



J.K. SHAH[®]
TEST SERIES
Evaluate Learn Succeed

SUGGESTED SOLUTION

CA FOUNDATION NOV'19

SUBJECT- ACCOUNTS

Test Code – CFN 9170

BRANCH - () (Date :)

Head Office : Shraddha, 3rd Floor, Near Chinai College, Andheri (E), Mumbai – 69.

Tel : (022) 26836666

ANSWER-1(A)

**Statement showing the valuation stock
as on 31st March, 2017**

		Rs..
A	Value of stock as on 10 th October, 2017	1,67,500
B	Add : Cost of sales after 31 st March, till stock taking (Rs.. 6,875 – Rs.. 1,719)	5,156
C	Less : Purchases for the next period (net)	8,100
D	Less : Cost of Sales Returns	225
E	Less : Loss on revaluation of slow moving inventories	600
F	Less : Reduction in value on account of default	300
G	Value of Stock on 31 st March, 2017	<u>1,63,431</u>

Note : Profit margin of 33.33 per cent on cost means 25 per cent on sale price.

(5 MARKS)

ANSWER 1(B)

Statement of Valuation of Stock on 31st March, 2018

		Rs..	Rs..
	Value of stock as on 15 th April, 2018		50,000
Add :	<u>Cost of sales during the period from 31st March, 2018 to 15th April, 2018</u>		
	Sales (Rs.. 41,000 – Rs.. 1,000)	40,000	
	Less : Gross Profit (20% of Rs.. 40,000)	8,000	32,000
	Cost of goods sent on approval basis (80% of Rs.. 6,000)		4,800
			86,800
Less :	Purchases during the period from 31 st March, 2018 to 15 th April, 2018	5,034	
	Unsold stock out of goods received on consignment basis (30% of Rs.. 8,000)	<u>2,400</u>	(7,434)
			79,366

(5MARKS)

ANSWER 1(C) WEIGHTED AVERAGE BASIS**Sriram Mills****Calculation of the value of Inventory as on 31-3-2016**

Date	Receipts			Issues			Balance		
	Units	Rate	Amount	Units	Rate	Amount	Units	Rate	Amount
		RS.	RS.		RS.	RS.		RS.	RS.
1-1-2016	Balance							Nil	
1-1-2016	100	30	3,000				100	30	3,000
15-1-2016				50	30	1,500	50	30	1,500
1-2-2016	200	40	8,000				250	38	9,500
15-2-2016				100	38	3,800	150	38	5,700
20-2-2016				100	38	3,800	50	38	1,900

Therefore, the value of Inventory as on 31-3-2016= 50 units @ RS.38 = RS.1,900

(6 MARKS)**ANSWER 2(A)****Motor Truck A/c.**

Date	Particulars	Amount	Date	Particulars	Amount
2016			2016		
Jan – 01	To balance b/d	2,92,50,000	Oct – 01	By bank A/c.	27,00,000
Oct – 01	To Profit & Loss A/c. (Profit on settlement of Truck)	4,50,000	Oct – 01	By Depreciation on lost assets	6,75,000
Oct – 01	To Bank A/c.	50,00,000	Dec - 31	By Depreciation A/c.	83,50,000
			Dec – 31	By balance c/d	2,29,75,000
		3,47,00,000			3,47,00,000
2017			2017		
Jan - 01	To balance b/d	2,29,75,000	Dec – 31	By Depreciation A/c.	91,00,000
			Dec – 31	By Balance c/d	1,38,75,000
		2,29,75,000			2,29,75,000

(5 marks)**Working Note :**

1. <u>To find out loss on Profit on settlement of truck</u>	Rs..
Original cost as on 1.4.2014	45,00,000
Less : Depreciation for 2014	6,75,000
	38,25,000
Less : Depreciation for 2015	9,00,000
	29,25,000
Less : Depreciation for 2016 (9 months)	6,75,000
	22,50,000
Less : Amount received from Insurance company	27,00,000
	4,50,000

(3 marks)

ANSWER 2(B)**Lease Account**

Dr.		Rs..	2014 – 15		Cr.
2014 – 15					
April. 1	To Bank A/c.	2,00,000.00	Mar. 31	By Depreciation A/c.	56,402.40
Mar. 31	To Interest A/c. (5% on Rs.. 2,00,000)	10,000.00		By Balance c/d	1,53,597.60
		2,10,000.00			2,10,000.00
2015 - 16			2015 – 16		
April. 1	To Balance b/d	1,53,597.60	Mar. 31	By Depreciation A/c.	56,402.40
Mar. 31	To Interest A/c. (5% on Rs.. 1,53,597.60)	7,679.88		By Balance c/d	1,04,875.08
		1,61,277.48			1,61,277.48
2016 – 17			2016 – 17		
April 1	To Balance b/d	1,04,875.08	Mar. 31	By Depreciation A/c.	56,402.40
Mar. 31	To Interest A/c.	5,243.75	Mar 31	By Balance c/d	53,716.43
		1,10,118.83			1,10,118.83
2017 – 18			2017 – 18		
April. 1	To Balance b/d	53,716.43	Mar. 31	By Depreciation A/c.	56,402.25
Mar. 31	To Interest A/c.	2,685.82			
		56,402.25			56,402.25

(5 MARKS)**Profit and Loss Account**

2014 – 15		Rs..	2014 – 15		Rs..
Mar. 31	To Depreciation A/c.	56,402.40	Mar. 31	By Interest A/c.	10,000.00
2015 – 16			2015 – 16		
Mar. 31	To Depreciation A/c.	56,402.40	Mar. 31	By Interest A/c.	7,679.88
2016 – 17			2016 – 17		
Mar. 31	To Depreciation A/c.	56,402.40	Mar. 31	By Interest A/c.	5,243.75
2017 – 18			2017 – 18		
Mar. 31	To Depreciation A/c.	56,402.25	Mar. 31	By Interest A/c.	2,685.82

(3 MARKS)**ANSWER 2(C)**

Depreciation per year charged for three years. = $RS.12,00,000 / 10 = Rs. 1,20,000$

WDV of the machine at the end of third year = $RS.12,00,000 - RS.1,20,000 \times 3 = Rs.8,40,000.$

Depreciable amount after revaluation = $Rs. 8,40,000 + Rs. 60,000 = RS.9,00,000$

Remaining useful life as per previous estimate = 7 years.

Remaining useful life as per revised estimate = 9 years.

Depreciation for the fourth year onwards = $RS. 9,00,000 / 9 = RS.1,00,000.$

(4 MARKS)

ANSWER 3(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		10,000	Dec. 25	10,000	-
Dec. 12	M/s DEF		15,000	Dec. 16	-	15,000
Dec. 15	M/s GHI		12,000	Dec. 20	10,000	2,000
Dec. 20	M/s DEF		16,000	Dec. 24	16,000	-
Dec. 25	M/s ABC		11,000	Dec. 28	11,000	-
Dec. 30	M/s GHI		13,000	-		
			77,000		47,000	17,000

(6 MARKS)

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			
		77,000			77,000

(2 MARKS)

ANSWER 3(B)

In the Books of A

Journal Entries

Date	Particulars	L.F.	RS.	RS.
2016	Sales A/c	Dr.	7,000	
March	To Trade receivables A/c			7,000
31	(Being the cancellation of original entry for sale in respect of goods lying with customers awaiting approval)			
31-	Inventories with Customers. on Sale or Return A/c	Dr	5,600	
March	To Trading A/c (Note 1)			5,600
	(Being the adjustment for cost of goods lying with Customer's awaiting approval)			

30- April	Trade receivables A/c To Sales A/c (Being goods costing RS.3,200 sent to Mr. X on sale or return has been accepted by him)	Dr.	4,000	4,000
--------------	--	-----	-------	-------

(3*1 = 3 MARKS)

Balance Sheet of A & Co. as on 31st March, 2016 (Extracts)

Liabilities	RS.	Assets	Rs..	Rs..
		Trade receivables (RS.1,00,000 - RS.7,000)		93,000
		Inventories-in-trade	60,000	
		Add: Inventories with customers. on Sale or Return	5,600	65,600
				<u>1,58,600</u>

Notes:

- (1) Cost of goods lying with customers = $100/125 \times \text{Rs. } 7,000 = \text{RS. } 5,600$
- (2) No entry is required on 10th April, 2016 for goods returned by Mr. Y. Goods should be included physically in the Inventories-in-trade.

(3 MARKS)