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SUGGESTED SOLUTION

CA FOUNDATION NOV'19

SUBJECT- ACCOUNTS

Test Code – CFN 9170 M

BRANCH - () (Date :)

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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)****Bank Reconciliation Statement as on 30th November, 2018**

Particulars		Rs.	Rs.
Bank Overdraft as per Bank Statement			3,200
<i>Add:</i>	(i) Debit side of the Cash Book was undercast	400	
	(ii) Cheque issued but debited by the Bank to another customer's account by mistake	1,600	
	(vi) Dividend directly collected by the Bank but not entered in the Cash Book	100	
	(vii) Cheque issued but yet to be presented for payment	<u>1,300</u>	<u>3,400</u>
			6,600
<i>Less:</i>	(iii) Cheque issued for Rs. 172 posted in the Cash Book as Rs. 127	45	
	(iv) Cheque dishonoured but not recorded in the Cash Book	425	
	(v) Wrong debit by the Bank to Hari's A/c	150	
	(viii) Cheque deposited but yet to be credited	1,200	
	(ix) Interest debited by the Bank and yet to be entered in the Cash Book	<u>300</u>	<u>2,120</u>
Bank overdraft as per the Cash Book (Cr.)			<u>4,480</u>

(10 MARKS)

ANSWER 2(B)**(a)****A. Philip****Dr.****Cash Book (Bank column)****Cr.**

Date 2017	Particulars	Amount Rs.	Date 2017	Particulars	Amount Rs.
Dec. 30	To Balance b/d	4,610	Dec. 30	By Trade receivables- Cheque dishonoured	73,000
	To Dividend received	3,80,000		By Bank interest and charges	4,200
				By Trade Subscription	10,000
			Dec. 31	By Balance c/d	2,97,410
		3,84,610			3,84,610
2018					
Jan. 1	To Balance b/d	2,97,410			

(5 MARKS)**(b) Bank Reconciliation Statement as at 30th December, 2017**

Particulars	Amount Rs.
Balance per cash book	2,97,410
<i>Add:</i> Cheques not yet presented	6,30,000
	9,27,410
<i>Deduct:</i> Lodgement not yet recorded by bank	(2,50,000)
	6,77,410
<i>Deduct:</i> Cheque wrongly charged	(27,000)
Balance as per the bank statement	6,50,410

(5 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	-	-	-
			<u>77,000</u>		<u>47,000</u>	<u>17,000</u>

(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			
		<u>77,000</u>			<u>77,000</u>

(2 MARKS)

ANSWER 3(B)

In the Books of A

Journal Entries

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

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
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(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)