Mock Test Paper - Series II: April, 2026

Date of Paper: 23rd April, 2026

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

FOUNDATION COURSE

PAPER – 1: ACCOUNTING

SUGGESTED ANSWERS/HINTS

1. (a) (i) **False:** Accounting Standards for non-corporate entities in India are issued by the Institute of Chartered Accountants of India (ICAI).

(ii) **True:** Subsidy received from the government for working capital by a manufacturing concern is a revenue receipt because it has no effect on improvement of future capability of business in revenue generation.

(iii) **False:** If the effect of errors committed cancel out, the errors will be called compensating errors and the trial balance will agree because net effect of total debits and credits is zero.

(iv) **False**: Net income is determined by preparing income and expenditure in case of persons practicing vocation.

(v) **True:** If a partner retires, his share of profit or loss will be shared by the other partners in their profit sharing ratio.

(vi) **False:** Reissue of forfeited shares is not allotment of shares but only a sale because such shares already has been allotted earlier.

(b) Change in accounting policy may have a material effect on the items of financial statements. For example, cost formula used for inventory valuation is changed from weighted average to FIFO. Unless the effect of such change in accounting policy is quantified, the financial statements may not help the users of accounts. Therefore, it is necessary to quantify the effect of change on financial statement items like assets, liabilities, profit/loss.

For Example, Omega Enterprises revised its accounting policy relating to valuation of inventories to include applicable production overheads.

(c) **Adjusted Cash Book as on 31st December, 2025**

Particulars	₹	Particulars	₹
To Balance b/d	1,98,000	By Debtor (cheque dishonour)	44,000
To Debtors	1,00,000	By Balance c/d (bal fig)	2,54,000
	2,98,000		2,98,000

Bank Reconciliation Statement as on 31st December, 2025

Particulars	₹
Balance as per adjusted cash book	2,54,000
Add: Payment not effected by bank	4,000
	2,58,000
Less: Cheque deposited but not cleared	25,000
Balance as per Bank pass book	2,33,000

2. **(a)** **Journal Entries in the books of Mr. Sudeep**

S No.	Particulars		Dr. (₹)	Cr. (₹)
(i) (a)	Mahesh A/c	Dr.	45,360	
	To Sales			40,500
	To Output CGST			2,430
	To Output SGST			2,430
	(Being goods sold to Mahesh at 10% trade discount, CGST and SGST is applicable at 6% each.)			
(b)	Bank A/c	Dr.	15,120	
	Cash A/c	Dr.	7,560	
	To Mahesh			22,680
	(Being 50% of the amount due is received from Mahesh, out of which 2/3rd is received by cheque and 1/3rd in cash)			
(ii)	Mr. Pritam	Dr.	3,000	
	To Mr. Yash			3,000
	(Being Mr. Yash paid his dues to Mr. Pritam)			

(iii)	Suspense A/c	Dr.	1,7900	
	To Reema			8,950
	To Sheena			8,950
	(Cash received from Reema wrongly debited to Sheema now rectified)			
(iv)(a)	Sales A/c	Dr.	12,000	
	To Customer's A/c			12,000
	(Customer's A/c credited with goods not yet purchased by him)			
(b)	Goods sent on approval A/c	Dr.	9,600	
	To Trading A/c			9,600
	(Goods sent on approval included in the trading A/c at cost price)			
(v)	Machinery A/c	Dr.	13,500	
	Depreciation A/c	Dr.	1,500	
	To Repairs and Maintenance			15,000
	(Being overhauling charges wrongly debited to repairs and maintenance a/c now rectified)			
(vi)	Purchase A/c	Dr.	136	
	To X			100
	To Suspense A/c			36
	(Being purchases of ₹ 151 from X wrongly posted in purchase book as ₹ 15 and posted to Mr. X as ₹ 51 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)	Akbar's A/c Dr. To Suspense A/c (₹ 1,600 due by Akbar not taken into trial balance, now rectified)	1600	 1600
(ix)	Discount allowed A/c Dr. To Suresh (Being credit note given for making prompt payment for outstanding goods sold)	12,000	 12,000
(x)	Mr. C. Dass A/c Dr. To Purchases A/c (Being Cheque issued to Mr. C. Dass wrongly debited to purchases now rectified)	25,390	 25,390

(b) **Dr.** **Machinery Account (at original cost)** **Cr.**

Date	Particulars	₹	Date	Particulars	₹
01.04.2024	To Bal b/d M1- 22,00,000 M2- 18,80,000	40,80,000	31.03.2025	By Balance c/d M1- 22,00,000 M2- 18,80,000	40,80,000
		40,80,000			40,80,000
01.04.2025	To Balance b/d	40,80,000	01.04.2025	By Machinery Disposal A/c	22,00,000
01.04.2025	To Bank A/c	16,20,000	31.03.2026	By Balance c/d M2- 18,80,000 M3- 16,20,000	35,00,000
		57,00,000			57,00,000

Dr. **Provision for Depreciation Account** **Cr.**

Date	Particulars	₹	Date	Particulars	₹
31.03.2025	To Balance c/d M1- 15,60,000 M2- 7,50,000	23,10,000	1.04.2024	By Balance b/d M1- 12,60,000 M2- 4,00,000	16,60,000
			31.03.2025	By Depreciation A/c (WN 1) M1- 3,00,000 M2-3,50,000	6,50,000
		23,10,000			23,10,000
01.04.2025	To Machinery Disposal A/c (M1) (WN 3)	15,60,000	01.04.2025	By Balance b/d M1- 15,60,000 M2- 7,50,000	23,10,000

31.03.2026	To Balance c/d M2-13,05,000 M3- 5,40,000	18,45,000	31.03.2026	By Depreciation A/c(WN 2) M2- 5,55,000 M3- 5,40,000	10,95,000
		34,05,000			**34,05,000**

Dr. Machinery Disposal Account Cr.

Date	Particulars	₹	Date	Particulars	₹
01.4.2024	To Machinery Disposal A/c	22,00,000	01.04.2025	By Provision for Depreciation A/c	15,60,000
			01.04.2025	By Bank A/c	2,68,000
			01.04.2025	By Profit and Loss A/c (Loss on sale of machinery)	3,72,000
		22,00,000			22,00,000

Working Notes:

(1) Calculation of total of sum of digit of depreciation of Machine 1 and 2 from 1st April, 2021- 31st March, 24

	Machinery (M1)	Machinery (M2)
Cost	22,00,000	18,80,000
Depreciation	(12,60,000) [21,60,000 x $\frac{(8+7+6)}{36}$]	(4,00,000) [18,00,000 x $\frac{8}{36}$]

(2) Calculation of Depreciation for the year 2024-25 and 2025-26

	2024-2025	2025-2026
Machine 1 (M1)	21,60,000 x 5/36 = 3,00,000	
Machine 2 (M2)	18,00,000 x 7/36 = 3,50,000	11,10,000 X3 /6= 5,55,000
Machine 3 (M3)		16,20,000 X 5/15 = 5,40,000
TOTAL	6,50,000	10,95,000

(3) Calculation of Depreciation on the machinery disposed

$$21,60,000 * \frac{(8 + 7 + 6 + 5)}{36} = 15,60,000$$

3. (a) **In the Books of Happy Club**

Receipts and Payments Account

for the year ended 31st March, 2026

RECEIPTS	₹	₹	PAYMENTS	₹	₹
To Balance b/d (balancing figure)		54,400	By Salaries Paid (W.N. 2)		4,72,000
To Subscriptions Received (W.N.1)		6,53,600	By Audit fee (W.N. 3)		8,000
To Entrance Fees		16,000	By Telephone		6,000
To Misc. Income		1,44,000	By Stationery & Printing		24,000
			By Postage		2000
			By Office expense		48,000
			By Bank Interest		22,000
			By Annual general meeting expenses		1,00,000
			By Sports Equipment's (W.N.4)		72,000
			By Balance c/d		1,14,000
		8,68,000			8,68,000

Balance Sheet of Happy Club as at March 31, 2026

Liabilities	₹	₹	Assets	₹
Capital Fund :			Club Premises	7,60,000
Balance as per previous Balance Sheet	8,82,400		Sport Equipment	2,52,000
Add: Surplus for 2025-26	1,20,000	10,02,400	Subscription Outstanding	72,000
Bank Loan		1,20,000	Cash in hand	1,14,000
Subscription received in advance		33,600		
Audit Fee Outstanding		10,000		
Salaries Outstanding		32,000		
		11,98,000		11,98,000

Balance Sheet of Happy Club as at 31st March, 2025

Liabilities	₹	Assets	₹
Subscriptions received in advance	52,000	Club Premises	7,60,000
Salaries Outstanding	24,000	Sports Equipment	2,08,000
Audit fees payable	8,000	Subscriptions Outstanding	64,000
Bank Loan	1,20,000	Cash in hand	54,400
Capital Fund (balancing figure)	8,82,400		
	10,86,400		10,86,400

Working Notes:

1. Subscription received in 2025-26

Subscription for 2025-26 on accrual basis	6,80,000
Add: Amount received in advance on 31.03.2026	33,600
Outstanding as on 01.04.2025 received in 2025-26	64,000
	7,77,600
Less: Outstanding to be received on 31.03.2026	(72,000)
Amount of 2025-26 received in 2024-25	(52,000)
	₹ 6,53,600

2. Salary paid in 2025-26

Salary for 2025-26 on accrual basis	4,80,000
Add: Outstanding as on 01.04.2025 paid in 2025-26	24,000
Less: Outstanding to be paid on 31.03.2026	(32,000)
	₹ 4,72,000

3. Audit Fees paid in 2025-26

Audit Fees for 2025-26 on accrual basis	10,000
Add: Outstanding as on 01.04.2025 paid in 2025-26	8,000
Less: Outstanding to be paid on 31.03.2026	(10,000)
	₹ 8,000

4. Sports Equipment purchased during 2025-26

WDV as on 31.03.2026	2,52,000
Add: Depreciation	28,000
Less: WDV as on 31.03.2025	(2,08,000)
	₹ 72,000

(b) **In the Books of Alpha, Beta and Gama**

Revaluation A/c

Particulars	₹	Particulars		₹
To Provision for Doubtful Debts	13,000	By Building		62,500
To Machinery	33,750	By Loss on revaluation		
To Stock	27,750	Alpha	2,000	
		Beta	4,000	
		Gama	6,000	12,000
	74,500			74,500

Partners' Capital A/c

Particulars	Alpha	Beta	Gama	Particulars	Alpha	Beta	Gama
To Loss on Revaluation	2,000	4,000	6,000	By Balance b/d	1,75,000	2,50,000	4,00,000
To Bank	-	-	9,04,000	By General Reserve	50,000	1,00,000	1,50,000
To Gama's Capital	1,20,000	2,40,000	-	By Alpha and Beta's Capital A/c	-	-	3,60,000
To Balance c/d	6,03,000	6,06,000	-	By Bank	5,00,000	5,00,000	-
	7,25,000	8,50,000	9,10,000		7,25,000	8,50,000	9,10,000

Bank A/c

Particulars	₹	Particulars	₹
To Balance b/d	62,500	By Gama's Capital A/c	9,04,000
To Alpha's Capital	5,00,000	By Balance c/d	1,58,500
To Beta's Capital	5,00,000		
	10,62,500		10,62,500

Valuation of Goodwill:

Total Profit of past 3 years = ₹ 2,75,000 + ₹ 2,50,000 + ₹ 1,95,000 = ₹ 7,20,000

Average profit = ₹ 7,20,000 / 3 = ₹ 2,40,000

Goodwill (3 years purchase) = ₹ 2,40,000 x 3 = ₹ 7,20,000

Gama's share = (3/6)th = ₹ 7,20,000 X 1/2 = ₹ 3,60,000

Journal entry for adjustment of goodwill

Alpha's capital A/c	Dr.	1,20,000	
Beta's capital A/c	Dr.	2,40,000	
To Gama's capital A/c			3,60,000

(Being Goodwill adjusted through Partners Capital account as per gaining ratio)

4. (a) **Realisation Account**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Land and building	7,38,000	By Sundry creditors	1,08,000
To Furniture and fixtures	195,000	By Mortgage loan	3,30,000
To Stock	3,00,000	By Cash account -	
To Debtors	2,17,500	Land and building	6,90,000
To Cash A/c (expenses on dissolution)	23,400	Furniture & fixtures	1,26,000
		Stock	2,16,000
To Cash A/c (creditors ₹ 1,08,000 + ₹ 54,000)	1,62,000	Debtors	1,95,000
To Cash A/c (Mortgage loan)	3,30,000	By Partners' capital accounts (Loss 4:3:2:1)	
		A = 1,20,360	
		B = 90,270	
		C = 60,180	
		D = 30,090	3,00,900
	19,65,900		19,65,900

Partners' Capital Accounts

Particulars	A	B	C	D	Particulars	A	B	C	D
	₹	₹	₹	₹		₹	₹	₹	₹
To Balance b/d	-	-	3,000	18,000	By Balance b/d	6,48,000	4,32,000		

To Realization A/c (Loss)	1,20,360	90,270	60,180	30,090	By Cash A/c (realization loss)	1,20,360	90,270	-	30,090
To B's Capital A/c (Deficiency)	37,908	25,272	-	-	By A's Capital A/c By B's Capital A/c			37,908 25,272	
To Cash A/c	6,10,092	4,06,728	-	-	By Cash A/c				18,000
	7,68,360	5,22,270	63,180	48,090		7,68,360	5,22,270	63,180	48,090

Note: A, B and D brought cash to make good, their share of the loss on realization. However, in actual practice they will not be bringing any cash, only a notional entry will be made.

Cash Account

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	46,500	By Realization A/c:	
To Realization A/c:		Expenses on dissolution	23,400
Land and building	6,90,000	Creditors (1,08,000 + 54,000)	1,62,000
Furniture & fixtures	1,26,000	Mortgage loan	3,30,000
Stock	2,16,000	By A's capital A/c	6,10,092
Debtors	1,95,000	By B's capital A/c	4,06,728
To A, B, D's capital A/c's (Realisation Loss) (1,20,360 + 90,270 + 30,090)	2,40,720		
To D's capital A/c	18,000		
	15,32,220		15,32,220

Working Note:

As per Garner Vs. Murray rule, solvent partners have to bear the loss due to insolvency of a partner in their capital ratio.

Calculation of Capital Ratio of Solvent Partners

Though D is a solvent partner yet he cannot be called upon to bear loss on account of insolvency of C because his capital account has a debit balance.

Therefore, capital ratio of A & B = 216 : 144 = 3 : 2

Deficiency of C will be shared by A & B in the capital ratio of 3 : 2 i.e.

A = ₹ 63,180 X 3/5 = ₹ 37,908

B = ₹ 63,180 X 2/5 = ₹ 25,272

(b) **Balance Sheet of Suraj as on 31st March, 2026**

Liabilities		₹	Assets	₹
Capital	66,00,000		Cash at Bank	16,50,000
Add: Net Profit (WN.1)	19,50,000		Trade receivables (WN. 2)	37,83,000
	85,50,000		Vehicles (WN.3)	8,10,000
Add: Introduction of capital	9,00,000		Furniture & Fixtures (WN.4)	17,55,000
		94,50,000	Inventories	19,50,000
Outstanding commission		1,05,000	Prepaid expenses	45,000
Trade payables		4,38,000		
		99,93,000		99,93,000

Working Note 1

Profit and Loss Account (Revised)

Particulars	₹	Particulars	₹
To Outstanding Commission	1,05,000	By Balance b/d	20,10,000
To Net profit	19,50,000	By Prepaid expenses	45,000
	20,55,000		20,55,000

Working Note 2

Trade Receivables

Particulars	₹	Particulars	₹
To Balance b/d	39,00,000	By Provision for Doubtful Debts	1,17,000
		By Balance c/d (b/f)	37,83,000
	39,00,000		39,00,000

Working Note 3

Vehicles A/c

Particulars	₹	Particulars	₹
To Balance b/d	8,25,000	By Depreciation	1,65,000
To Bank a/c	1,50,000	By Balance c/d (b/f)	8,10,000
	9,75,000		9,75,000

Working Note 4

Furniture & Fixtures A/c

Particulars	₹	Particulars	₹
To Balance b/d	19,50,000	By Depreciation	1,95,000
		By Balance c/d (b/f)	17,55,000
	19,50,000		19,50,000

5. (a) **In the books of Tina**

Journal Entries

Date	Particulars		DR. (in ₹)	CR. (in ₹)
1-4-25	Bills receivables A/c	Dr.	15,000	
	To Meena			15,000
	(Bill of exchange drawn on Ms. Meena)			
1-4-24	Bank A/c	Dr.	14,550	
	Discount A/c	Dr.	450	
	To Bills receivable A/c			15,000
	(Bills receivable discounted with the bank at a charge of ₹ 12% per annum ₹ 15,000 x 12% x 3/12 = ₹ 450)			
1-4-25	Meena A/ c	Dr.	5,000	
	To Bank A/c			4,850
	To Discount A/c			150
	(1/3rd share of bill paid to Meena)			
4-7-25	Meena A/c	Dr.	10,000	
	To Bank A/c			10,000
	(Tina remitted his share to Meena on due date)			

In the books of Meena
Journal Entries

Date	Particulars		DR. (in ₹)	CR. (in ₹)
1-4-25	Tina	Dr.	15,000	
	To Bills payable A/c			15,000
	(Bill of exchange accepted and sent to Ms. Tina)			
1-4-25	Bank A/c	Dr.	4,850	
	Discount A/c		150	
	To Tina			5,000
	(The amount and discount due and received from Tina)			
4-7-25	Bank A/c	Dr.	10,000	
	To Tina			10,000
	(Meena received the amount remitted from Tina)			
4-7-25	Bills Payable	Dr.	15,000	
	To Bank			15,000
	(Being Bill of exchange honoured by payment)			

(b) Corrected Trial Balance of Mr. Srikant as on 31st March, 2026

Particulars	Dr. Amount ₹	Cr. Amount ₹
Srikant 's Capital		23,340
Srikant 's Drawings	8,460	
Leasehold premises	11,250	
Sales		41,250
Due from customers	7,950	
Purchases	18,885	
Purchases returns		3,960
Loan from Bank		3,840
Trade expenses	10,500	
Trade Payable		7,920
Bills payable		1,500

Salaries and Wages	9,000	
Cash at Bank	3,390	
Inventory (1.4.2025)	3,960	
Rent and rates	6,945	
Sales return	1,470	
	81,810	81,810

Reasons:

1. Due from customers is an asset, so its balance will be a debit balance.
2. Purchases return account always shows a credit balance because assets goes out.
3. Trade Payable is a liability, so its balance will be a credit balance.
4. Bills payable is a liability, so its balance will be a credit balance.
5. Inventory (opening) represents assets, so it will have a debit balance.
6. Sales return account always shows a debit balance because assets come in.

Or

In the Books of Mr. Jamie

Manufacturing Account for the Year ended 31.03.2026

Particulars		Units	Amount ₹	Particulars	Units	Amount ₹
To Opening Work-in-Process		81,000	2,34,000	By Closing Work- in-Process	1,26,000	4,32,000
To Raw Materials Consumed:				By Trading A/c – Cost of finished goods transferred	45,00,000	17,40,2400
Opening Inventory	23,40,000					
Add: Purchases	73,80,000					
	97,20,000					
Closing Inventory	(28,80,000)		68,40,000			
To Direct Wages – W.N. (1)			36,50,400			

To Direct expenses:						
Hire charges on Machinery – W.N. (2)			31,50,000			
To Indirect expenses:						
Hire charges of Factory			23,40,000			
Repairs & Maintenance			16,20,000			
			1,78,34,400			1,78,34,400

Working Notes:

(1) Direct Wages – 45,00,000 units @ ₹0.80 = ₹36,00,000

1,26,000 units @ ₹0.40 = ₹ 50,400

₹ 36,50,400

(2) Hire charges on Machinery – 45,00,000 units @ ₹0.70 = ₹ 31,50,000

(b) **In the books of Sarvodaya 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 does 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) **Journal in the books of Sea Shell Limited**

Date 2025	Particulars		Dr. ₹	Cr. ₹
May 31	Bank A/c (Note 1 – Column 3)	Dr.	22,40,000	
	To Equity Share Application A/c			22,40,000
	(Being application money received on 11,20,000 shares @ ₹ 2 per share)			
June 10	Equity Share Application A/c	Dr.	22,40,000	
	To Equity Share Capital A/c			5,40,000
	To Equity Share Allotment A/c			
	(Note 1 - Column 5)			11,00,000
	To Bank A/c (Note 1–Column 6)			6,00,000
	(Being application money on 2,70,000 shares transferred to Equity Share Capital Account; on 5,50,000 shares adjusted with allotment and on 3,00,000 shares refunded as per Board's Resolution No….dated…)			
	Equity Share Allotment A/c	Dr.	13,50,000	
	To Equity Share Capital A/c			2,70,000
	To Securities Premium a/c			10,80,000
	(Being allotment money due on 2,70,000 shares @ ₹ 5 each including premium at ₹ 4 each as per Board's Resolution No….dated….)			
	Bank A/c (Note 1 – Column 8)	Dr.	2,50,000	
	To Equity Share Allotment A/c			2,50,000
	(Being balance allotment money received)			
Dec. 31	Equity Share Final Call A/c	Dr.	18,90,000	
	To Equity Share Capital A/c			18,90,000
	(Being final call money due on 2,70,000 shares @ ₹ 7 per share as per Board's Resolution No….dated….)			

	Bank A/c To Equity Share Final Call A/c (Being final call money on 2,70,000 shares @ ₹ 7 each received)	Dr.	18,90,000	18,90,000

Working Note:

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)
(i)	20,000	20,000	40,000	40,000	Nil	Nil	1,00,000	1,00,000
(ii)	1,00,000	50,000	2,00,000	1,00,000	1,00,000	Nil	2,50,000	1,50,000
(iii)	10,00,000	2,00,000	20,00,000	4,00,000	10,00,000	6,00,000	10,00,000	Nil
TOTAL	11,20,000	2,70,000	22,40,000	5,40,000	11,00,000	6,00,000	13,50,000	2,50,000

Also,

(i) Amount Received on Application (3) = No. of shares applied for (1) X ₹ 2

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

(c) (i) Adjusted selling method is also called retail inventory method. It is used widely in retail business or in business where the inventory comprises of items, the individual costs of which are not readily ascertainable. The historical cost of inventory is estimated by calculating it in the first instance at selling price and then deducting an amount equal to the estimated gross margin of profit on such stocks.

(ii) The specific identification method, First-In–First-Out (FIFO) and weighted average cost formulae are the principal methods of ascertaining the cost of inventory. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects should be assigned by specific identification of their individual costs under the specific identification method.