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SUBJECT- ACCOUNTS

Test Code – AJM 1071

BRANCH - () (Date :)

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ANSWER : 1

True: The conservatism concept states that one shall not account for anticipated profits but shall provide all prospective losses. Valuing inventory at cost or NRV whichever is less, therefore is based on principle of conservatism.

(2 MARKS)**ANSWER : 2**

False : Accounting Standards for non – corporate entities in India are issued by the Institute of Chartered Accountants of India(ICAI).

(2 MARKS)**ANSWER : 3**

**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

(8 MARKS)**ANSWER : 4**

	Value of Physical stocks on 31 st March	Rs. 28,00,000
Add :	Goods in Transit	Rs. 3,50,000

Add :	Goods held by other Entities (e.g. stock held by Sub – Contractor, Job Workers)	Rs. 8,30,000
Add :	Goods Sent on approval & confirmation not received from Customer Sankari Ltd.	Rs. 2,00,000
Less :	Goods sold but delivery pending at Buyer’s request (Harini Ltd.)	Rs. 10,00,000
Less :	Goods held by us on behalf of Other Entities (e.g. in our capacity as Consignee Agent)	Rs. 2,50,000
	Value of Stocks as per Balance Sheet	Rs. 29,30,000

(6 MARKS)

ANSWER : 5

**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	96,000
	To Bank A/c	80,000		(Rs.80,000+ Rs. 16,000)	
	(Erection charges)		31.12.2017	By Balance c/d	4,64,000
1.7.2017	To Bank A/c	1,60,000		(Rs.3,20,000+ Rs.1,44,000)	
		5,60,000			5,60,000
01.01.18	To Balance b/d	4,64,000	31.12.2018	By Depreciation A/c (Rs.80,000+ Rs. 32,000)	1,12,000
			31.12.2018	By Balance c/d	3,52,000
				(Rs.2,40,000+Rs. 1,12,000)	
		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
30.9.19	To Bank A/c	60,000		By Profit and Loss A/c (Loss on Sale – W.N.)	40,000
			31.12.2019	By Depreciation A/c	75,000
				(Rs. 40,000 + Rs. 32,000 + Rs. 3,000)	
				By Balance c/d	1,37,000
		4,12,000		(Rs. 80,000 + Rs. 57,000)	
01.01.20	To Balance b/d	1,37,000	31.12.2020	By Depreciation A/c	20,550
				(Rs. 12,000 + Rs. 8,550)	
				By Balance c/d	1,16,450
				(Rs. 68,000 + Rs. 48,450)	
		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	3,000
Written down value as on 31.12.2019	2,00,000	80,000	57,000
Sale proceeds	1,60,000		
Loss on sale	40,000		

(10 MARKS)

ANSWER : 6

Journal of Piyush Limited

Date 2018	Particulars		Dr. Rs.	Cr. Rs.
July 1	Bank A/c (Note 1 – Column 3) To Equity Share Application A/c (Being application money received on 4,20,000 shares @ Rs. 2 per share)	Dr.	8,40,000	8,40,000
July 10	Equity Share Application A/c To Equity Share Capital A/c To Equity Share Allotment A/c (Note 1 - Column 5) To Bank A/c (Note 1–Column 6) (Being application money on 1,30,000 shares transferred to Equity Share Capital Account; on 2,00,000 shares adjusted with allotment and on 90,000 shares refunded as per Board’s Resolution No.....dated...)	Dr.	8,40,000	2,60,000 4,00,000 1,80,000
	Equity Share Allotment A/c To Equity Share Capital A/c To Securities Premium a/c (Being allotment money due on 1,30,000 shares @ Rs. 5 each including premium at Rs. 2 each as per Board’s Resolution No....dated....)	Dr.	6,50,000	3,90,000 2,60,000
	Bank A/c (Note 1 – Column 8) To Equity Share Allotment A/c (Being balance allotment money received)	Dr.	2,50,000	2,50,000
	Equity Share Final Call A/c To Equity Share Capital A/c (Being final call money due on 1,30,000 shares @ Rs. 5 per share as per Board’s Resolution No.....dated....)	Dr.	6,50,000	6,50,000
2019 April 30	Bank A/c To Equity Share Final Call A/c (Being final call money on 1,30,000 shares @ Rs. 5 each received)	Dr.	6,50,000	6,50,000

ANSWER : 7

**Books of Pihu Ltd.
Journal**

Particulars	L.F.	Debit (Rs.)	Credit (Rs.)
Bank A/c To Debenture Application A/c (Debenture application money received)	Dr.	20,00,00,000	20,00,00,000
Debenture Application A/c To 9% Debentures A/c (Application money transferred to 9% debentures account consequent upon allotment)	Dr.	20,00,00,000	20,00,00,000
Debenture allotment A/c Discount on issue of debentures A/c To 9% Debentures A/c (Amount due on allotment)	Dr. Dr.	 25,00,00,000 5,00,00,000	 30,00,00,000
Bank A/c To Debenture Allotment A/c (Money received consequent upon allotment)	Dr.	25,00,00,000	25,00,00,000

(4 MARKS)