

Bhagya Achievers Test Series

CA Foundation

Paper 1: Accounting

Chapter 2: Accounting Process

Total Marks: 30

Time: 54min.

Question1. (10 Marks)

Mr. Ratan was unable to agree the Trial Balance last year and wrote off the difference to the Profit and Loss Account of that year. Next year, he appointed a Chartered Accountant who examined the old books and found the following mistakes:

- (i) Purchase of a scooter was debited to conveyance account Rs 30,000. Mr. Ratan charges 10% depreciation on scooter.
- (ii) Purchase account was over cast by Rs 1,00,000.
- (iii) A credit purchase of goods from Mr. X for Rs 20,000 was entered as sale.
- (iv) Receipt of cash from Mr. Anand was posted to the account of Mr. Bhaskar Rs 10,000.
- (v) Receipt of cash from Mr. Chandu was posted to the debit of his account, Rs 5,000.
- (vi) Rs 5,000 due by Mr. Ramesh was omitted to be taken to the Trial Balance.
- (vii) Sale of goods to Mr. Ram for Rs 20,000 was omitted to be recorded.
- (viii) Amount of Rs 23,950 of purchase was wrongly posted as Rs 25,930.

Suggest the necessary rectification entries.

Question2. (6 Marks)

Enter the following transactions of M/s Jingle Trading Company in cash book with triple column, and balance the cash book as on 31st December, 2017.

Date (2017)	Particulars
Dec. 1	Cash in hand Rs 4,000; Bank overdraft Rs 1,000
Dec. 3	Received a cheque from Raj Rs 200 and allowed him discount Rs 40.
Dec. 7	Raj's cheque deposited into bank.
Dec. 10	Withdrawn from bank for office use Rs 800
Dec.12	Paid bills payable by cheque Rs 600
Dec. 15	Cheque received from chandan Rs 2,400 against due of Rs 2,450
Dec. 20	Issued cheque for petty cash Rs 100
Dec 26	Paid to Sneha by cheque Rs 920 discount Received Rs 30.
Dec. 28	Cash sales Rs 900

Question3. (5 Marks)

Pass Journal Entries for the following transactions in the books of Gamma Bros.

- (i) Employees had taken inventory worth Rs 1,00,000 (Cost price Rs 75,000) on the eve of Deepawali and the same was deducted from their salaries in the subsequent month.
- (ii) Wages paid for erection of Machinery Rs 18,000.
- (iii) Income tax liability of proprietor Rs 17000 was paid out of petty cash.
- (iv) Purchase of goods from Naveen of the list price of Rs 2,00,000. He allowed 10% trade discount, Rs 5,000 cash discount was also allowed for quick payment.

Question4. (5 Marks)

Discuss the following:

- (i) What do you mean by principal books of accounts?

- (ii) What are the rules of posting of journal entries into the Leger?

Question5. (4 Marks)

One of your clients Mr. X asked you to finalize his account for the year ended 31st March,2022. As a basis for audit, Mr. X furnished you with the following statement:

	Dr.	Cr.
X's Capital		4,668
X's Drawings	1,692	
Leasehold Premises	2,250	
Sales		8,250
Due from customers		1,590
Purchases	3,777	
Purchase Return	792	
Loan from Bank		768
Trade Expense	2,100	
Trade Payable	1,584	
Bills Payable	300	
Salaries and Wages	1,800	
Cash at Bank	678	
Opening Inventory		792
Rent and Rates	1,389	
Sales Return		294
	16,362	16,362

The closing inventory was Rs1,722. Mr. X claims that he has recorded every transaction correctly as the trial balance is tallied. Check the accuracy of the above trial balance and give reasons for the errors, if any.