



CAFC MOCK 1 SOLUTION JUNE 2024

ACCOUNTS

Q1A) State Whether Following statement are True or False along with Reasons.

1) False

Good withdrawn by the owner or proprietor are considered as drawings and the same are to be debited to his personal account.

The two effects for such a transaction will be Trading Acc - credit side and Capital account - Debit side.

2) False

Life membership fees are received from a member only once in a lifetime by the club. Such receipts should be considered as capital receipts.

3) False

The errors which are identified after trial balance is prepared can be adjusted through suspense account. But all errors are not adjusted through suspense account especially two sided errors or errors of principle

4) True

As per the Indian partnership act in the absence of information or communication amongst the partners , the profit sharing ratio will be equal.

5) False

On forfeiture of shares the Share capital account is debited by the called up capital till date.

Calls in arrears are credited by the amount pending from the shareholder and Share Forfeiture is credited by the amount received from the shareholder.

6) True

The valuation of inventory is based on the principle of conservatism as we take the lower of the two values. The principle states us to take the lesser value and hence not booking unrealised profits.

Q1) B

In the books of firm

Dr.

Profit & loss appropriation A/c

Cr.

Date	Particulars	₹	Date	Particulars	₹
2017 31/12	To Partners Capital		2017 31/12	By Profit & loss A/c	159000
	A 16000				
	B 10000				
	C 8000	34000			
	To Partners Capital				
	A 57500				
	B 37500				
	C 30000	125000			
		<hr/>			<hr/>
		159000			159000

Q1 C.

Journal in the books of Trader

	Particulars	L/f	Debit (₹)	Credit (₹)
i)	Interest A/c Dr To Commission A/c (Being wrong account debited now rectified)		4500	4500
ii)	M/s Sobhag A/c Dr To Suspense A/c (Being wrong account debited now rectified)		90	90
iii)	Machinery A/c Dr To Drawings A/c (Being wrong account debited now rectified)		35000	35000
iv)	Return inwards A/c Dr To Customer A/c (Being entry omitted to be recorded, now recorded)		5000	5000
			<hr/>	<hr/>
			44590	44590

Q2 A)

In the Books of SSP

Bank reconciliation statement as on 31st Aug 2018

Particulars	Amt Rs	Amt Rs
OD as per passbook		15,950
Add- Cheque deposited, not recorded in CB	105	
Cheque drawn , but not cashed	6075	
Undercasting of debit side of CB	1000	
Payment recorded twice in CB	2450	
Bank charges recorded twice in CB	600	10230
		26,180
Less- Cheque received not sent to Bank for collection	1015	
Cheques sent to bank for collection, not credited by Bank	3550	
Credit balance brought forward	8800	
Bank charges not recorded in CB	415	
Interest charged by bank not in CB	1200	(14980)
OD as per Cash Book		11,200

Q.2 B

In the books of A, B and C

Dr. Revaluation A/c Cr.

Particulars	Amount	Particulars	Amount
To Furniture	1875	Partners Capital A/c	
To Bad debts	1000	A	1913
To RDD	950	B	1912
	3825		3825

Sacrificing ratio : 1 : 1

A B C

1 : 1 : 2

$$SR : A = \frac{1}{2} - \frac{1}{4} = \frac{1}{4}$$

$$B = \frac{1}{2} - \frac{1}{4} = \frac{1}{4}$$

Dr. Partners Capital A/c Cr.

Particulars	A	B	C	Particulars	A	B	C
To Furniture		5625		By Balance b/d	20000	20000	
To Revolution	1913	1912		By Reserves	25000	25000	
To Bank	39337	23713		By equipment			40000
To Balance c/d	20000	20000	40000	By A wife loan	10000		
				By bank	6250	6250	
	61250	51250	40000		61250	51250	40000

Balance sheet as on 31st March 2024

Liabilities	Amount	Amount	Asset	Amount	Amount
A	20000		Equipment		40000
B	20000		Machinery		20000
C	40000	80000	Furniture (-) Taken over	15000 (7500)	7500
Creditors		20000	Stock		10000
A Wife loan	10000		Debtors (-) Bad debts (-) RDD	20000 (1000) (950)	18050
(-) Taken over	(10000)	0	Bank (55000 + 6250 + 6250 – 39337 – 23713)		4450
		100000			100000

3A. Dr.

In the books of P. Ltd.

Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
2023 – 2024 1 st Sept	To bank A/c	240000	2023 - 24	By depreciation A/c By balance c/d	23333 216667
		<u>240000</u>			<u>240000</u>
24 – 25			24 – 25		
1 st April	To balance b/d	216667	31 st Mar	By depreciation A/c (40000 + 50000 + 40000)	140000
	To bank A/c	500000		By balance c/d	1276667
1 st Oct	To bank A/c	700000			<u>1416667</u>
		<u>1416667</u>			
25 – 26			25 – 26		
1 st April	To balance b/d	1276667	1 st Oct	By depreciation A/c By bank A/c	20000 135000
	To bank A/c	75000		By loss on sale of asset	21667
1 st Oct			31 st Dec	By depreciation A/c By bank A/c	37500 NIL
				By loss on sale of asset a/c	287500
			31 st Mar	By depreciation A/c (80000 + 50000 + 10000)	140000
		<u>1351667</u>		By balance c/d	710000
					<u>1351667</u>
26 – 27					
1 st Apr	To balance b/d	710000			

3B.

In the books of Mr. Prakash

Dr.

Trading A/c for year ended 31/3/20

Cr.

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To opening stock		38600	By Sales:		
To purchases:			Cash	170800	
Cash		122750	Credit	683200	854000
Credit		491000			
To gross profit		257350	By Closing Stock		55700
		<u>909700</u>			<u>909700</u>

Dr.

Profit and loss A/c for year ended 31/3/20

Cr.

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To general expense		22500			
To rent and tax		11800			
To salaries	75000		By Gross Profit		257350
(-) outstanding (31/3/19)	(12000)		By interest on investment	9750	
	63000		interest accrued	450	10200
+ outstanding (31/3/20)	14000	77000			
To bad debts	0				
+ new bad debts	7200				
(+) R.D.D. new	7000	14200			
To depreciation		10950			
To net Profit		131100			
		<u>267550</u>			<u>267550</u>

Balance Sheet as on 31/3/20

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital	332150		Cash in hand		20150
+ additional	50000		cash at bank		36600
	<u>382150</u>		machinery	85000	
(-) drawings	(96000)		(-) depreciation	(8500)	76500
	286150		furniture	24500	
+ profit	131100	417250	(-) depreciation	(2450)	22050
creditors		208200	Debtors	357200	
outstanding salary		14000	(-) new bad debts	(7200)	
				<u>350000</u>	
			(-) R.D.D.	(7000)	343000
			Stock		55700
			Investment 12%	85000	
			+ interest accrued	450	85450
		<u>639450</u>			<u>639450</u>

Dr.

Balance Sheet as on 31/3/19

Cr.

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital		332150	Bank		16250
Creditors		60200	Machinery		85000
Outstanding Salary		12000	Furniture		24500
			Debtors		155000
			Stock		38600
			Investment		85000

Dr.

Debtors A/c

Cr.

Particulars	Rs.	Particulars	Rs.
To balance b/d	155000	By bank A/c	481000
To sales	683200	By balance c/d	357200
	<u>838200</u>		<u>838200</u>

Dr.

Creditors A/c

Cr.

Particulars	Rs.	Particulars	Rs.
To bank A/c	343000	By balance b/d	60200
		By purchase	491000
To balance c/d	208200		
	<u>551200</u>		<u>551200</u>

4) A

Journal in the books of Mr. Loki

Date	Particular	I/f	Debit	Credit
1 st Aug	Bills Receivable A/c Dr. To Mr. Thor A/c (Being bill drawn on Mr. Thor)		10,000	10,000
1 st Aug	Bank A/c Dr. Discounting A/c Dr. To bills receivable A/c (Being bill discounted)		9,800 200	10,000
4 th Nov	Mr. Thor A/c Dr. To bank A/c (Being bill dishonoured).		10,000	10,000
4 th Nov	Mr. Thor. A/c Dr. To interest A/c (Being interest due)		240	240
4 th Nov	Bank A/c Dr. To Mr. Thor A/c (Being part payment accepted).		2,240	2,240

4 th Nov	Bills receivable A/c To Mr. Thor A/c (Being bill accepted for balance amount)	Dr.		8,000	8,000
31 st Dec	Mr. Thor A/c To Bills Receivable A/c (Being Bill dishonoured)	Dr.		8,000	8,000
31 st Dec	Bank A/c Bad Debts A/c To Mr Thor A/c (Being 40% of estate recovered)	Dr. Dr.		3,200 4,800	8,000
				56,480	56,480

4) B

Dr. In the books of Mr. Rocky Cr.

Particulars	Amount	Particulars	Amount
To opening stock	5,00,000	By raw material consumed	50,00,000
To creditors	65,00,000	By closing stock.	20,00,000
	70,00,000		70,00,000

Dr. Creditors A/c Cr.

Particulars	Amount	Particulars	Amount
To Bank A/c	1,10,00,000	By Balance b/d	75,00,000
To balance c/d	30,00,000	By raw material purchased	65,00,000
	1,40,00,000		1,40,00,000

Dr. Manufacturing A/c Cr.

Particulars	Amount	Particulars	Amount
To raw materials consumed	50,00,000	By trading A/c	90,00,000
To wages	15,00,000		
To depreciation	15,00,000		
To direct expenses	10,00,000		
	90,00,000		90,00,000

WN

$$\begin{aligned} \text{Dep} &= 10,00,000 + 10\% \text{ of } 50,00,000 \\ &= 15,00,000 \end{aligned}$$

$$\begin{aligned} \text{Wages} &= 17,50,000 - 2,50,000 \\ &= 15,00,000 \end{aligned}$$

$$\begin{aligned} \text{Direct Exp :} & \quad 12,20,000 \\ (-) \text{ office electricity} & \quad (1,20,000) \\ (-) \text{ Delivery} & \quad (1,00,000) \\ & \quad = 10,00,000 \end{aligned}$$

4) C

Particular	Tofu	Shifu	Zack	Sam
opening balance	30000	40000	35000	24000
+ general reserve	<u>6000</u>	<u>6000</u>	<u>6,000</u>	<u>6000</u>
	36000	46000	41000	30000
(-) Drawings	<u>(8000)</u>	<u>(0)</u>	<u>(2000)</u>	<u>(4000)</u>
	28000	46000	39000	26000
P.S.R	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
(A)	28,000	46,000	39,000	26,000
Taking sam's capital base (B)	<u>(26000)</u>	<u>(26000)</u>	<u>(26000)</u>	<u>(26000)</u>
as excess capital (A-B) (C)	2000	20000	13000	Nil
PSR	<u>1</u>	<u>1</u>	<u>1</u>	
	2000	20000	13000	
Taking tofu's capital as base (D)	<u>(2000)</u>	<u>(2000)</u>	<u>(2000)</u>	
(C-D) (E)	0	18000	11000	
PSR		<u>1</u>	<u>1</u>	
		18000	11000	
taking zack's capital as base. (F)		<u>(11000)</u>	<u>(11000)</u>	
super excess capital (E-F) (G)		7000	0	

5 A

In the books of _____

Manufacturing A/c for year ended

Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening WIP		24000	By Sales of scrap		20000
To raw material consumed :			By closing WIP		55000
Opening Stock	35000				
(+) Purchased	1050000				
(-) returns	2000)				
(-) closing stock	(40000)	1043000			
To Carriage inwards		18000	By cost of goods manufactured		1282000
To cost of rectifying defective work		22000			
To wages	120000				
+ outstanding	12000	132000			
To direct overheads		36000			
To depreciation on machinery		25000			
To Factory expenses		21000			
To Foreman's salary		36000			
		1357000			1357000

Q5 B)

Smith Library Society
Income and Expenditure Account
for the year ended 31st March, 2018

Dr.					Cr.
Expenditure	₹	₹	Income		₹
To Electric charges		7,200	By Entrance fee (25% of ₹ 30,000)		7,500
To Postage and stationary		5,000			
To Telephone charges		5,000	By Membership subscription	2,00,000	
To Rent	88,000			<u>10,000</u>	1,90,000
Add: Outstanding	<u>4,000</u>	92,000	Less: Received in advance		
To Salaries	66,000		By Sale proceeds of old papers		1,500
Add: Outstanding	<u>3,000</u>	69,000	By Hire of lecture hall		20,000
To Depreciation (W.N.1)			By Interest on securities (W.N.2)	8,000	
Electrical fittings	15,000		Add: Receivable	<u>500</u>	8,500
Furniture	5,000		By Deficit- excess of expenditure over income		16,700
Books	<u>46,000</u>	66,000			
		<u>2,44,200</u>			<u>2,44,200</u>

Balance Sheet of Smith Library Society
as on 31st March, 2018

Liabilities	₹	₹	Asset	₹	₹
Capital fund	7,93,000		Electrical fittings	1,50,000	
Add: Entrance fees	<u>22,500</u>		Less: Depreciation	<u>(15,000)</u>	1,35,000
	8,15,500		Furniture	50,000	
Less: Excess of expenditure over income	<u>(16,700)</u>	7,98,800	Less: Depreciation	<u>(5,000)</u>	45,000
Outstanding expenses:			Books	4,60,000	
Rent	4,000		Less Depreciation	<u>(46,000)</u>	4,14,000
Salaries	<u>3,000</u>	7,000	Investment:		
Membership subscription in			Securities	1,90,000	
			Accrued interest	<u>500</u>	1,90,500
			Cash at bank		20,000

advance		10,000			
		<u>8,15,800</u>	Cash in hand		<u>11,300</u>
					<u>8,15,800</u>

Working Notes:

1. Depreciation

Electrical fittings 10% of ₹ 1,50,000	15,000	₹
Furniture 10% of ₹ 50,000	5,000	
Books 10% of ₹ 4,60,000	46,000	

2. Interest on Securities

Interest @ 5% p.a. on ₹ 1,50,000 for full year	7,500	
Interest @ 5% p.a. on ₹ 40,000 for half year	<u>1,000</u>	8,500
Less: Received		(8,000)
Receivable		<u>500</u>

6 A) Journal in the books of omg ltd.

Sr.No	Particulars		Debits	Credits
a)	Bank A/c To equity share capital A/c To Securities premium A/c (Being new equity shares issued)	Dr.	6,00,000	5,00,000 1,00,000
b)	Bank A/c To fixed deposit A/c (Being fixed deposit matured in full)	Dr.	5,00,000	5,00,000
c)	Bank A/c To equity share of GM Ltd To profit and loss A/c (Being shares realized @124% of cost price)	Dr.	12,40,000	10,00,000 2,40,000
d)	Preference share capital A/c Premium on redemption A/c To preference share holders (Being preference share due for redemption)	Dr.	10,00,000 50,000	10,50,000
e)	Profit and loss A/c To premium on redemption A/c (Being premium written off)	Dr.	50,000	50,000
f)	Profit and loss A/c To capital redemption reserve A/c (10,00,000 – 5,00,000) (Being CRR Created)	Dr.	5,00,000	5,00,000
g)	Preferences shareholder's A/c To bank A/c (Being preference shares redeemed and amount paid)	Dr.	10,50,000	10,50,000
			49,90,000	49,90,000

Balance sheet as on 31/3/2023

Sr.No	Particulars	Sch. No	Debits	Credits
	<ul style="list-style-type: none"> LIABILITES : (A) Shareholder's funds <ul style="list-style-type: none"> Share capital Reserves and suspires (B) Loans and Advances <ul style="list-style-type: none"> Secured loans (debentures) (C) Current liabilities 			
	Total			67,90,000
	<ul style="list-style-type: none"> ASSETS : (A) Fixed Assets (B) Current Assets <ul style="list-style-type: none"> Bank 			
	Total			67,90,000
	Schedule 1 : share capital			X X
	Authorised share capital			30,00,000
	Issued , paid up and subscribed :			<u>Nil</u>
	60,000 equity shares of Rs. 50			30,00,000
	9% pref. shares			
	Schedule 2 : Reserves and surprises			
	Profit and loss			11,90,000
	Securities premium			6,00,000
	General reserve			5,00,000
	Capital redemption reserve			5,00,000
				<u>27,90,000</u>
	Schedule 3: bank			32,90,000
	(20,00,000 +6,00,000 +5,00,000 +12,40,000 - 10,50,000)			

$$6 B) * \text{ Simple Average Price} : \frac{35+30+40+50}{4}$$

$$= \text{Rs. } 38.75$$

(No. of units) closing stock = opening stock + purchase - Sales

$$= 50 + 450 - 350$$

$$= 150 \text{ units}$$

Value of closing stock = 150 × 38.75

$$= 5812.5$$

$$= \text{Rs. } 5813$$

Weighted Average Method

Statement of stock As on 31/12/2024

Date	Purchase			Sales			Balance		
	Qts	Rate	Amt	Qts	Rate	Amt	Qts	Rate	Amt
1/0/24							50	35	1750
1/10/24	100	30	3000				150	31.67	4750
15/10/24				50	31.67	1583	100	31.67	3167
1/11/24	200	40	8000				300	37.22	11166
20/11/24				100	37.22	3722	200	37.22	7444
1/12/24				100	37.22	3722	100	37.22	3722
15/12/24	150	50	7500				250	44.89	11222
				100	44.89	4489	150	44.89	6733

Value of closing stock at 31/12/2024 is Rs. 6733