

Date: _____

Full Name: _____

Email Id: _____

Test No: _____ Subject: _____

Marks Scored: Total _____/_____

| Que. No. | Marks Obtained | Que. No. | Marks Obtained | Que. No. | Marks Obtained | Que. No. | Marks Obtained |
|----------|-------------------|----------|-------------------|----------|-------------------|----------|-------------------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Remarks:

Subject Strategy:

CA FOUNDATION – NEW SYLLABUS
PRINCIPLES AND PRACTICE OF ACCOUNTING

MARKS: 50
DURATION: 90 MINS

TEST NO. 3 CHAPTER – 1 TO 11

QUESTION PAPER

INSTRUCTIONS:

- Mention your name, subject name & Test No on your first page of the Answer Sheet.
- Paper will only be accepted when uploaded on the Students dashboard.
- Login in to your dashboard, and upload your answers under “**My Answer sheet**” tab
- You can Use **Adobe Scan app or Other**, available in Play Store / App Store for scanning your answer sheet.
- Scan your answer sheet as a single pdf in order to avoid rejection or delay in evaluation.
- Upload your pdf copy in a clear format which is legible to read.

OMR SHEET

| Q.N. | | Q.N. | | Q.N. | |
|------|---------|------|---------|------|---------|
| 1. | A B C D | 11. | A B C D | 21. | A B C D |
| 2. | A B C D | 12. | A B C D | 22. | A B C D |
| 3. | A B C D | 13. | A B C D | 23. | A B C D |
| 4. | A B C D | 14. | A B C D | 24. | A B C D |
| 5. | A B C D | 15. | A B C D | 25. | A B C D |
| 6. | A B C D | 16. | A B C D | 26. | A B C D |
| 7. | A B C D | 17. | A B C D | 27. | A B C D |
| 8. | A B C D | 18. | A B C D | 28. | A B C D |
| 9. | A B C D | 19. | A B C D | 29. | A B C D |
| 10. | A B C D | 20. | A B C D | 30. | A B C D |

MCQ Marks Scored: /

Note: Kindly mention the question number and sub-question properly.

- Questions with incorrect question number/sub question number will not be evaluated.
- Start new questions on new page.

QUESTION 1

State True and False for below statements

- a. Single Entry System can be adopted by small firms.
- b. At the time of admission/retirement of a partner, since goodwill can not be raised in the books of accounts is recorded through capital accounts of the partners
- c. At the time of liquidation, debenture holders are paid off after the shareholders.

(3*2 marks)

QUESTION 2

Shyam, Sunder and Girdhar are partners in a firm sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet as on 31st March, 2022 is as below

| Liabilities | (Rs.) | Assets | (Rs.) |
|-------------------------|----------|----------------------|----------|
| Trade payables | 56,250 | Land & Buildings | 92,500 |
| Outstanding Liabilities | 5,500 | Furniture & Fixtures | 18,000 |
| General Reserve | 19,500 | Closing stock | 31,500 |
| Capital Accounts: | | Trade Receivables | 26,750 |
| Dinesh 37,500 | | Cash in hand | 7,000 |
| Ramesh 37,500 | | Cash at Bank | 5,500 |
| Naresh <u>25,000</u> | 1,00,000 | | |
| | 1,81,250 | | 1,81,250 |

The partners have agreed to take Hari as a partner with effect from 1st April, 2022 on the following items:

- a) Hari shall bring Rs. 20,000 towards his capital.
- b) The value of stock to be increased to Rs. 35,000 and Furniture & Fixtures to be depreciated by 10%.
- c) Provision for bad and doubtful debts should be provided at 2% of the trade receivables.
- d) The value of Land & Buildings to be increased by Rs. 14,000 and the value of the goodwill be fixed at Rs. 45,000.
- e) The new profit-sharing ratio shall be divided equally among the partners.

The outstanding liabilities include Rs. 1,750 due to Aman which has been paid by Shyam. Necessary entries were not made in the books.

Prepare

- I. Revaluation Account,
- II. Capital Accounts of the partners,
- III. Balance Sheet of the firm after admission of Hari.

(6 Marks)

QUESTION 3

Laxman Prasad Limited registered with an authorized equity capital of Rs. 8,00,000 divided into 8,000 shares of Rs. 100 each, issued for subscription of 4,000 shares payable at Rs. 25 per share on application, Rs. 30 per share on allotment, Rs. 20 per share on first call and the balance as and when required. Application money on 4,000 shares was duly received and allotment was made to them. The allotment amount was received in full, but when the first call was made, one shareholder failed to pay the amount on 400 shares held by him and another shareholder with 200 shares, paid the entire amount on his shares. The company did not make any other call. Give the necessary journal entries in the books of the company to record these transactions.

(6 Marks)

QUESTION 4

Ram carried on business as retail merchant. He has not maintained regular account books. However, he always maintained Rs. 10,000 in cash and deposited the balance into the bank account. He informs you that he has sold goods at profit of 25% on sales.

Following information is given to you

| Assets and Liabilities | As on 1.4.2021 | As on 31.3.2022 |
|------------------------|----------------|-----------------|
| Cash in Hand | 10,000 | 10,000 |
| Sundry Creditors | 40,000 | 90,000 |
| Cash at Bank | 50,000 (Cr.) | 80,000 (Dr.) |
| Sundry Debtors | 1,00,000 | 3,50,000 |
| Stock in Trade | 2,80,000 | ? |
| Ram's capital | 3,00,000 | ? |

Analysis of his bank pass book reveals the following information:

- a) Payment to creditors Rs. 7,00,000
- b) Payment for business expenses Rs. 1,20,000
- c) Receipts from debtors Rs. 7,50,000
- d) Loan Rs. 1,00,000 taken on 1.10.2021 at 10% per annum
- e) Cash deposited in the bank Rs. 1,00,000

He informs you that he paid creditors for goods Rs. 20,000 in cash and salaries Rs. 40,000 in cash. He has drawn Rs. 80,000 in cash for personal expenses. During the year Ram had not introduced any additional capital. Surplus cash if any, to be taken as cash sales. All purchases are on credit basis.

You are required to prepare Trading and Profit and Loss Account for the year ended 31.3.2022 and Balance Sheet as at 31st March, 2022.

(6 marks)

QUESTION 5

On 31st March 2022, the balance sheet of M/s Ram, Rahul and Rohit sharing profits and losses in proportion to their capital, stood as follows:

| Liabilities | Rs. | Rs. | Asset | Rs. |
|-------------------|-----------------|----------|------------------------|----------|
| Capital accounts: | | | Land & building | 2,00,000 |
| Ram | 3,00,000 | | Machinery | 2,00,000 |
| Rahul | 2,00,000 | | Closing stock | 1,00,000 |
| Rohit | <u>1,00,000</u> | 6,00,000 | Sundry debtors | 2,00,000 |
| Sundry creditors | | 2,00,000 | Cash and bank balances | 1,00,000 |
| | | 8,00,000 | | 8,00,000 |

On 31st March 2022, Ram desired to retire from the firm and the remaining partners decided to carry on. It was agreed to revalue the assets and liabilities on that date on the following basis:

- Land and buildings be appreciated by 30%.
- Machinery be depreciated by 20%.
- Closing stock to be valued at Rs. 80,000.
- Provision for bad debts be made at 5%.
- Old credit balances of sundry creditors Rs. 10,000 be written off.
- Joint life policy of the partners surrendered, and cash obtained Rs. 60,000.
- Goodwill of the entire firm be valued at Rs. 1,80,000 and Ram's share of the goodwill be adjusted in the accounts of Rahul and Rohit who share the future profits equally. No goodwill account being raised.
- The total capital of the firm is to be the same as before retirement. Individual capital be in their profit-sharing ratio.
- Amount due to Ram is to be settled as 50% on retirement and the balance 50% within one year.

Prepare revaluation account, capital account of partners: Rahul & Rohit, loan account of Ram, cash account and balance sheet as on 1.4.2022 of M/s Rahul and Rohit

(8 Marks)

QUESTION 6

Case Ltd. (unlisted company other than AIFI, Banking company, NBFC and HFC) provides the following information as at 31st March, 2022:

| Particulars | Rs. |
|---|----------|
| Shareholder's Funds | |
| (a) Share Capital | |
| Authorized share capital: | |
| 45,000 equity shares of Rs. 10 each fully paid | 4,50,000 |
| Issued and subscribed share capital: | |
| 30,000 equity shares of Rs. 10 each fully paid | 3,00,000 |
| (b) Reserves and Surplus | |
| Profit & Loss Account | 1,62,000 |
| Debenture Redemption Reserve | 18,000 |
| Non-current liabilities | |
| (a) Long term borrowings | |
| 12% Debentures | 1,80,000 |
| Current Liabilities | |
| (a) Trade payables | 1,72,500 |
| Non-current assets | |
| (a) Property, Plant and Equipment (Freehold property) | 1,72,500 |
| (b) Non-current Investment: DRR Investment | 27,000 |
| Current assets | |
| (a) Inventories | 2,02,500 |
| (b) Trade receivables | 1,12,500 |
| (c) Cash and bank balances: | |
| Cash at bank | 2,73,000 |
| Cash in hand | 45,000 |

At the Annual General Meeting on 1.4.2022, it was resolved:

- i. To give existing shareholders the option to purchase one Rs. 10 share at Rs. 15 for every four shares (held prior to the bonus distribution). This option was taken up by all the shareholders.
- ii. To issue one bonus share for every five shares held.
- iii. To repay the debentures at a premium of 3%.

Give the necessary journal entries for these transactions.

(8 Marks)

QUESTION 7

P, Q and R are the 3 partners in partnership firm Partnership deed includes the following:

- i. R is entitled to get salary of Rs. 10,000 p.a.
- ii. P, Q and R are to get interest @ 6% on their respective capital of Rs. 2,50,000; Rs. 1,50,000 and Rs. 1,00,000.
- iii. R is to get extra benefit of 10% of profit in excess of Rs. 50,000 after providing for para (i) and (ii) mentioned above.
- iv. Q is entitled to 10% of profits after providing all the amounts in para (i), (ii) and (iii) mentioned above.
- v. The balance of profits will be shared by P, Q and R in the ratio of 5:3:2. The profits for the year before providing above items are Rs. 3,50,000.

You are required to prepare Profit and Loss Appropriation Account

(5 Marks)

QUESTION 8

Mr. Magan is engaged in business of selling magazines. Several of his customers pay money in advance for subscribing his magazines. Information related to year ended 31st March 20 22 has been given below:

On 1.4.2022 he had a balance of Rs.6,00,000 advance from customers of which Rs.4,50,000 is related to year 2022-23 while remaining pertains to year 2023-24. During the year 2022-23 he made cash sales of Rs. 15,00,000. You are required to compute:

- I. Total income for the year 2022-23.
- II. Total money received during the year if the closing balance in Advance from customers Account is Rs. 5,10,000.

(5 Marks)