

STUDY WITH CA PARAG GUPTA

Padhai bhi :) Masti bhi :)

PRACTICE QUESTIONS (CH 3,4 & 5) CA Foundation (NSET) - Paper - 1 Accounting

Section A

1. State whether the given statement is True or False: [8]
- (a) When the causes of differences between pass book balance and cash book is not known, then the bank reconciliation statement can be prepared by matching the two books and identifying any unticked items in both sets. [1]
 - (b) Bank charges debited by the bank is an example of timing difference for the purposes of bank reconciliation. [1]
 - (c) Valuation of inventory, at cost or net realisable value, whichever less, is based on the principle of Conservatism. [1]
 - (d) Abnormal amounts of wasted materials, labour or other production overheads expenses are included in the costs of inventories. [1]
 - (e) The value of stock is shown on the assets side of the balance-sheet as fixed assets. [1]
 - (f) While depreciating land cost, Straight line method shall give more depreciation than the written down value. [1]
 - (g) If adequate maintenance expenditure is incurred with relation to running repairs of an asset, we need not charge any depreciation. [1]
 - (h) Any change in the estimated useful life of an asset should be accounted for as a change in an accounting estimate in accordance with Accounting Standards. [1]

Section B

2. On 31st March 2022, the Bank Pass Book of Namrata showed a balance of ₹ 1,50,000 to her credit while balance as per cash book was ₹ 1,12,050. On scrutiny of the two books, she ascertained the following causes of difference: [4]
- i. She has issued cheques amounting to ₹ 80,000 out of which only ₹ 32,000 were presented for payment.
 - ii. She received a cheque of ₹ 5,000 which she recorded in her cash book but forgot to deposit in the bank.
 - iii. A cheque of ₹ 22,000 deposited by her has not been cleared yet.
 - iv. Mr. Gupta deposited an amount of ₹ 15,700 in her bank which has not been recorded by her in Cash Book yet.
 - v. Bank has credited an interest of ₹ 1,500 while charging ₹ 250 as bank charges.

Prepare a bank reconciliation statement.

3. A manufacturer has the following record of purchases of a condenser, which he uses while manufacturing radio sets: [4]

Date	Quantity (unit)	Price per unit
Dec. 4	900	50

Dec. 10	400	55
Dec. 11	300	55
Dec. 19	200	60
Dec, 28	800	47
	2,600	

1,600 units were issued during the month of December till 18th December. Calculate the value of closing inventory.

4. Prime Streaming Co. acquired the streaming rights of a movie for ₹ 18,00,000 with the contracted duration of the streaming period being 10 years. At the beginning of the fourth year, based on the decline in viewership, Prime Streaming Co. decided to stream the movie only for the next 5 years. [4]

Required

Calculate amortisation for the fourth year.

5. Physical verification of stock in a business was done on 23rd June, 2022. The value of the stock was ₹ 48,00,000. The following transactions took place between 23rd June to 30th June, 2022: [5]
- Out of the goods sent on consignment, goods at cost worth ₹ 2,40,000 were unsold.
 - Purchases of ₹ 4,00,000 were made out of which goods worth ₹ 1,60,000 were delivered on 5th July, 2022.
 - Sales were ₹ 13,60,000, which include goods worth ₹ 3,20,000 sent on approval. Half of these goods were returned before 30th June, 2022.
 - Goods are sold at cost plus 25%. However, goods costing ₹ 2,40,000 had been sold for ₹ 1,20,000.

Determine the value of stock on 30th June, 2022.

6. On 30th September, 2022, the bank account of X, according to the bank column of the CashBook, was overdrawn to the extent of ₹ 4,062. On the same date the bank statement showed a credit balance of ₹ 20,758 in favour of X. An examination of the Cash Book and Bank Statement reveals the following: [10]
- A cheque for ₹ 13,14,000 deposited on 29th September, 2022 was credited by the bank only on 3rd October, 2022.
 - A payment by cheque for ₹ 16,000 has been entered twice in the Cash Book.
 - On 29th September, 2022, the bank credited an amount of ₹ 1,17,400 received from a customer of X, but the advice was not received by X until 1st October, 2022.
 - Bank charges amounting to ₹ 580 had not been entered in the Cash Book.
 - On 6 th September, 2022 , the bank credited ₹ 20,000 to X in error.
 - A bill of exchange for ₹ 1,40,000 was discounted by X with his bank. This bill was dishonoured on 28th September, 2022 but no entry had been made in the books of X.
 - Cheques issued upto 30th September, 2022 but not presented for payment upto that date totalled ₹ 13,26,000.

You are required:

- to show the appropriate rectifications required in the Cash Book of X, to arrive at the correct balance on 30th September, 2022 and
 - to prepare a bank reconciliation statement as on that date.
7. M/s X, Y and Z are in retail business, following information are obtained from their records for the year ended 31st March, 2022: [10]

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Goods received from suppliers	
(subject to trade discount and taxes)	₹ 15,75,500
Trade discount 3% and GST 11%	
Packaging and transportation charges	₹ 87,500
Sales during the year	₹ 22,45,500
Sales price of closing inventories	₹ 2,35,000

Find out the non-historical cost of inventories using adjusted selling price method.

8. The Machinery Account of a Factory showed a balance of ₹ 19,00,000 on 1st January, 2022. Its accounts were made up on 31st December each year and depreciation is written off at 10% p.a. under the Diminishing Balance Method. **[10]**

On 1st June 2022, a new machinery was acquired at a cost of ₹ 2,80,000 and installation charges incurred in erecting the machine works out to ₹ 8,920 on the same date. On 1st June, 2022 a machine which had cost ₹ 4,37,400 on 1st January 2020 was sold for ₹ 75,000. Another machine which had cost ₹ 4,37,000 on 1st January, 2021 was scrapped on the same date and it realised nothing.

Write a machinery account for the year 2022, allowing the same rate of depreciation as in the past, calculating depreciation to the nearest multiple of a Rupee.