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**TEST SERIES**  
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**SUGGESTED SOLUTION**

**CA FOUNDATION**

**SUBJECT- ACCOUNTS**

**Test Code – CFN 9263**

**BRANCH - () (Date :)**

**Head Office : Shraddha, 3<sup>rd</sup> Floor, Near Chinai College, Andheri (E), Mumbai – 69.**

**Tel : (022) 26836666**

**ANSWER -1****Bank Reconciliation Statement as on 30<sup>th</sup> June 2018**

	Particulars	Amount	Amount
	Overdraft as per Pass Book (Dr. Balance)		25,000
<i>Add:</i>	Cheques issued but not presented Rs. (34,000- 20,000)	14,000	
	Cheques deposited into the Bank by Customer but not entered in Cash Book	400	
	Bank charges written twice in Cash Book	<u>80</u>	<u>14,480</u>
			39,480
<i>Less:</i>	Cheques received, recorded in cash Book but not sent to the Bank	4,000	
	Cheques sent to the Bank but not collected	6,000	
	Direct payment made by the bank not recorded in the Cash book	600	
	Interest on Overdraft charged by Bank	1,600	
	Insurance charges not entered in Cash Book	70	
	Credit side of bank column of Cash Book was undercast	<u>2,000</u>	<u>14,270</u>
	Overdraft as per Cash Book		25,210

**(10 MARKS)****ANSWER -2****ANSWER -A****In the books of Mr. Badhri Journal Entries**

Date	Particulars		L.F.	Dr. (in Rs.)	Cr. (in Rs.)
2017 Dec. 2	Trade receivables A/c To Sales A/c (Being the goods sent to customers on sale or return basis)	Dr.		80,000	80,000
Dec. 10	Return Inward A/c (Note 1) To Trade receivables A/c	Dr.		35,000	35,000

	(Being the goods returned by customers to whom goods were sent on sale or return basis)				
Dec. 17	Trade receivables A/c To Sales A/c (Being adjustment made for change in price)	Dr.		5,000	5,000
Dec. 23	Sales A/c To Trade receivables A/c (Being the cancellation of original entry of sale in respect of goods on sale or return basis)	Dr.		15,000	15,000
Dec. 31	Inventories with customers on Sale or Return A/c To Trading A/c (Note 3) (Being the adjustment for cost of goods lying with customers awaiting approval)	Dr.		12,000	12,000

(5\*1 = 5 MARKS)

**Note:**

- (1) Alternatively, Sales account or Sales returns can be debited in place of Return Inwards account.
- (2) Adjusting entry is required for difference in amount while receiving letter of approval from customer.
- (3) Cost of goods with customers = Rs. 15,000 x 100/125 = Rs. 12,000
- (4) It has been considered that the transaction values are at involve price (including profit margin).

**ANSWER –B**

**In the Books of Mr. Ganesh Journal Entries**

<i>Date</i>	<i>Particulars</i>		<i>L.F.</i>	<i>Dr.</i> Rs.	<i>Cr.</i> Rs.
2018	Sales A/c	Dr.		6,500	
March 31	To Trade receivables A/c				6,500
	(Being the cancellation of original entry for sale in respect of goods lying with customers awaiting approval)				
March 31	Inventories with Customers on Sale or Return A/c	Dr.		5,000	
	To Trading A/c (Note 1)				5,000
	(Being the adjustment for cost of goods lying with customers awaiting approval)				

April 25	Trade receivables A/c (Adhitya)	Dr.		3,900	
	To Sales A/c				3,900
	(Being goods worth Rs. 3,900 sent to Mr. Aditya on sale or return basis has been accepted by him)				

(4\*1 = 4 MARKS)

**Balance Sheet of Mr. Ganesh as on 31st March, 2018 (Extracts)**

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.	Rs.
		Trade receivables (Rs. 75,000 - Rs. 6,500)		68,500
		Inventories-in-trade	50,000	
		Add: Inventories with customers on Sale or Return	5,000	<u>55,000</u>
				<u>1,23,500</u>

**Notes:**

- (1) Cost of goods lying with customers =  $100/130 \times \text{Rs. } 6,500 = \text{Rs. } 5,000$
- (2) No entry is required on 15<sup>th</sup> April, 2018 for goods returned by Mr. Bakkiram. Goods should be included physically in the Inventories.

(1 MARK)

**ANSWER -3**

**Bank Reconciliation Statement on 31<sup>st</sup> March, 2017**

(Rs.)

Bank Balance as per Cash book				27,570
Add :	(i)	Subsidy from government received directly by the bank not recorded in the Cash Book	10,250	
	(ii)	Debit balance of Rs. 2,156 brought forward as credit balance on 20 <sup>th</sup> March, 2017 in the Cash Book	4,312	
	(vi)	Cheque issued returned marked 'out of date'	1,725	16,287
				<u>43,857</u>
Less :	(ii)	Cash Book under cast on 15 <sup>th</sup> March, 2017	350	
	(iv)	Discount allowed to a customer, however entry made at gross amount in the Cash Book	100	
	(v)	Commission charged by bank on discounting of	200	

		bill, not considered in Cash Book		
	(vii)	Insurance Premium paid directly by bank understanding instructions	756	
	(viii)	Discounted B/R dishonoured; not entered in Cash Book	1,530	
	(ix)	Bank recorded short cash deposit	45	2,981
Balance as per Bank Statement				40,876

(10 MARKS)

ANSWER -4

ANSWER -A

In the books of 'X'

Goods on sales or return, sold and returned day book

Date	Party to whom goods sent	L.F.	Amount	Date	Sold	Returned
2017			Rs.	2017	Rs.	Rs.
Dec. 10	M/s ABC Co.		10,000	Dec. 25	10,000	-
Dec. 12	M/s DEF Co.		15,000	Dec. 16	-	15,000
Dec. 15	M/s GHI Co.		12,000	Dec. 20	10,000	2,000
Dec. 20	M/s DEF Co.		16,000	Dec. 24	16,000	-
Dec. 25	M/s ABC Co.		11,000	Dec. 28	11,000	-
Dec. 30	M/s GHI Co.		13,000	-		
			77,000		47,000	17,000

Goods on Sales or Return Total Account

2017		Amt. Rs.	2017		Amt. Rs.
Dec. 31	To Returns	17,000	Dec. 31	By Goods sent on sales or return	77,000
	To Sales	47,000			
	To Balance c/d	13,000			
		<b>77,000</b>			<b>77,000</b>

(5 MARKS)

**ANSWER –B****Sale or Return Account**

Date	Particulars	Rs.	Date	Particulars	Rs.
2016			2016		
31-May	To Sundries: Sales	24,000	31-May	By Sundries	
15-Jun	To Sundries: Returned	43,000		(Goods sent on sale or return basis)	93,000
15-Jun	To Balance c/d				
		93,000		By Balance b/d	93,000
					26,000

**P's Account**

Date	Particulars	₹	Date	Particulars	₹
2016			2016		
May 31	To Sale or Return A/c	15,000	May 31	By Sale or Return A/c	15,000

**(5 MARKS)**