

J.K. SHAH[®]

**TEST
SERIES**

SUGGESTED SOLUTION

CA FOUNDATION

SUBJECT- ACCOUNT

Test Code – JMU 2404

BRANCH - () (Date :)

Head Office : Shraddha, 3rd Floor, Near Chinai College, Andheri (E), Mumbai – 69.

Tel : (022) 26836666

ANSWER : 1

**In the books of Mr. Mohan
Trading Account for the year ended 31st March, 2022**

Particulars		Amount	Particulars		Amount
		(Rs.)			(Rs.)
To Opening Inventory		1,10,000	By Sales	9,70,000	
To Purchases	4,30,000		Less: Returns	(20,000)	9,50,000
Less: Returns	(12,000)	4,18,000	By Closing Inventory		1,80,000
To Freight Inwards		40,000			
To Gross profit		5,62,000			
		11,30,000			11,30,000

Profit and Loss Account for the year ended 31st March, 2022

Particulars		Particulars	
To Depreciation	35,000	By Gross profit	5,62,000
To Salaries	2,10,000	By Discount received	9,000
To Administration expenses	1,50,000		
To Discount allowed	19,000		
To Bad debts	5,000		
To Net profit	1,52,000		
	5,71,000		5,71,000

Balance Sheet as at 31st March, 2022

Liabilities		Amount	Assets		Amount
		(Rs.)			(Rs.)
Capital	6,50,000		Furniture	3,50,000	
Add: Net profit	1,52,000	8,02,000	Less: Depreciation	(35,000)	3,15,000
Trade payables		1,90,000	Closing Inventory		1,80,000
Output IGST		2,000	Trade receivables		2,10,000
			Investment in Govt Securities		1,00,000
			Cash in Hand and Cash at Bank		1,89,000
		9,94,000			9,94,000

Working Note:

Summary of Output and Input GST liability (as per Trial Balance)

	Output Gst (Rs.)	Input Gst (Rs.)
IGST	6,000	
CGST	8,000	10,000
SGST	8,000	10,000

Output liability (Tax head)	Tax Payable	Paid through ITC			Tax paid in cash
		IGST	CGST	SGST	
IGST	6,000		2,000	2,000	2,000
CGST	8,000		8,000		
SGST	8,000			8,000	

In the above solution, it is assumed that balance IGST liability of Rs. 2,000 (after utilising CGST and SGST) is not paid off in cash.

Alternatively, students may assume that the balance liability of Rs. 2,000 is paid off in cash. Accordingly, Output IGST liability of Rs. 2,000 shall not appear under liability side of the balance sheet and amount of cash at bank is reported as Rs. 1,87,000

(12 MARKS)**ANSWER : 2****The Youth Club****Receipts and Payments Account for the year ended 31st December, 2022**

Receipts	Rs.	Rs.	Payments	Rs.	Rs.
To Balance b/d (balancing figure)		1,390	By Salaries	4,750	
To Subscriptions as per Income & Expenditure Account	7500		<i>Add:</i> Paid for 2021	400	
<i>Add:</i> 2021's Received	600		<i>Less:</i> Unpaid for 2022 General	(450)	4,700
Received	270		By Expenses <i>Add:</i> Paid for 2023	500	
	8,370		By Audit fee (2022)	60	560
<i>Less:</i> 2022's Received in 2021	(450)		By Secy. Honorarium		200
	7,920		By Stationery & Printing		1,000
					450

Less: 2022's Outstanding	(750)	7,170	By Annual Dinner Expenses	1,500
To Entrance Fees		250	By Interest & Bank Charges	150
To Contribution for annual dinner		1,000	By Sports Equipments	400
To Annual sport meet receipt		750	By Balance c/d	1,600
		10,560		10,560
To Balance b/d		1,600		

Balance Sheet of Youth Club as on December 31, 2022

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Subscription received in advance		270	Freehold Ground		10,000
Audit Fee Outstanding		250	Sport Equipment:		
Salaries Outstanding		450	As per last Balance Sheet	2,600	
Bank Loan		2,000	Additions	400	
Capital Fund :				3,000	2,700
Balance as per previous Balance Sheet	11,540		Less : Depreciation	(300)	750
Add : Surplus for 2022	600	12,140	Subscription Outstanding		60
			Insurance Prepaid		1,600
			Cash in hand		
		15,110			15,110

Balance Sheet of Youth Club as on 31st December, 2021

Liabilities	Rs.	Assets	Rs.
Subscriptions received in advance	450	Freehold Ground	10,000
Salaries outstanding	400	Sports Equipment	2,600
Audit fees unpaid	200	Subscriptions Outstanding	600
Bank Loan	2,000	Cash in hand	1,390
Capital Fund (balancing figure)	11,540		
	14,590		14,590

(12 MARKS)

ANSWER : 3

Trading Account of Mr. Anup for the year ended 31st March 2022

	Rs.	Rs.		Rs.	Rs.
To Opening Inventory		1,10,000	By Sales	9,59,750	
To Purchases	4,54,100		Less: Sales Return	(1,200)	9,58,550

Less: Purchases Return	(4,200)	4,49,900	By Closing Inventory	1,90,000
To Gross Profit (b.f.)		5,88,650		
		11,48,550		11,48,550

Profit & Loss Account of Mr. Anup for the year ended 31st March 2022

	Rs.		Rs.
To salary (9,200 x 12)	1,10,400	By Gross Profit	5,88,650
To Electricity & Tel. Charges (18,700 + 2,200)	20,900	By Discount	2,700
To Legal expenses	17,000		
To Discount (2,400 + 750)	3,150		
To Shop exp. (600 x 12)	7,200		
To Provision for claims for damages	1,55,000		
To Shop Rent	20,000		
To Net Profit (b.f.)	2,57,700		
	5,91,350		5,91,350

Balance Sheet as on 31st March 2022

Liabilities	Rs.		Assets	Rs.
Capital A/c (W.N.vi)	2,38,200		Building (from summary cash and bank A/c)	3,72,000
Add : Fresh capital introduced			Furniture	25,000
Maturity value from LIC	20,000		Inventory	1,90,000
Rent	14,000		Sundry debtors	92,000
Add : Net Profit	2,57,700		Bills receivable	6,000
	5,29,900		Cash at Bank	87,000
Less : Drawing(14,00 x12)	(16,800)	5,13,100	Cash in Hand	5,300
Rent outstanding		20,000		
Sundry creditors		56,000		
Bills Payable		14,000		
Outstanding expenses				
Legal Exp.	17,000			
Electricity &				
Telephone charges	2,200	19,200		
Provision for claims for Damages		1,55,000		
		7,77,300		7,77,300

Working Notes :

Sundry Debtors Account

	Rs.		Rs.
To Balance b/d	70,000	By Bill Receivable A/c	
To Bill receivable A/c - Bills dishonoured	3,000	Bills accepted by customers	40,000
To Bank A/c-Cheque dishonoured	5,700	By Bank A/c - Cheque received	5,700
To Credit sales (Balancing Figure)	9,59,750	By Cash (from summary cash and bank account)	8,97,150
		By Return inward A/c	1,200
		By Discount A/c	2,400
		By Balance c/d	92,000
	10,38,450		10,38,450

Bills Receivable Account

	Rs.		Rs.
To Balance b/d	15,000	By Sundry creditors A/c	
To Sundry Debtors A/c (Bills accepted)	40,000	(Bills endorsed)	10,000
		By Bank A/c (20,000 – 750)	19,250
		By Discount A/c (Bills discounted)	750
		By Bank	
		Bills collected on maturity	16,000
		By Sundry debtors	
		Bills dishonoured (Bal. Fig)	3,000
		By Balance c/d	6,000
	55,000		55,000

Sundry Creditors Account

	Rs.		Rs.
To Bank	3,20,000	By Balance c/d	40,000
To Cash	77,200	By Credit purchase	
To Bill Payable A/c	24,000	(Balancing figure)	4,54,100
To Bill Receivable A/c	10,000		
To Return Outward A/c	4,200		
To Discount Received A/c	2,700		
To Balance b/d	56,000		
	4,94,100		4,94,100

Bills Payable A/c

	Rs.		Rs.
To Bank A/c (Balance figure)	22,000	By Balance b/d	12,000
To Balance c/d	14,000	By Sundry creditors A/c	24,000
		Bills accepted	
	36,000		36,000

Summary Cash and Bank A/c

	Cash	Bank		Cash	Bank
	Rs.	Rs.		Rs.	Rs.
To Balance b/d	5,200	90,000	By Bank	7,62,750	
To Sundry debtors (Bal. Fig)	8,97,150		By Cash		1,21,000
To Cash		7,62,750	By Shop exp. (600 x 12)	7,200	
To Bank	1,21,000		By Salary (9,200 x 12)	1,10,400	
To Sundry Debtors		5,700	By Drawing A/c	16,800	
To Bills receivable		19,250	(1,400 x 12)		
To Bills receivable		16,000	By Bills Payable		22,000
To Capital (maturity value of LIC policy)		20,000	By Sundry creditors	77,200	3,20,000
To Capital (Rent received)		14,000	By Furniture	25,000	
			By Sundry Debtors		5,700
			By Electricity & Tel.Charges	18,700	
			By Building (Bal. fig)		3,72,000
			By Balance c/d	5,300	87,000
	10,23,350	9,27,700		10,23,350	9,27,700

Statement of Affairs as on 31st March 2021

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	40,000	Inventory	1,10,000
Bills Payable	12,000	Debtors	70,000
Capital (Balancing figure)	2,38,200	Bills receivable	15,000
		Cash at Bank	90,000
		Cash in Hand	5,200
	2,90,200		2,90,200

(16 MARKS)

ANSWER : 4

State with reasons whether the given statement is True or False

- 1. True:** Since entry system has no fixed set of principles for recording the financial transaction, different organisations maintain records as per their needs. Hence their accounts are not comparable
- 2. True:** Current assets are all the assets which are expected to be realized or sold or consumed within one year.
- 3. True:** Manufacturing account deals with the raw material and work in progress.
- 4. True:** While on the death bed, if there is any will written that the assets of a person shall be donated to any NPO- then such a donation to the NPO, is termed as Legacy.
- 5. True:** When a bill is drawn in the country and is payable outside the country it is termed as a foreign bill.

(5 * 2 MARKS = 10)