



**J.K. SHAH<sup>®</sup>**  
**TEST SERIES**  
Evaluate Learn Succeed

**SUGGESTED SOLUTION**

**CA FOUNDATION**

**SUBJECT- ACCOUNT**

**Test Code – AJM 1065**

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

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

**Tel : (022) 26836666**

**ANSWER 1**

**Income and Expenditure Account  
for the year ended 31st March, 2019**

	₹		₹
To Medicines consumed		By Prescription fees	3,30,000
Purchases                      1,22,500		By Visiting fees	1,25,000
Less: Closing Stock <u>(47,500)</u>	75,000	By Fees from lectures	12,000
To Motor car expense (60,000 x 2/3)	40,000		
To Salaries (₹ 52,500 – ₹ 15,000)	37,500		
To Rent for clinic	30,000		
To General charges	24,500		
To Interest on loan	18,000		
To Excess of Income over expenditure	<u>2,42,000</u>		
	<u>4,67,000</u>		<u>4,67,000</u>

**Capital Account  
for the year ended 31st March, 2019**

	₹		₹
To Drawings:		By Cash/bank	1,00,000
Motor car expenses              20,000		By Cash/bank (pension)	1,50,000
Household expenses            90,000		By Net income from practice	2,42,000
Marriage expenses            1,07,500		(derived from income	
To Salary of domestic servants	15,000	and expenditure a/c)	
To Household furniture	12,500		
To Balance c/d	<u>2,47,000</u>		
	<u>4,92,000</u>		<u>4,92,000</u>

**Balance Sheet as on 31st March, 2019**

Liabilities	₹	Assets	₹
Capital	2,47,000	Motor car	1,60,000
Loan	1,50,000	Surgical equipment	1,25,000
		Stock of medicines	47,500
		Cash at bank	55,000
		Cash in hand	<u>9,500</u>
	<u>3,97,000</u>		<u>3,97,000</u>

**(12 marks)**

ANSWER : 2

**Cash Book (Bank Column)**

Date	Particulars	Amount	Date	Particulars	Amount
2019		Rs.	2019		
Sept. 30			Sept. 30		
	To Party A/c	32,000		By Balance b/d	8,124
	To Customer A/c			By Bank charges	1,160
	(Direct deposit)	2,34,800		By Customer A/c	2,80,000
	To Balance c/d	22,484		(B/R dishonoured)	
		2,89,284			2,89,284

**(ii) Bank Reconciliation Statement as on 30th September, 2019**

Particulars	Amount
	Rs.
Overdraft as per Cash Book	22,484
Add: Cheque deposited but not collected upto 30 <sup>th</sup> Sept., 2019	26,28,000
	26,50,484
Less: Cheques issued but not presented for payment upto 30 <sup>th</sup> Sept., 2019	(26,52,000)
Credit by Bank erroneously on 6th Sept.	(40,000)
Overdraft as per bank statement	(41,516)

**Note:**

Bank has credited Neel by 40,000 in error on 6<sup>th</sup> September, 2019. If this mistake is rectified in the bank statement, then this will not be deducted in the above statement along with Rs. 26,52,000 resulting in debit balance of Rs. 1,516 as per pass-book.

**(8 Marks)**

ANSWER : 3

In the books of M/s. JP Wires Co.

**Machinery Account**

Date	Particulars	Amount Rs.	Date	Particulars	Amount Rs.
1.1.2017	To Bank A/c	3,20,000	31.12.2017	By Depreciation A/c. (Rs. 80,000 + Rs. 16,000)	96,000
	To Bank A/c. (Erection charges)	80,000	31.12.2017	By Balance c/d (Rs. 3,20,000 + Rs. 1,44,000)	4,64,000
1.7.2017	To Bank A/c.	1,60,000			5,60,000
		5,60,000	31.12.2018	By Depreciation A/c. (Rs. 80,000 + Rs. 32,000)	1,12,000
01.01.18	To Balance b/d	4,64,000	31.12.2018	By Balance c/d (Rs. 2,40,000 + Rs. 1,12,000)	3,52,000
		4,64,000			4,64,000
01.01.19	To Balance b/d	3,52,000	01.07.2019	By Bank A/c.	1,60,000
30.09.19	To Bank A/c.	60,000		By profit & Loss A/c. (Loss on Sale – W.N.)	40,000
			31.12.2019	By Depreciation A/c. (Rs. 40,000 + Rs. 32,000 + Rs. 3,000)	75,000
				By Balance c/d (Rs. 80,000 + Rs. 57,000)	1,37,000
		4,12,000			4,12,000
01.01.20	To Balance b/d	1,37,000	31.12.2020	By Depreciation A/c. (Rs. 12,000 + Rs. 8,550)	20,550
		1,37,000		By Balance c/d (Rs. 68,000 + Rs. 48,450)	1,16,450
		1,37,000			1,37,000

**Working Notes:**

**Book Value of machines (Straight line method)**

	Machine I	Machine II	Machine III
	Rs.	Rs.	Rs.
Cost	4,00,000	1,60,000	60,000
Depreciation for 2017	80,000	16,000	
Written down value as on 31.12.2017	3,20,000	1,44,000	
Depreciation for 2018	80,000	32,000	
Written down value as on 31.12.2018	2,40,000	1,12,000	
Depreciation for 2019	40,000	32,000	
Written down value as on 31.12.2019	2,00,000	80,000	
Sale proceeds	1,60,000		
Loss on sale	40,000		

**(10 MARKS)**

## M/s Raghuram &amp; Associates

Trading Account for the year ended 31<sup>st</sup> March 2018

Particulars	Details	Amount	Particulars	Details	Amount
		Rs.			Rs.
To Opening Stock		3,20,000	By Sales	15,00,000	
To Purchases	12,00,000		Less: Sales Returns	(24,000)	14,76,000
Less: Purchase Returns	(18,000)	11,82,000	By Closing Stock		4,10,000
To Freight		62,000			
To Gross Profit c/d		3,22,000			
		18,86,000			18,86,000

## M/s Raghuram &amp; Associates

## Profit and Loss Account for the year ended 31st March 2018

Particulars	Details	Amount	Particulars	Details	Amount
		Rs.			Rs.
To Salaries		72,000	By Gross profit b/d		3,22,000
To Rent for Godown	55,000				
Add: Outstanding	5,000	60,000	By Discount received		12,000
To Provision for Doubtful Debts (W.N.4)		16,200			
To Rent and Taxes		24,000			
To Discount Allowed		7,500			
To Carriage outwards		8,500			
To Printing and stationery		6,000			
To Electricity charges		14,000			
To Insurance premium (W.N. 1)		4,800			
To Depreciation (W.N. 2)		80,000			
To General expenses		11,000			
To Bank Charges		3,800			
To Interest on loan	4,400				
Add: Outstanding (W.N. 3)	100	4,500			
To Motor car expenses (Repairs)		13,000			
To Net Profit transferred to Capital A/c		8,700			
		3,34,000			3,34,000

# Balance Sheet of M/s Raghuram & Associates

as at 31<sup>st</sup> March 2018

Liabilities	Details	Amount	Assets	Details	Amount
		Rs.			Rs.
Capital	14,11,400		Land & Building	5,00,000	
Add: Net Profit	8,700		Less: Depreciation	(25,000)	4,75,000
Less: Drawings	(20,000)		Motor Vehicles	1,00,000	
Less : proprietor's Insurance Premium	(42,000)	13,58,100	Less: Depreciation	(20,000)	80,000
Loan from Rajan	60,000		Office equipment	2,00,000	
Add : Outstanding interest	100	60,100	Less: Depreciation	30,000	1,70,000
Sundry Creditors		62,000	Furniture & Fixture	50,000	
Outstanding rent		5,000	Less : Depreciation	5,000	45,000
			Stock in Trade		4,10,000
			Sundry Debtors	2,80,000	
			Less : Provision for doubtful debts	14,000	2,66,000
			Cash at hand		22,000
			Cash in bank		16,000
			Prepaid Insurance (W.N. 1)		1,200
		<b>14,85,000</b>			<b>14,85,200</b>

## Working Notes :

<b>(1) Insurance premium</b>	<b>Rs.</b>
Insurance premium as given in trial balance	48,000
Less : Personal premium	(42,000)
Less : Prepaid for 3 months	
$\left(\frac{6,000}{15} \times 3\right)$	1,200
Transfer to Profit and Loss A/c.	4,800
<b>(2) Depreciation</b>	
Building @ 5% on 5,00,000	25,000
Motor Vehicles @ 20% on 1,00,000	20,000
Furniture & Fittings @ 10% on 50,000	5,000
Office Equipment @ 15% on 2,00,000	30,000
Total	80,000
<b>(3) Interest on Loan</b>	
Interest on Loan Rs. 60,000 × 10% × 9/12	4,500
Less : interest as per Trial Balance	(4,400)
Amount (Outstanding)	100

## (4) Provision for bad debts A/c.

Particulars	Amount	Particulars	Amount
	Rs.		Rs.
To bad debts a/c.	12,200	By balance b/d	10,000
To balance c/d	14,000	By P & L A/c.	16,200
(5% of 2,80,000)			
	<b>26,200</b>		<b>26,200</b>

(15 MARKS)

**In the books of Siriman  
Journal Entries**

Particulars	L.F.	Rs.	Rs.
Bills Receivables 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. Dr.	99,000 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. Dr.	20,000 30,000	50,000

(5 MARKS)