



The Institute of Chartered Accountants of India

Code: FD1PP575557
 Subject : 01 Principles and Practices of Accounting

Total Marks: 100
 Marks Obtained: 92

GROUP PAPER IS ON THE PENULTIMATE PAGE
 Book No. 1 (containing 28 pages)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

CA Foundation Examination

Group No. I Paper No. 1

Subject Principles & Practices of Accounting

Number of Answer Books used : Main + Additional sheets

For use by ICAI only

575557



Q.No.	To be ticked (✓) against the Questions answered	Marks Awarded (to be filled by Examiner)					Total
		a	b	c	d	e	
1	✓						
2	✓						
3	✓						
4	✓						
5	✓						
6	✓						
7							
8							
9							
10							
11							
12							
13							
14							
Total							

Use only Blue / Black Ball Point Pen to write your answers. Avoid RED PEN. Marking will be done by shading the respective circles.

Total Marks awarded

Q.No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Total
Marks															

Total Marks awarded (in words)

Examiner's Signature

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INSTRUCTIONS TO THE CANDIDATE

Answers are not to be written on this page

1. Answers should be written in figures and words in the allotted space at the right hand corner of the answer book and nowhere else including additional answer book/s and graph paper.
2. Roll number should be written in the box in numbers and darken the appropriate circles of the OMR question provided in the right hand corner of the cover page with **Black / Blue** ball point pen.
3. Fill particulars such as name of Examination, Group No., Paper No. and subject at the appropriate space at the left hand upper corner of the answer book.
4. Remove the Bar Code sticker from the particular paper from the Attendance sheet and affix the same on the box provided in the right hand corner of the cover page.
5. Since a machine will read the Roll No., please check and ensure that Roll number written in numbers, words and circles darkened are correct. Please any candidate fills this information wrongly, Institute will not take any responsibility for recording the mistake.
6. The answers should be written neatly and legibly.
7. The answer to each question must be commenced on a fresh page and question number prominently written at the top of each answer. Alternatively, the question number should be distinctly written in the margin.
8. The answer to each question in all parts should be fully completed in one page or in a consecutive set of pages, before the next question is taken up.
9. Writing of Roll number in place/s other than the space provided for the purpose or writing distinguishing mark, symbols like "OM", "Sri", "Jesus", "786", etc., will tantamount to adoption of "unfair means".
10. Before submission of answer book to the invigilator take care to score out (X) blank pages, if any, that you might have left.



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3

Q1

13

Question 1

8

i) False. Goods sold on approval or return basis are recorded as credit sales initially when they are sent out. Subsequently, if no information is received till the closing of year, the sale entry is reversed.

2

ii) True. As per Companies Act 2013, no company can issue shares at discount to public in general except issue of Sweat Equity share to employees & directors.

2

iii) False. Warehouse rent being recurring in nature does not form part of cost of closing inventory as per AS 1.

1

iv) False. A preference share holder ~~may~~ hold equity shares also but his rights will be different in both capacity as of preference shareholder as well as equity shareholder.

2

v) True. Generally, a partnership is dissolved on death of partner when there is an agreement to the contrary.

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1. c) Calculation of Depreciation for the year ended 31/3/21.

Note: Taking Dividend Balance as on 1/1/20 in 2 parts as:-

M₁ - 216000
 M₂ - 2638000
 M₃ (purchased on 1/1/20) - 480000 (458000 + 22000)
 M₄ (purchased on 1/1/20) - 560000

Total depreciation for year ended 31/3/21 @ 15% p.a.
 = Depreciation on M₁ for 3 months + Dep. on M₂ 2638000 for 1 year + Dep. on M₃ for 9 months + Dep. on M₄ for 5 months

⇒ $216000 \times \frac{15}{100} \times \frac{3}{12} + 2638000 \times \frac{15}{100} + 480000 \times \frac{15}{100} \times \frac{9}{12} + 560000 \times \frac{15}{100} \times \frac{5}{12}$

⇒ $\frac{15}{100} (549000 + 2638000 + 356000 + 233333)$

⇒ $\frac{15}{100} \times 3285333$

⇒ ₹ 492800.00 (approx)



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S.No.	Date	Particulars	L.F.	Dr. ₹	Cr. ₹	
20		Journal Intro Books of Mr. Ratan				
i)		Motor Vehicle A/c Dr To Profit/Loss Adjustment (Being error rectified)		27000	27000	
ii)		Surplus A/c Dr To P/L Adjustment A/c (Being overcasting of purchase rectified)		100000	100000	
iii)		P/L Adjustment A/c Dr To Mr. X (Trade Receivable) (Being error rectified)		40000	40000	
iv)		Mr. Ratan Dr To Mr. Ratan (Being error rectified)		10000	10000	
v)		Surplus A/c Dr To Mr. Chandra (Being error rectified)		10000	10000	
vi)		Trade Receivables Dr To Surplus A/c (Being error rectified) of Mr. Ratan A/c not taken to Trial Balance		5000	5000	



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7	20000	20000
vii)	Mr. Ram (Trade Receivable) To P/L Adjustment A/c (Being sale omitted now recorded)	20000
viii)	Supplies A/c Or To P/L Adjustment A/c (Being purchase wrongly posted now rectified) P/L Adjustment A/c Or To Reserve Capital A/c (Being balance of P/L Adjustment transferred to Reserve Capital A/c)	1960
ix)	Reserve Capital A/c Or To Supplies A/c (Being balance of Supplies A/c transferred to Reserve Capital A/c)	108960
x)	Reserve Capital A/c Or To Supplies A/c (Being balance of Supplies A/c transferred to Reserve Capital A/c)	106960

2a Step 2

Note: Admissibility of balance of supplies may be first adjusted Working Note: against supplies A/c.

1) Motor Vehicle Or 30000 | 30000
 To P/L Adjustment

2) P/L Adjustment Or 3000 | 3000
 To Motor Vehicle
 (Depreciation)

Both above entries are combined. Further notes are on page No. 9



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2b 5

Q2. B Bank Reconciliation Statement of Mr. Balaji as at 31st March 2021

Particulars	Amount
Overdraft as per Pass Book	3500
Add: Bills directly collected by Bank (2500+500)	3000

Less: Cheque returned dishonoured	2500
Bank discounted now dishonoured	5000
Charges debited twice in Cash Book	1500
	(9000)

Dr. (Favourable) Balance 2500

as per Cash Book.

Note :-

i) At dishonour of Mr. Balaji To be passed as :-
 To Bank 5000

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Rough work

Not considered for write here.

$$395700 + 8100 + 54000 + 35000$$

Q.2. a) Working Note:-

Dr P/L Adjustment A/c		Particulars		Amount	
To Mr. X	40000	By Motor Vehicle A/c	27000		
To Mr. Y	108980	By Surplus A/c	100000		
To Mr. Z		By Mr. Ram	20000		
		By Surplus	1980		
					148980

Dr Surplus A/c		Particulars		Amount	
To P/L Adjustment	100000	By Trade Reserve	5000		
To Mr. X	10000	By Mr. Astor's Capital	106980		
To P/L Adjustment	1980				
					111980

Alternative entry. If balance of surplus is first adjusted against P/L Adjustment A/c. Balance.

Dr P/L Adjustment A/c		Particulars		Amount	
To Surplus A/c	100000				
To Mr. X	10000				
To Mr. Y	106980				
					2000
					106980

Being balance transferred to Mr. X A/c



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10

2c 5

2. (C) Calculation of Gross Profit Rate.

2 Total Sales + Closing Inventory at SP = Total goods available for sale at SP.

$$= 500000 + 750000 + 100000$$

$$\rightarrow 850000$$

Gross Profit \Rightarrow Total Sales - COGS

$$\rightarrow 850000 - 500000$$

$$\rightarrow \text{₹ } 350000$$

ep2 2 G.P. Rate = $\frac{350000}{850000} \times 100 = 41.1761\%$

Closing Inventory at Cost \Rightarrow Closing Inventory at SP

$$\rightarrow 100000 - 41176.47$$

$$\rightarrow \text{₹ } 58823.52$$

Gross profit \rightarrow $\frac{350000}{750000}$

$$\rightarrow \text{₹ } 58824 \text{ (approx)}$$

Page 10



The Institute of Chartered Accountants of India

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11

Q.3. a) Calculation of Average Due Date. Cash Date 11/1/17

Due Date	Amount	Product	Average Due Date
11/1/17	10000	0	0
11/1/18	10000	10000	1
11/1/19	30000	60000	2
11/1/20	40000	120000	3
11/1/21	50000	200000	4
	150000	390000	

Average Due Date = $\frac{\text{Sum of Product}}{\text{Sum of Amount}}$

Q3

Q.3. b) Calculation of Average Due Date (Cash Date 11/1/17)

Due Date	Amount	Product	Average Due Date
11/1/17	10000	0	0
11/1/18	20000	20000	12
11/1/19	30000	72000	24
11/1/20	40000	144000	36
11/1/21	50000	240000	48
	150000	480000	

3a

3a Step 1

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12

3a Step 2 2

Average Due Date = $\frac{\sum \text{Product}}{\sum \text{Amount}}$

$\rightarrow \frac{11117 + 4900000}{150000}$

$\rightarrow 11117 \div 32 \text{ months}$

$\rightarrow 11117$ at September, 2019

No. of months from date of loan $\rightarrow 11/19 - 11/16$

Interest $\rightarrow 150000 \times \frac{12}{100} \times 44 \rightarrow 36 + 8 \rightarrow 44 \text{ months}$

Note: Due Date is entered 11/17

Goods in the books of ABC Ltd.

Goods Sale or Return, Sold X Return Day Book

Approved Rejected Balance

Date	Name of Party	Approved	Rejected	Balance
10/3/21	POK	25000	25000	—
12/3/21	POK	15000	—	15000
15/3/21	GHI	40000	32000	8000
20/3/21	DEF	10000	10000	—
25/3/21	POK	22000	22000	—
30/3/21	XYZ	35000	—	35000
		147000	89000	23000
				35000
				23000
				35000

Q 2. b) 5

3

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13

2

Dr. Sale or future Total Account Cr.

Date	Particulars	Amount	Particulars	Amount
21/3/21	To Subvies :- Acrufted	18,000	By Subvies :- Goods sent on Approval	14,750.00
31/3/21	To Subvies :- Returned	23,000		
31/3/21	To Balance c/d	3,500.00		
		<u>14,750.00</u>		<u>14,750.00</u>

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10
 5.5

Dr		Cr	
Particulars	Amount	Particulars	Amount
To Credit sent on Commission A/c	168000	By Credit sent of Commission (Lead)	280000
To Bank A/c	14000	By Commission	13000
To Transport freight		By Loan in Trade	11000
To Raja Medical Stores	25350	By Bank A/c	20000
Carriage	9750	(Transport/Profit)	
By Ex	6000	By Raja Medical Stores (Galu)	160000
Commission	9600	By Commission Transfer at IP	41250
(100 x 9600)			
To Stock	6000		
(150 x 4000)			
To Profit & Loss (Profit on Commission)	26900		
	52950		240250

Note: It is assumed that separate Account for Loan in Trade is prepared.
 Profit or claim = 28000 - 11000
 = 17000 is transferred to P/L A/c

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15

Working Note.

1) Load \Rightarrow $n \times \frac{1}{5} \Rightarrow 16000$

4.5

$n = \frac{2000}{16000 \times 5} \Rightarrow 14000$

load \Rightarrow 28000

2) Calculation of Closing Inventories & Abnormal Loss

Goods sent on Consignment	700	16000
(Consignment Expense (Freight))	700	14000
Loss in Transit	50	182000
		13000

2) Calculation of Abnormal Loss.
 Cost of 50 boxes = $50 \times \frac{200}{700} \times 14000$ 10000

3) Proportionate Consignment Expense = $50 \times \frac{20}{700} \times 11000$ 11000

3) Calculation of Closing Inventories.
 No. of boxes left $(700 - 500 - 50) = 150$

Invoice price of 150 boxes 150×240 36000

Proportionate Consignment Exp $150 \times \frac{20}{700} \times 11000$ 3000

4) Proportionate Consignment Expense $(50 \times \frac{20}{700} \times 11000)$ 2250

41250

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Q5

20

5a

5

3

3

5aStep2

2



16

In the Books of Ali Shyam & Company

Date	Particulars	Debit	Credit	Net Amount
	Red & Company		12500	12500
	10 pair shoes @ ₹ 800 each			
	= 8000			
	5 pair shoes @ ₹ 900			
	→ ₹ 4500			
	Trade Discount @ 10%			
				11250

i) Note: Purchase of Computer from Ali Shyam & Company will be recorded in Purchase Book as it's purchase of asset.

ii) Cash purchase from Blue & Company will be recorded in Cash Book not in Purchase Book.

Total Balance will be transferred to Purchase A/c as To Supplier as per Purchase Book ₹ 11250

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Step 2

6

Dr		Creditors A/c		Cr	
Date	Particulars	Amount	Date	Particulars	Amount
31/12/11	To Bank	27720	31/12/11	By Balance b/d	100802
31/12/11	To Bank	25200	31/12/11	By Interest	2570
31/12/11	To Balance c/d	75602	31/12/11	By Interest	103322
		103322			
31/12/11	To Bank	27090	31/12/11	By Balance b/d	75602
31/12/11	To Bank	(25200 + 1810)	31/12/11	By Interest	1810
31/12/11	To Bank	26460	31/12/11	By Interest	1260
		25202			
		718152			
31/12/11	To Bank	25832	31/12/11	By Balance b/d	718152
31/12/11	To Bank	(25200 + 630)	31/12/11	By Interest	25202
		25832			630
					25832

Note: While calculating interest a probable error of ₹ 2 divided into 50 paise in first 3 instalments in all together rounded off in last instalment.

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19

5cStep3

2 Working Note:

1) Calculation of Goodwill
 Average Profit of 4 years $\rightarrow 75400 + 56320 + 48160 + 17406$

$$\rightarrow \frac{192286}{4} = ₹ 48071.5$$

Goodwill \rightarrow Avg. Profit \times No. of years
 $\rightarrow ₹ 48071.5 \times 3$

$$\rightarrow ₹ 144216$$

Share share of Goodwill $\rightarrow 81121.5$

2) 1st Installment $\rightarrow 100802$

$$\frac{100802}{4} \rightarrow 25200.5$$

Interest calculation.

1) 1st Installment $\rightarrow 100802 \times \frac{5}{100} \times \frac{1}{2} = 2520$

2) 2nd Installment $\rightarrow 75602 \times \frac{5}{100} \times \frac{1}{2} \rightarrow 1890$

3) 3rd Installment $\rightarrow 50402 \times \frac{5}{100} \times \frac{1}{2}$

4) 4th Installment $\rightarrow 25202 \times \frac{5}{100} \times \frac{1}{2}$

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Q.6	S.No.	Date	Particulars	L.f	Dr	Cr
19	14		Journal In the books of X Ltd.			
9			Bank A/c	2700000		2700000
			To Equity Share Application A/c		2700000	
			(Being application received on 300000 shares)			
			Equity Share Application A/c	2700000		2700000
			To Equity Share Capital A/c		300000	
			To Securities Premium A/c		375000	
			To Bank A/c		1600000	
			(Being shares allotted to equity shareholders)			
			To Call in Advance A/c		225000	
			To Bank A/c		1800000	
			(Being shares allotted to Call in Advance)			
			To Equity Share A/c		450000	
			To Bank A/c		450000	
			(Being final call received from equity shareholders)			
			Bank A/c	221625		221625
			To Call in Advance A/c		225000	
			To Equity Share A/c		3375	
			(Being final call received from equity shareholders)			



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21

5)	Equity Share Capital A/c Or To Calls in Arrear To Forfeited Share A/c (Being share forfeited for non-payment of final call)	11250	3375 7875
6)	Bearer A/c Or Forfeited Share A/c Or To Equity Share Capital (Being share returned)	6750 4500	11250
7)	Forfeited Share A/c Or To Capital Reserve. (Being profit on annuities transferred to Capital Reserve)	3375	3375

Step 2

Working Note :-

S.No.	Category	Applied	Called up	Called up & Applied	Adjusted on Call	Unpaid
I		200000	0	180000	—	180000
II		100000	75000	100000	450000	—
III		—	—	—	225000	—



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5

22

Working Notes:
 Q1 Calculation of Amount of the Paj.
 Applied - Alloted - Cash
 $1500 - 1125 - (375 \times 4) = 3375$
 Amount due to him on call $\rightarrow 1125 \times 6$
 $\rightarrow 6750$
 Calls in Arrears = $6750 - 3375$
 $\rightarrow \text{₹ } 3375$
 Note: It is assumed that Calls in arrears & Calls in advance a/c is opened.

Q2 Calculation of Forfeited share Amount of forfeiture
 Total application received from Paj $\rightarrow 1500 \times 9 = 13500$
 Less application money on 1125 shares = 4500
 Cash received on application $\rightarrow 7875$
 Note: Cash received is not shown at the time of forfeiture.

Q3 Calculation of balance of share forfeited transferred to Capital Reserve
 Particulars
 To Equity Share Capital (Revenue account) 4500
 By Share Capital 11250
 To Capital Reserve 3375
 7875

Particulars	Amount
Share Forfeiture A/c	4500
Particulars	
By Share Capital	11250
To Capital Reserve	3375
	<u>7875</u>



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6b 5
ep1 5



23

Q6.b) Advantages of Subsidiary Books :-

- 1) Division of work & JOURNAL :- When similar transactions are posted in subsidiary books, it reduces burden on Journal. It reduces the structure of Journal.
- 2) Presentation :- Specific transaction of specific nature can be found at one place. Thus, it helps in better presentation. They provided complete information about a transaction including trade discount etc.
- 3) Specialisation & better view :- It helps in getting a better view of books of Accounts & transactions. Anyone easy to locate.
- 4) Saves time :- It saves time when only total of subsidiary books are posted to their respective accounts.
- 5) Saves effort :- It saves effort as there is no need of individual posting in their respective Accounts.
- 6) Only entries related to opening entry, closing entry, adjusted entry, rectification & rectifying entries are passed through journal.

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25



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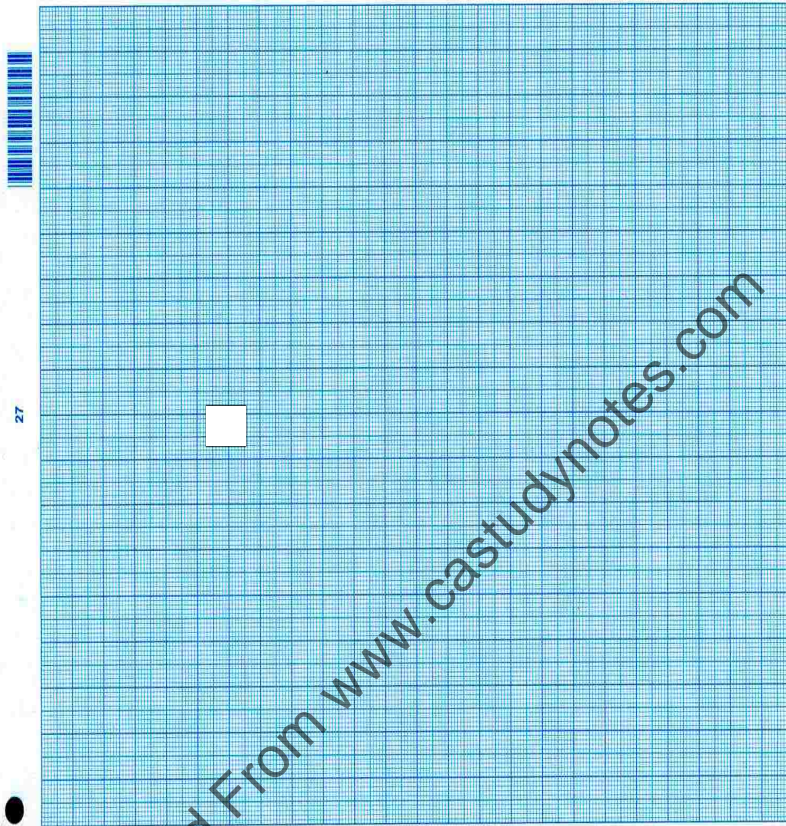
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Result Overview

Awarded Marks: 92

Max Marks: 100

NA Not Attempted

O Optional

M Marked

Q1_Compulsory (Score: 13/20)

Question No	Awarded Marks	Maximum Marks	Status
Q1	13	20	M
1a	8	12	M
1b	4	4	M
1c	1	4	M

Q2_Q6 (Score: 79/80)

Question No	Awarded Marks	Maximum Marks	Status
Q2	20	20	M
2a	10	10	M
2b	5	5	M
2c	5	5	M
Q3	20	20	M
3a	5	5	M
3b	5	5	M
3c	10	10	M
Q4	0	20	O
4a	0	10	
4b	0	10	O
Q5	20	20	M
5a	5	5	M
5b	5	5	M
5c	10	10	M
Q6	19	20	M