

INTERMEDIATE EXAMINATION

June 2016

P-5(FAC)
Syllabus 2012

Financial Accounting

Time Allowed: 3 Hours

Full Marks: 100

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

Section-A questions are compulsory. Attempt all of them.

Section- B has eight questions. Attempt any five of them.

All workings must form part of your answer.

Assumptions, if any, should be clearly noted.

Please: (1) Answer all bits of a question at one place.

(2) Open a new page for answer to a new question.

Section – A

(25 Marks)

1. Answer the following questions:

- (a) Choose the most appropriate one from the stated options and write it down (only indicate (A) or (B) or (C) or (D) as you think correct.) 1×5=5
- (i) Expenditures in respect of certain types of assets whose usefulness does not expires in the year of their occurrence but generally expires in the near future are called
- (A) Revenue Expenditure
 - (B) Capital Expenditure
 - (C) Deferred Revenue Expenditure
 - (D) None of the above
- (ii) The main objective of average clause contained in a fire insurance policy is to
- (A) Encourage full Insurance
 - (B) Discourage full Insurance
 - (C) Encourage under Insurance
 - (D) Encourage full Insurance and Discourage under Insurance
- (iii) Short workings can be recouped out of
- (A) Minimum Rent
 - (B) Excess of Actual Royalty over Minimum Rent
 - (C) Excess of Minimum Rent over Actual Royalty
 - (D) Profit and Loss Account
- (iv) AS-6 (Revised) is applicable to which one of the following assets?
- (A) Goodwill
 - (B) Live Stock
 - (C) Plantation
 - (D) Plant and Machinery

Please Turn Over

- (v) According to AS-3 (Revised) interest and dividends received in the case of a manufacturing enterprise should be classified as cash flow from
- (A) Operating Activities
 - (B) Financing Activities
 - (C) Investing Activities
 - (D) Both (B) and (C)

(b) Match Column –I with Column –II

1×5=5

| Column I | | Column II | |
|----------|--|-----------|---------------------|
| (i) | Assets are equal to liabilities Plus capital | A | AS-9 |
| (ii) | Intangible Fixed Asset | B | AS-2 |
| (iii) | Depreciation Accounting | C | Dual aspect concept |
| (iv) | Revenue recognition | D | AS-6 |
| (v) | Valuation of inventories | E | Goodwill |
| | | F | Borrowing Cost |

(c) **State whether** the following statements given below are TRUE or FALSE:

1×5=5

- (i) Income and Expenditure Account is prepared by adopting accrual principle of Accounting.
- (ii) As per concept of conservatism, the Accountant should provide for all possible losses but should not anticipate profit.
- (iii) The cost of developing software for a company engaged in software business is revenue expenditure.
- (iv) Rebate on bills discounted is disclosed in the Balance Sheet of a Banking Company in the Assets side as representing the rebate not yet matured.
- (v) According to AS-2 Inventories are held for sale in normal course of business.

(d) **Answer the following questions (Give workings):**

2×5=10

- (i) S and N are partners sharing Profit/(Loss) in the ratio of 5:3. They admit J into partnership for $\frac{3}{10}$ th in the Profit/Loss in which J acquired $\frac{1}{5}$ th share from S and $\frac{1}{10}$ th share from N respectively.

Calculate the new Profit/Loss sharing ratios of the partners.

- (ii) SUKHAM LIFE INSURANCE CO. furnishes the following information:

(₹ in Lakhs)

| Particulars | Amount (₹) |
|--|------------|
| Life Insurance fund on 31.03.2016 | 650 |
| Net liability on 31.03.2016 as per actuarial valuation | 510 |
| Interim bonus paid to policy holders during inter-valuation period | 35 |

You are required to **prepare** the valuation Balance Sheet as on 31.03.2016.

