



J.K. SHAH[®]
TEST SERIES
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SUGGESTED SOLUTION

CA FONDATION MAY'19

SUBJECT- ACCOUNTS

Test Code - CFN 9126

BRANCH - () (Date :)

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Answer 1:

**In the Books of Mr. Green
Consignment A/c**

	Rs.		Rs.
To Goods sent on Consignment A/c (6,000 x Rs.120)	7,20,000	By White's A/c – Sales (5000 x Rs.125)	6,25,000
To Bank A/c – Packing, Freight charges	3,000	By Goods sent on Consignment A/c (6000 x Rs.20)	1,20,000
To White's A/c – Selling expenses	1,000	By Consignment stock account (Refer working note)	1,20,500
To White's Account – Commission 5% on Rs. 6,25,000 = 31,250 20% on Rs. 25,000 = <u>5,000</u>	 36,250		
To Stock reserve A/c (1000 x Rs. 20)	20,000		
To Profit and Loss account	<u>85,250</u>		
	8,65,500		8,65,500

(7 marks)**In the Book of Mr. White****Mr. Green's Account**

	Rs.		Rs.
To Bank – Selling expense	1,000	By Sales – debtors	6,25,000
To Commission	36,250		
To Bank	5,00,000		
To Balance c/d	<u>87,750</u>		
	6,25,000		6,25,000

(2 marks)**Working Note:****Closing Stock valuation:**

	Rs.
Cost price of 1000 sarees	1,20,000
1000 x 120 =1,20,000	
Add: Proportionate expenses (3,000 x 1,000/6,000)	<u>500</u>
	<u>1,20,500</u>

(1 mark)**Answer 2:****Statement of Valuation of Stock on 30th June, 2018**

	Rs.
Value of stock as on 23 rd June, 2018	48,00,000
Add: Unsold stock out of the goods sent on consignment	2,40,000
Purchases during the period from 23 rd June, 2018 to 30 th June, 2018	2,40,000

Goods in transit on 30 th June, 2018	1,60,000	
Cost of goods sent on approval basis (80% of Rs. 1,60,000)	<u>1,28,000</u>	<u>7,68,000</u>
		55,68,000
<i>Less:</i> Cost of sales during the period from 23 rd June, 2018 to 30 th June, 2018		
Sales (Rs. 13,60,000-Rs. 1,60,000)	12,00,000	
<i>Less:</i> Gross profit	<u>96,000</u>	
		<u>11,04,000</u>
Value of stock as on 30 th June, 2018		<u>44,64,000</u>
		(6 marks)

Working Notes:

1. Calculation of normal sales:	Rs.	Rs.
Actual sales		13,60,000
Less: Abnormal sales	1,20,000	
Return of goods sent on approval	<u>1,60,000</u>	<u>2,80,000</u>
		<u>10,80,000</u>
2. Calculation of gross profit:		
Gross profit or normal sales 20/100 x Rs. 10,80,000		2,16,000
Less: Loss on sale of particular (abnormal) goods (2,40,000 less 1,20,000)		1,20,000
Gross profit		<u>96,000</u>

(4 marks)

Answer 3:

**Books of A
Joint Venture Account**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Purchases (Cost of goods supplied)	60,000	By Bank (Insurance claim)	3,000
To Bank (Expenses)	2,000	By B (Sales)	64,350
To B (Expenses)	1,000	By B (agreed value for damaged goods)	4,546
To B (Commission – 1/21 of 8,896)	424		
To Profit transferred to:			
Profit & Loss A/c	5,648		
B	<u>2,824</u>		
	<u>71,896</u>		<u>71,896</u>

(3 marks)

B's Account

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Joint Venture A/c (Sales)	64,350	By Bank (Advance)	10,000
To Joint Venture A/c (Claim Portion)	4,546	By Joint Venture A/c (Expenses)	1,000
		By Joint Venture A/c (Commission)	424
		By Joint Venture A/c (Share of Profit)	2,824
	—	By Bank (Balance received)	<u>54,648</u>
	<u>68,896</u>		<u>68,896</u>

(4 marks)

Working Notes:

- It has been assumed that the goods damaged in transit have no residual value.
- Computation of Sales**

Rs.

Cost of goods sent	60,000
Less : Cost of damaged goods	<u>5,000</u>
	55,000
Less : Cost of goods remaining unsold	<u>5,500</u>
Cost of goods sold	49,500
Add : Profit @ 30%	<u>14,850</u>
Sales	<u>64,350</u>

(1.5 marks)

- Claim for loss of fire admitted by B

Cost of goods	5,500
Add : Proportionate expenses (2,000 ÷ 5,500) / 60,000	<u>183</u>
	5,683
Less : 20%	<u>1,137</u>
	<u>4,546</u>

(1.5 marks)

Answer 4:

Lease Account

Dr. 2014- 15		Rs.	2014-15		Cr. Rs.
April. 1	To Bank A/c	2,00,000.00	Mar. 31	By Depreciation A/c	56,402.40
Mar.	To Interest A/c			By Balance c/d	1,53,597.60

31						
	(5% on Rs. 2,00,000)	10,000.00				
		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			By Balance c/d		1,04,875.08
	(5% on Rs. 1,53,597.60)	7,679.88				
		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

(6 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

(4 marks)

Answer 5:

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	<u>2,29,75,000</u>
		<u>3,47,00,000</u>			<u>3,47,00,000</u>
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
		<u>2,29,75,000</u>			<u>2,29,75,000</u>

(6 marks)

Working Note:

To find out loss on Profit on settlement of truck

Original cost as on 1.4.2014	45,00,000
Less: Depreciation for 2014	<u>6,75,000</u>
	38,25,000
Less: Depreciation for 2015	<u>9,00,000</u>
	29,25,000
Less: Depreciation for 2016 (9 months)	<u>6,75,000</u>
	22,50,000
Less: Amount received from Insurance company	<u>27,00,000</u>
	<u>4,50,000</u>

(4 marks)