

INTERMEDIATE EXAMINATION

June 2013

**I-P5(FAC)
Syllabus 2008**

Financial Accounting

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

Answer Question No. 1 which is compulsory and any five questions from the rest.

1. (a) From the four alternatives given against each of the following cases, indicate the correct answer:
(just state A, B, C or D) 1×6=6
- (i) At the year end, an amount outstanding for electricity consumed during that year will be dealt in the Accounts for the year by following the accounting concept of
 - (A) Realisation
 - (B) Accrual
 - (C) Conservatism
 - (D) None of the above
 - (ii) Contingent Liability would appear
 - (A) On the liability side
 - (B) On the asset side
 - (C) As a note in Balance Sheet
 - (D) None of the above
 - (iii) The effect of timing difference is called as
 - (A) Current Tax
 - (B) Deferred Tax
 - (C) Minimum Tax
 - (D) None of the above
 - (iv) At the time of public issue of shares the sequence of steps taken are
 - (A) Issue prospectus > Select Merchant Banker > Receive money from applicants
 - (B) Select Merchant Banker > Receive money from applicants > Issue prospectus
 - (C) Select Merchant Banker > Issue prospectus > Receive money from applicants
 - (D) None of the above
 - (v) Interest and Dividends received in the case of a manufacturing concern should be classified as cash flow from
 - (A) Operating activities
 - (B) Financing activities
 - (C) Investing activities
 - (D) None of the above
 - (vi) Redemption of Preference Share of a Company is
 - (A) Compulsory
 - (B) Optional
 - (C) Conditional
 - (D) None of the above

Please Turn Over

- (b) State whether the following statements are TRUE (T) or FALSE (F): 1×5=5
- Sinking fund method of depreciation takes into account the cost of an asset as well as interest also thereon at given rate.
 - Purchase of a technical know-how is revenue expenditure.
 - Transactions are recorded on accrual basis in the 'Income and Expenditure Account'.
 - When the goods are returned by Branch, goods sent to Branch account will be debited in the books of Head Office.
 - Balance of securities premium account is available for redemption of preference shares.

- (c) Fill up the blanks in the following sentences using appropriate word from the alternatives indicated: 1×5=5
- Royalty account is a _____ account in nature (nominal/real).
 - The excess of issue price of share over their face value is termed as _____ (discount/securities premium).
 - Revenue nature receipts and payments which relates to a particular accounting period are shown in the _____ account (Receipts and Payments/Income and Expenditure).
 - As per AS-26, at the preliminary project stage the internally generated software should _____ recognised as an asset (be/not be).
 - As per Indian Companies Act, maximum limit of managerial remuneration for full time single managerial personnel is _____ (5%/3%).

- (d) Match the following in Column I with the appropriate in Column II: 1×5=5

| Column I | Column II |
|--------------------------------|---------------------------------|
| (i) Repossess the goods | (A) AS-26 |
| (ii) Non Performing Assets | (B) Banking Companies |
| (iii) Intangible Assets | (C) Piecemeal distribution |
| (iv) Related Party Disclosures | (D) Hire Purchase System |
| (v) Maximum Loss Method | (E) AS-28 |
| | (F) No matching statement found |

- (e) In the following cases, one out of four answers is correct. Indicate the correct answer (= 1 mark) and give brief workings in support of your answer (= 1 mark): (1+1)×2=4
- Working capital of a company is ₹ 21,28,000 and total debts are ₹ 42,50,000. If the company's long term debts are ₹ 27,30,000 then current ratio will be
(A) 0.78 : 1 (B) 1.4 : 1 (C) 1.14 : 1 (D) 2.4 : 1
 - A and B are partners sharing profit/loss in the ratio of 3 : 2. They admit C into partnership for $\frac{1}{6}$ share in the profit which he acquired equally from the old partners. The new profit sharing ratio will be
(A) 3 : 2 : 1 (B) 1 : 1 : 1 (C) 31 : 19 : 10 (D) 14 : 6 : 4

2. (a) Prepare the Balance Sheet as at 31.03.2012 from the particulars furnished by M/s PRAN Ltd. as per revised Schedule VI of the Companies Act: 5

| Particulars | Amount (₹) | Particulars | Amount (₹) |
|------------------|------------|--------------------------------------|------------|
| Share Capital | 7,50,000 | Capital Redemption Reserve | 20,000 |
| Calls in Arrear | 5,000 | Investment in 6% GP Notes (Tax Free) | 3,00,000 |
| Land | 2,20,000 | Profit and Loss Account | 65,000 |
| Building | 2,00,000 | Cash in Hand | 25,000 |
| General Reserve | 50,000 | Debtor | 10,000 |
| Loan from IDBI | 1,00,000 | Stock | 1,00,000 |
| Sundry Creditors | 1,50,000 | Goodwill | 25,000 |

