



# The Institute of Chartered Accountants of India

Code: FD1PP423326  
Subject : 01 Principles and Practices of Accounting

Total Marks: 100  
Marks Obtained : 93

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

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

CA - FOUNDATION Examination

Group No. .... Paper No. ....

Subject **PRINCIPLES AND PRACTICE OF ACCOUNTING**

Number of Answer Books used : Main + ..... additional sheets

**For use by ICAI only**

423326

14 DEC 2022

Q.No.	To be ticked (✓) by the candidate 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							

Total Marks awarded (in words) \_\_\_\_\_

Examiner's Signature \_\_\_\_\_

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DECEMBER 2022

Use only Blue / Black Ball Point Pen to write and shade the circles.  
**AVOID RED PEN.**  
Write the marks in the boxes before shading the respective circles.

Total Marks awarded

(0)	(0)
(1)	(1)
(2)	(2)
(3)	(3)
(4)	(4)
(5)	(5)
(6)	(6)
(7)	(7)
(8)	(8)
(9)	(9)

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### INSTRUCTIONS TO THE CANDIDATE

#### Answers are not to be written on this page

- Answers should be written in figures and words in the allotted space at the right hand corner of the answer book only and nowhere else including additional answer book/s and graph paper.
- Roll number should be written in the box in numbers and darken the appropriate circles of the OMR Marking Sheet provided in the right hand corner of the cover page with **Black / Blue** ball point pen.
- Fill particulars such as name of Examination, Group No., Paper No. and subject at the appropriate space at the left hand upper corner.
- Remove the Bar Code sticker of the particular paper from the Attendance sheet and affix the same on the box provided in the right hand corner of the cover page.
- Since a machine will read the Roll no., please check and ensure that Roll number written in numbers, words and circles darkened are correct. In case any candidate fills this information wrongly, Institute will not take any responsibility for rectifying the mistake.
- The answers should be written neatly and legibly.
- 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.
- 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.
- 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"
- 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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QUESTION-1

1 (a)

2

(i) False - Financial statements are prepared on the assumption that an enterprise is a going concern and will continue its operation for the foreseeable future.

2

(ii) True

The given statement is true, as periodic inventory system is a method where the inventories are ascertained by taking the actual physical count. This method is simple and less expensive.

2

(iii) True:-

As per conservatism principle, an accountant should not provide for anticipatory loss, but however, should provide for all possible loss. Hence, provision for

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Discount on creditors is not often provided.

2

(iv) False:-

It is not needed that all errors are to be rectify by suspense A/c. because, if there is error of principal in such case the trial balance tally even if there is error in the books of account.

(v) True:-

Both revenue and capital nature of transaction are recorded in the receipts and payment A/c this because it is summary of cash and book account of the business. More, this A/c donot form party books of account. It is just prepared to know the cash and bank balance

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(vi) ~~True~~

1  
11

R  
1aStep6  
ja

False → fixed charges. lowers the assets of company only present not future.

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b).

Provision	Contingent liability
→ provision is an present obligation of an uncertain amount, this can be ascertained by substantial degree of measure.	→ Contingent liability is a possible obligation may or may crystallise depending on happening or non-happening of uncertain future event.
→ It provision is recognised criteria	It fails to recognised criteria
→ It is recognised by the business enterprise (a) - present obligation (that is more likely to happen). (b) the amount of obligation can be ascertained.	→ It includes even present obligation which fails to meet the recognition criteria because either (a) is not probable these settlement of obligation

6



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requires outflow of economic benefit  
the obligation cannot be ascertained in a reliable manner.

4 R  
1bStep1

→ When the management estimate the present obligation, create a provision in balance sheet.

→ They are just disclosed in foot note balance sheet.

4 R  
1b

→ entry ↓  
profit and loss a/c  
to provision a/c

→ No entry is passed.

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(c)

Dr.		Machinery Account				Cr.	
Date	Particulars	₹	Date	Particulars	₹		
2019 1 April	Bank A/c (1) (120,000 + 20,000)	150,000	2020 31 March	Depreciation (1)	30,000		
				" Balance b/d.	120,000		
		150,000			150,000		
2020 1 April	Balance b/d (1) machinery	120,000	2021 31 March	Depreciation	30,000		
				" Balance c/d.	90,000		
		120,000			120,000		
2021 1 April	Balance b/d. (1) machinery	90,000	2021 Oct 1	Bank (sold)	60,000		
Oct 1	Bank A/c (2)	50,000	Oct 1	Depreciation (1) (WN-2)	6,750		
Oct 1	profit and loss A/c	16,750	2022 31 March	Depreciation (2) (WN-3)	3,750		
				" Balance b/d.	46,250		
		156,750			156,750		





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(WIN-1)  $150,000 \times \frac{20}{100} \Rightarrow 30,000 \rightarrow \text{Depreciation}$

Value of machinery on 2021 - 90,000.

WIN-2  $\Rightarrow$  Depreciation  $(90,000 \times \frac{20}{100})$

	6750
	<u>83250</u>
Sold.	100,000
profit on sale.	<u>16750</u>

WIN-3  $150,000 \times \frac{15}{100} \times \frac{6}{12} = 8750$

3 R 1cStep1  
3 R 1c  
18 R 1

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(a)(a)

(2)

(a) Assumed books of account are closed on 31<sup>st</sup> December 2021.

Dr Adjusted Cash Book (Adjustment)

Date	Particulars	(₹)	Date	Particulars	(₹)
	To Balance b/f	260400		By petty Ac	118000
	To overcasting	10,000		By insurance premium	1900
	To carry forward	16920		By error (cash book)	1300
	To Dividend Ac	25000		Balance c/d	92600
	To cheque twice	175000			
	To bill for collect	53000			
		559320			

Bank reconciliation statement as on 31<sup>st</sup> Dec 2021

Particulars	(₹)
Balance as per cash book	422620
Add:- of the total cheque amounting to ₹ 12370 drawn in the last week	3010
2a Step 1 the aggregating of 9360 were enclosed	
R	
Balance as per pass book	425630
2a	

10

10

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Journal entries

	Dr	Cr
(i) Repair A/c (Dr) TO Building A/c (Being error of principle)	1250	1250
(ii) Shyam Lal A/c (Dr) TO Bad Debts Recoverable A/c (Being error is rectified)	3000	3000
(iii) Furniture A/c (Dr) TO Purchase A/c (Being purchase of asset is treated as purchase, hence rectified)	20,000	20,000
(iv) Purchase A/c (Dr) TO Ram Singh A/c (Being award of purchase in Books)	2000	2000



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12

(v) Drawing A/c (Dr)	15000		
TO Audit fees A/c			15000.
(Being Drawing is treated as expense, hence certified)			
(vi) Pinki Rani A/c (Dr)	4500		
TO Meet kumar A/c			4500.
(Being wages credit given in Pinki Rani A/c, hence certified)			
(vii) Sale return A/c (Dr)	6200		
TO Customer A/c			6200.
(Being goods return by a customer)			
(viii) Furniture A/c Dr	1500		
TO wages A/c			1500.
(Being error of principle)			



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(ix)	Salary A/c	(Dr)	12000	
	TO clerk's A/c			12000.
	(Being wrongly debited to clerk's personal A/c)			
(x)	Purchase A/c	(Dr)	20,000	
	TO Sale A/c	(Dr)	20,000.	
	TO Raghav A/c			40,000.
	(Being wrongly entered through the sale book of purchase)			

10 2bStep1  
10 2b  
20 2



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9/11/14

3. [a] Part		Dr (₹)	Cr (₹)
In the books of _____ particulars			
April	Bill receivable A/c (Dr) to J A/c (Being bill in accy.)	120,000	120,000
April	Bank A/c (Dr) Discount charges A/c (Dr) to Bill receivable A/c (Dr) (Being bill discounted)	17200. 7200.	180,000
April	J A/c Dr. to Bank A/c to Discount charges A/c (Being admitted to J and discount charges)	60,000.	57600. 2400.
1 July	J A/c to Bill payable A/c (Being new Bill payable)	252000	252000
1 July	Bank A/c Discount charges to J A/c (Being received both from J)	40440. 4560	45000
"	J A/c to Deficiency A/c to Bank A/c (Being bankrupt)	24000	42000 42000

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In the books of "J"			
Date	Particulars	Dr (₹)	Cr (₹)
1 April	T's A/c (Dr) 180,000	180,000	
	TO Bill payable A/c		180,000
	(Being bill is accepted)		
1 April	Bank A/c (Dr) 57,600	57,600	
	Discount charges A/c (Dr) 2,400	2,400	
	TO T's A/c		60,000
	(Being received the remitted amount by T)		
<del>1 July</del>	<del>Bill payable A/c (Dr) 180,000</del>	<del>180,000</del>	
	<del>    TO T's A/c</del>		<del>180,000</del>
	<del>(Being cancelling the entry)</del>		
1 July	Bill receivable A/c (Dr) 252,000	252,000	
	TO T's A/c		252,000
	(Being issued new bill)		



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1 July	Bank A/c	Dr.	240660.	
	Discount charges A/c	By	11340.	
		TO Bill receivable A/c		252000.
	(Being discounted with bank).			
1 July	T A/c		48000	
		TO Bank A/c		40140
		TO Discount charges A/c		7860.
	(Being remitted to T).			
1 July	Bill payable A/c	Dr	120,000	
		TO Bank A/c		120,000.
	(Being paid 1st Bill).			
4	Bad Debts A/c	Dr	42000	
	Bank A/c		42000.	
		TO T A/c		84000.
	(Being bad debts of T and paid so).			

6  
R  
3aStep2

11  
3a

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(b) (or) (ii)

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Date of Transaction	Due Date	Amount	no. of days	Product
Jan-2-2022	Jan-9	60,000.	0.	0.
Jan-28.	Feb-4.	55000.	26.	1430,000.
Feb-17.	Feb-24.	50000	46.	222,0000
March-4.	March-11.	42000.	61.	2562000.
		<u>227000.</u>		<u>212000.</u>

$$\text{Average due date} = \text{Base date} + \frac{\text{total product}}{\text{total amount}}$$

$$\Rightarrow 9 \text{ Jan } 2022 + \frac{212000}{227000}$$

$$\Rightarrow 9 \text{ Jan } 2022 + 31.7 \text{ days}$$

$$\Rightarrow 9 \text{ Jan } 2022 + 32 \text{ days}$$

$$\Rightarrow 10 \text{ Feb } 2022$$

[P.T.-0]

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Interest payable by 'D' →

$$\Rightarrow \frac{227000 \times .49}{365} \times \frac{12}{100}$$

5 3bStep1

$$\Rightarrow \frac{5656.16}{365}$$

5 3b

16 3

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5 (a)

Cash book (Triple column)

Dr			Cr					
Date	Particulars	Discount	Cash	Bank	Particulars	Discount	Cash	Bank
1	Balance b/d		80,000	120,000	By Bank A/c		10,000	
2	To Cash A/c			2,000	By Furniture A/c			15
10	To Mohan	100	920		By purchase A/c		5,000	
14	To Sale		50,000		By Lata A/c	100		500
19	To Cash A/c			5	By Cash A/c		5,000	
24	By Gupta A/c	200		4,300	By Drawing A/c			5,000
28	By Bank A/c		20,000		By Cash A/c			29,000
					By Rent A/c			1,000
					Balance c/d		29,200	85,800
			<u>400</u>	<u>109,200</u>		<u>500</u>	<u>20,000</u>	<u>63,500</u>
				<u>149,200</u>				<u>63,500</u>



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(b)

(ii)

~~Capital~~

$$\text{Capital of partners} = \boxed{26,00,000}$$

$$\text{Average profit} = \boxed{650,000}$$

$$\text{Normal profit} = \frac{2600,000 \times 20}{100}$$

$$\Rightarrow \boxed{520,000}$$

$$\text{Super profit} = \text{Average profit} - \text{Normal profit}$$

$$\Rightarrow 650,000 - 520,000$$

$$\Rightarrow \boxed{130,000}$$

Goodwill under super profit method

$$\Rightarrow \text{6 years purchases} \times \text{Super profit}$$

$$\Rightarrow 6 \times 130,000$$

$$\Rightarrow \boxed{780,000} \text{ w.}$$

(PTA)



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(9) Normal Capital =  $\frac{\text{Average profit}}{\text{Normal Rate of Return}}$

$\Rightarrow \frac{650,000}{20/100}$

$\Rightarrow \frac{650,000 \times 100}{20}$

Normal Capital.  $\Rightarrow$  32,50,000

Goodwill under capitalization method.

$\Rightarrow$  Normal Capital - Actual Capital.

$\Rightarrow$  32,50,000 - [14,00,000 + 12,00,000]

5bStep1 5  $\Rightarrow$  650,000 G.W.

5b 5

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(C)

Dr Particular	Amount	Particular	Amount
outstanding commiss	35,000	Net profit	670,000
Capital A/c (Bal. fig) (Net profit)	650,000	- prepaid expense	150,000
			625,000

Balance sheet as at 31<sup>st</sup> March 2022

Liability	Amount	Asset	Amount
Capital - 22,00,000		Current assets	650,000
(+) Net profit - 650,000		- Trade receivable 13,00,000	
(+) Additional Capital 800,000	31,50,000	- Provision for Doubtful debts 29,000	12,61,000
Trade payable	14,60,000	Cash at Bank	5,50,000
outstanding commiss	35,000	Furniture & Fixtures	6,50,000
		(-) Depreciation (65,000)	5,85,000
		Vehicle 27,50,000	
		(-) Depreciation (5,50,000)	22,00,000
		(+) purchase 50,000	27,00,000
		- prepaid Expense	1,50,000
			38,31,000
	38,31,000		38,31,000

10  
 10  
 19

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6400

24

[4(a)]

Dr		Revaluation A/c		Cr	
particulars	(₹)	Particulars	(₹)		
Plant A/c	5000	Building A/c	45000		
Stock A/c	600	debtors A/c	200		
Furniture A/c	7500				
Bill receivable	500				
Debtors A/c	2400				
P.D.D.	1800				
Revaluation profit	32000				
	12800				
	19200				
				<u>45800</u>	

Dr			Partners Capital A/c			Cr		
particulars	X	Y	Z	particulars	X	Y	Z	
to X capital			600	Balance b/d	9000	110000		
to Y capital			400	Bank A/c			100000	
Balance b/d	92400	197600	76000	General Reserve	16000	24000		
				Profit on revaluation	2800	19200		
				Z Capital	600	14400		
	<u>162400</u>	<u>297600</u>	<u>76000</u>		<u>92400</u>	<u>197600</u>	<u>100000</u>	

20  
25

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Balance sheet as at April 2022

Liability	(₹)	Asset	(₹)
Salary payable	12000	Plant	40,000
Bill payable	15400	Stock	42000
Creditors	42600	Furniture etc	20,000
Capital	72400	Bill receivable	12000
X	52400	Building	10500
Y	19700	Debtors	52400
Z	7600	Bad Debts	(2100)
	431200	P.D.D	(1200)
		Bank etc	78000
			431200

4aStep3

profit sharing ratio ↓

old ratio X : Y = 2 : 3

X sacrifice →  $\frac{1}{5} \times \frac{2}{5} \Rightarrow \frac{2}{25}$

X New ratio =  $\frac{2 \times 5}{5 \times 5} = \frac{2}{5} \Rightarrow \frac{8}{25}$  (sacrify)

Y sacrifice →  $\frac{1}{5} \times \frac{3}{5} \Rightarrow \frac{3}{25}$

Y New ratio =  $\frac{3 \times 5}{5 \times 5} = \frac{3}{5} \Rightarrow \frac{12}{25}$  (sacrify)

New ratio = X : Y : Z =  $\frac{8}{25} : \frac{12}{25} : \frac{5}{25}$

⇒ 8 : 12 : 5

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profit sharing ratio

$$\text{old. } \quad X \quad : \quad Y \\ \quad \quad 2 \quad \quad : \quad 3.$$

→

$$Z \text{ gain} \rightarrow \frac{2}{5} \times \frac{1}{2} \Rightarrow \boxed{\frac{2}{10}}$$

$$X \text{ new ratio} = \frac{2 \times 2}{5 \times 2} - \frac{2}{10} \Rightarrow \frac{2}{10} \text{ (sacr)}$$

$$Z \text{ gain from } Y = \frac{3}{5} \times \frac{1}{2} \Rightarrow \frac{3}{10}$$

$$Y \text{ new ratio} = \frac{3 \times 2}{5 \times 2} - \frac{3}{10} \Rightarrow \frac{3}{10} \text{ (sacr)}$$

$$\text{New ratio} \Rightarrow \quad X : Y : Z \\ \quad \quad 2 : 3 : 5$$

Goodwill valuation

Goodwill of firm = 120,000.

Goodwill share of Z = 24,000.

X & Y sacrifice in  $\boxed{2:3}$

Z Capital + C	24000.
TOX Capital + C	9600.
TOY Capital + C	14400.

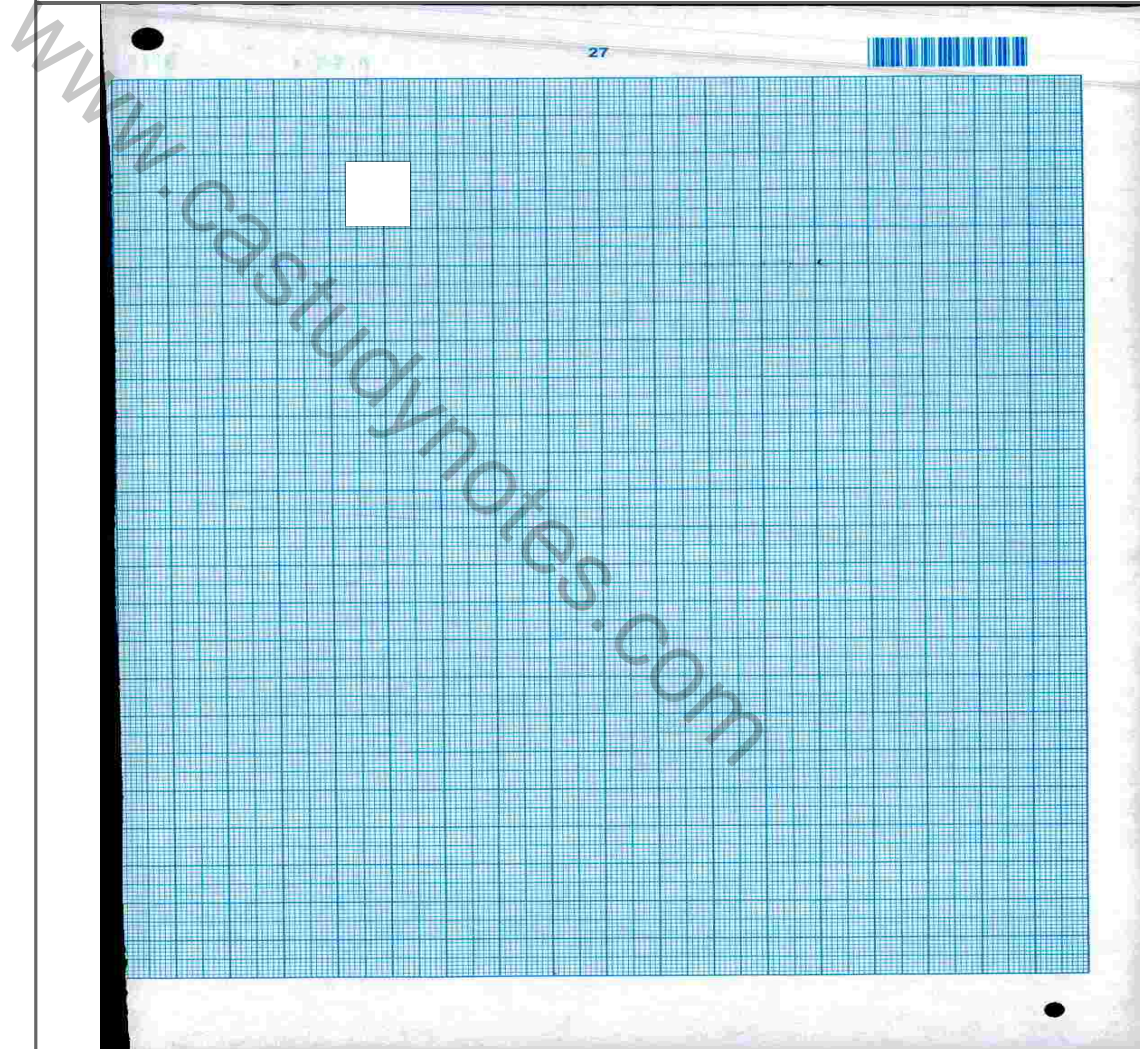
10  
4a



The Institute of Chartered Accountants of India

Code: FD1PP423326  
Subject: 01 Principles and Practices of Accounting

Total Marks: 100  
Marks Obtained : 93





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Addl. Book No. ....

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ADDL. BOOK

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Receipt and payment A/c for the year ending on

Receipt		Payment	
Cash in hand (b/f)	1580	Salary	3750
Subscription	2500	Deposited	(450)
(+) Op bal beginning	700	(+) Op bal beginning	600
(-) Adv sub beginning	(550)	General Expn.	1500
(+) Adv sub end.	370	(+) paid	150
- sub o/s end	(750)	Audit fees	250
	8270	Outstanding end.	(250)
Entrance fees	250	Outstanding beginning	200
Contribution for Annual Dinner	1000	Secretary honorarium	1000
Annual sports meet receipts	750	Stationery & printing	450
		Annual Dinner Expn.	1500
		Interest & Bank charge	150
		Purchase of sports equipment	1400
		Cash in hand	1600
	11850		11850



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Balance sheet as at 2021 (opening)

Liability		Asset	
(₹)		(₹)	
Outstanding salary	100	Subscription outstand	700
Outstanding audit fee	200	Prepaid lease	2000
Subscription advance	50	Sports equipment	2600
Bank loan	1000	Cash in hand	580
Capital fund	12530		
			24880

Balance sheet as at 2022 (closing)

Liability		Asset	
(₹)		(₹)	
Outstanding salary	450	Prepaid insurance	150
Outstanding audit fee	250	Subscription outstand	750
Subscription advance	370	Sports equipment	2600
Bank loan	5000	Cash in hand	1600
Capital fund	12530	Prepaid lease	200
(+) Surplus	1500		
W.N-1			
	20030		
	26100		26100

Particular	(₹)	Particular	(₹)
Balance b/d	2600	Depreciation	400
Purchases	400	Balance c/d	2600

T-accounts

750 or (300) 550 370 or (600) 450	750 or (300) 550 370 or (200) 450	750 or (400) 550 (370) 750
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Code: FD1PP423326  
 Subject : 01 Principles and Practices of Accounting

Total Marks: 100  
 Marks Obtained : 93

### Result Overview

Awarded Marks: 93

Max Marks:100

NA Not Attempted      O Optional      M Marked

Q1\_Compulsory (Score: 18/20 )

Question No	Awarded Marks	Maximum Marks	Status
1	18	20	M
1a	11	12	M
1b	4	4	M
1c	3	4	M

(Score: 75/80 )

Question No	Awarded Marks	Maximum Marks	Status
2	20	20	M
2a	10	10	M
2b	10	10	M
3	16	20	M
3a	11	15	M
3b	5	5	M
4	20	20	M
4a	10	10	M
4b	10	10	M
5	19	20	M
5a	4	5	M

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6a	0
6b	0

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