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CA FOUNDATION

SUBJECT- ACCOUNTS

Test Code – CFN 9264

BRANCH - () (Date :)

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ANSWER -1**Bank Reconciliation Statement as on 30th 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 15th April, 2018 for goods returned by Mr. Bakkiram. Goods should be included physically in the Inventories.

(1 MARK)

ANSWER -3

Bank Reconciliation Statement on 31st 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 th 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 th 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

S. No.		Debit (Rs.)	Credit (Rs.)
1	Commission A/c Dr. To Interest Received (Correcting wrong entry of interest received into commission account)	4,500	4,500
2	M/s Sobhag Traders A/c Dr. To Suspense A/c (Being credit sale of Rs. 2,760 posted as Rs. 2,670 i.e. debiting M/s Sobhag Traders A/c less by 90, now rectified)	90	90
3	Drawing A/c Dr. To Machinery A/c (Correction of wrong debit to machinery account for purchase of air-conditioner for personal use)	35,000	35,000
4	Return Inward A/c Dr. To Debtors (Personal) A/c (Correction of omission to record return of goods by customers)	5,000	5,000

(4*1 = 4 MARKS)

ANSWER –B

- (i) This is one sided error. Trivedi & Co. account is credited instead of debit. Amount posted to the wrong side and therefore while rectifying the account, double the amount (Rs. 800) will be taken.

Before Trial Balance	After Trial Balance	After Final Accounts
No Entry	Trivedi & Co. A/c. Dr. 800	Trivedi & Co. A/c. Dr. 800
Debit Trivedi A/c. Rs. 800 with	To Suspense A/c. 800	To Suspense A/c. 800

- (ii) Purchase of Rs. 420 is wrongly recorded through sales by book as Rs. 240.

Correct Entry			Entry Made Wrongly		
Purchase A/c.	Dr.	420	Mantri & Co.	Dr.	240
To Mantri & Co. A/c.		420	To Sales A/c.		240

Rectification Entry

Before Trial Balance		After Trial Balance		After Final Accounts	
Sales A/c Dr.	240	Sales A/c Dr.	240	Profit & Loss Adj. A/c. Dr.	660
Purchase A/c. Dr.	420	Purchase A/c. Dr.	420	To Mantri & Co. A/c.	660
To Mantri & Co A/c..	660	To Mantri & Co. A/c.	660		

(6 MARKS)

ANSWER -5

In the books of Siriman

Journal Entries

Particulars	L.F.	Dr. Rs.	Cr. Rs.
Bills Receivable A/c. To Rita (Being a 3 month's bill drawn on Rita for the amount due)		Dr. 1,00,000	1,00,000
Bank A/c. Discount A/c. To Bills Receivable A/c. (Being the bill discounted)		Dr. 99,000 Dr. 1,000	1,00,000
Rita To Bank A/c. (Being the bill cancelled up due to Rita's inability to pay it)		Dr. 1,00,000	1,00,000
Rita To Interest A/c. (Being the interest due on Rs. 50,000 @ 12% for 3 months)		Dr. 1,500	1,500
Bank A/c. To Rita (Being the receipt of a portion of the amount due on the bill together with interest)		Dr. 51,500	51,500
Bills Receivable A/c. To Rita (Being the new bill drawn for the balance)		Dr. 50,000	50,000
Rita To Bills Receivable A/c. (Being the dishonour of the bill due to Rita's insolvency)		Dr. 50,000	50,000
Bank A/c. Bad Debts A/c. To Rita (Being the receipt of 40% of the amount due on the bill from Rita's estate)		Dr. 20,000 Dr. 30,000	50,000

(10 MARKS)