dr. Calls in Arrears A/c Dr. To Equity Share First and Final Call A/c (Being final call money on 3,58,980 shares @ ₹ 4 each received)	14,35,920 4,080	 14,40,000
Equity Share Capital A/c Dr. To Calls in Arrears A/c To Forfeited Shares A/c (Being forfeiture of 1,020 equity shares (WN-2) for non- payment of call money as per Board's Resolution No…..dated ….)	10,200	 4,080 6,120
Bank A/c Dr. To Equity Shares Capital A/c To Securities Premium A/c (Being re-issue of 1,020 shares @ ₹ 13 each as per Board's Resolution No…..dated….)	13,260	 10,200 3,060
Forfeited Shares A/c Dr. To Capital Reserve A/c (Being profit on re-issue transferred to Capital Reserve)	6,120	 6,120

Working Note:

1. Calculation for Adjustment and Refund

Category	No. of Shares Applied for	No. of Shares Allotted	Amount Received on Application	Amount Required on Application	Amount adjusted on Allotment	Refund [3 - 4 + 5]	Amount due on Allotment	Amount received on Allotment
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Rejected	2,40,000	Nil	7,20,000	Nil	Nil	7,20,000	Nil	Nil
(i)	4,80,000	2,40,000	14,40,000	7,20,000	7,20,000	Nil	12,00,000	4,80,000
(ii)	3,60,000	1,20,000	10,80,000	3,60,000	6,00,000	1,20,000	6,00,000	Nil
TOTAL	10,80,000	3,60000	32,40,000	10,80,000	13,20,000	8,40,000	18,00,000	4,80,000

Also,

(i) Amount Received on Application (3) = No. of shares applied for (1) x ₹ 3

(ii) Amount Required on Application (4) = No. of shares allotted (2) x ₹ 3

2. Calculation of Forfeited Shares

Number of Shares Applied for = 2,040 shares

Number of Shares Allotted under Category I = 2,040 x $\frac{2,40,000}{4,80,000}$ = 1,020 shares

(b) Measurement is vital aspect of accounting. Primarily transactions andevents are measured in terms of money. Any measurement discipline deals with three basic elements of measurement i.e.

(1) Identification of objects and events to be measured;

(2) Selection of standard or scale to be used;

(3) Evaluation of dimension of measurement standard or scale.

There are four generally accepted measurement bases or valuation principles. These are:

(i) **Historical Cost:** It means acquisition price. According to this base, assets are recorded at an amount of cash or cash equivalent paid at the time of acquisition. Liabilities are recorded at the time of proceeds received in exchange for the obligation.

(ii) **Current Cost:** Assets are carried out at the amount of cash or cash equivalent that would have to be paid if the same or an equivalent asset was acquired currently. Liabilities are carried at the undiscounted amount of cash or cash equivalents that would be required to settle the obligation currently.

(iii) **Realizable Value:** As per realisable value, assets are carried at the amount of cash or cash equivalents that could currently be obtained by selling the assets in an orderly disposal and Liabilities are carried at their settlement values. Liabilities are carried out at settlement values.

(iv) **Present Value:** As per present value, an asset is carried at the present discounted value of the future net cash inflows that the item is expected to generate in the normal course of business. Liabilities are carried at the present discounted value of future net cash outflows that are expected to be required to settle the liabilities in the normal course of business.