



Time Allowed: 3 Hours

Full Marks: 100

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

**SECTION – A (Compulsory)**

**I. Choose the correct option:**

**[15 x 2 = 30]**

- (i) At the end of the accounting year the capital expenditures are shown in the:
- assets side of the Balance Sheet.
  - liabilities side of the Balance Sheet
  - debit side of the Profit and Loss A/c.
  - credit side of the Profit and Loss A/c
- (ii) Memorandum Joint Venture Account is prepared when \_\_\_\_\_.
- the separate set of books is maintained for Joint Venture
  - each Co-venture keeps records of all transactions.
  - each Co-venture keeps records of their own transactions only.
  - All of the above cases
- (iii) On 1.1.2024 Mr. X took delivery from Mr. Y of 5 machines on a hire purchase system. ₹ 4,000 being paid on delivery and the balance in five instalments of ₹ 6,000 each, payable annually on 31st December. The vendor company charges 5% interest p.a. on yearly balances. The cash price of 5 machines was ₹ 30,000. Calculate the interest per annum.
- ₹ 4000
  - ₹. 3000
  - ₹. 2000
  - None of Above
- (iv) In Hire Purchase system cash price plus interest is known as \_\_\_\_\_.
- Capital value of asset
  - Book value of asset
  - Hire purchase price of asset
  - Hire purchase charges
- (v) Which of the following is true in respect of the pro-forma invoice?
- It is a document sent by the consignor to the consignee
  - Only the details of the goods returned are recorded in this document.
  - It acts as an evidence of the remittance of money on consignment basis.
  - None of the above
- (vi) Income & Expenditure A/c shows subscriptions ₹ 8,20,000; Subscriptions accrued in the beginning of the year and at the end of the year were ₹ 74,000 and subscription received in advance at the end of the year was ₹ 96,000. The figure of subscription received that would appear in Receipts & Payments A/c will be:



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- a. ₹ 798,000  
b. ₹ 6,50,000  
c. ₹ 9,50,000  
d. ₹ 8,42,000
- (vii) The Sacrifice ratio is used at the time of \_\_\_\_\_.
- a. Admission of a partner  
b. Retirement of a partner  
c. Death of a partner  
d. Dissolution of a partner
- (viii) A and B are partners sharing profit and losses in the ratio of 3: 2. C is coming as a new partner for 1/5th share of future profit. Calculate new profit sharing and sacrificing ratio.
- a. 3:2  
b. 8:5  
c. 2:3  
d. 5:3
- (ix) The Full form of GAAP is \_\_\_\_\_.
- a. Generally Accepted Accounting Principles  
b. Generally Accepted Accountancy Principles  
c. Globally Accepted Accounting Principle  
d. Global Accounting Accepted Principles
- (x) From the following details estimate the capital as on 31.03.2024, Capital as on 01.04.2023 ₹ 4,10,000. Drawings ₹ 40,000, Profit during the year ₹ 50,000.
- a. ₹ 4,10,000  
b. ₹ 4,50,000  
c. ₹ 4,20,000  
d. ₹ 4,00,000
- (xi) As on 31st March, 2024 debtors and additional bad debts are ₹ 8,00,000 and ₹ 10,000 respectively. If the provision for bad debts is made at 5% on debtors, then amount of such provision will be \_\_\_\_\_.
- a. ₹ 40,000  
b. ₹ 50,000  
c. ₹ 39,500  
d. ₹ 40,500
- (xii) Which of the following is not a feature of Trial Balance?
- a. It is a list of debit and credit balances which are extracted from various ledger accounts;  
b. It does not prove arithmetical accuracy which can be determined by audit;  
c. It is not an account. It is only a statement of account;  
d. All the transactions are primarily recorded in this book; hence it is the primary book of entry.
- (xiii) In a Cash Book Debit balance of ₹112 brought forward as credit balance of ₹ 121, while preparing a Bank Reconciliation Statement taking the balance as per Cash Book as the starting point:
- a. ₹112 to be added  
b. ₹121 to be added



- c. ₹ 233 to be added  
d. ₹112 to be subtracted

- (xiv) Purchase of a laptop for office use wrongly debited to Purchase Account. It is an error of \_\_\_\_\_.
- a. Omission  
b. Commission  
c. Principle  
d. Misposting
- (xv) Shiva draws a bill on Sanat on 25th October, 2023 for 90 days, the maturity date of the bill will be.
- a. 27th January, 2024  
b. 26th January, 2024  
c. 25th January, 2024  
d. 28th January, 2024

**SECTION – B**

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2. (a) On 1st April, 2021, Som Ltd. purchased a machine for ₹66,000 and spent ₹5,000 on shipping and forwarding charges, ₹7,000 as import duty, ₹1,000 for carriage and installation, ₹500 as brokerage and ₹500 for an iron pad. It was estimated that the machine will have a scrap value of ₹ 5,000 at the end of its useful life which is 15 years. On 1st January, 2022 repairs and renewals of ₹3,000 were carried out. On 1st October, 2023 this machine was sold for ₹50,000. Prepare Machinery Account for the 3 years. [7]
- (b) The Trial Balance of a concern has agreed but the following mistakes were discovered after the preparation of Final Accounts.
- (i) No adjustment entry was passed for an amount of ₹2,000 relating to outstanding rent.  
(ii) Purchase book was overcast by ₹1,000.  
(iii) ₹ 4,000 depreciation of Machinery has been omitted to be recorded in the book.  
(iv) ₹600 paid for purchase of stationary has been debited to Purchase A/c.  
(v) Sales books was overcast by ₹ 1,000.  
(vi) ₹ 5,000 received in respect of Book Debt had been credited to Sales A/c.  
Show the effect of the above errors in Profit and Loss Account & Balance Sheet. [7]
- 3.(a) X draws a bill for ₹1,200 and Y accepts the same for mutual accommodation in the ratio of 4:2. X discounts the bill for ₹1,110 and remits 1/3rd of the proceeds to B. Before the due date, Y draws another bill for ₹1,800 on X in order to provide funds to meet the first bill. The second bill is discounted for ₹ 1,740 by Y and a sum of ₹360 is



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remitted to X after meeting the first bill. The second bill is duly met. Show journal entries in the books of both X and Y. [7]

- (b) ER Logistics acquired a delivery van on hire purchase on 01.04.2023 from Mahavir Enterprises. The terms were as follows:

Particulars	Amount (₹)
Hire Purchase Price	180,000
Down Payment	30,000
1st instalment payable after 1 year	50,000
2nd instalment after 2 years	50,000
3rd instalment after 3 years	30,000
4th instalment after 4 years	20,000

Cash price of van ₹1,50,000. Calculate Total Interest and Interest included in each instalment. [7]

4. X, a sole trader furnishes you with the following bank summary for the year ended December 31, 2023

Particulars	₹	₹
Balance on December 31, 2022		11,000
Add: Deposits:		
Cash [out of cash sales]	1,25,000	
Collection from Credit Customers	3,50,000	
Income from Personal Investment	36,000	
		5,11,000
		5,22,000
Deduct: Cash Withdrawn from:		
Personal Drawings	20,000	
Shop Expenses	40,000	
		60,000
		4,62,000
Cheques issued to Suppliers of Goods	3,50,000	
Services	40,000	
Cheques issued for Personal Purposes	55,000	
Bank Charges	500	
		4,45,500
Balance on December 31, 2023		16,500



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X informs you that he had the following Assets and Liabilities in addition to the Bank Balance described on December 31, the extracts of which are as under:

Asset & Liabilities	2023 ₹	2022 ₹
<b>Assets:</b>		
Cash Balance	7,000	4,000
Amounts due from Customers	37,000	27,500
Unsold Inventory at Cost	13,000	10,000
Prepaid Expenses	3,000	2,000
	60,000	43,500
<b>Liabilities:</b>		
Creditors for Goods	23,000	28,000
Creditors for Services	2,500	1,500
	25,500	29,500

He also informs you that:

- He uses 75% of cash sale proceeds for making cash purchases; the remaining balance being deposited in Bank.
- He had allowed cash discount of 5,000 to his credit customers for prompt payment; he was allowed cash discount 7,000 by his suppliers of goods for prompt payment.
- Collections from credit customers and payments to suppliers of goods are invariable by crossed cheques.

X ask you to show his capital account and prepare:

- Receipt and payment account for the year ended December 31, 2023
- Trading and Profit & Loss account for the year ended December 31, 2023
- Balance Sheet as on December 31, 2023

[14]

5. A partnership firm was dissolved on 30th June, 2024. Its Balance Sheet on the date of dissolution was as follows:

Liabilities	(₹)	Assets	(₹)
Capitals :		Cash	5,400
Atrik	38,000	Sundry Assets	94,600
Mohit	24,000		
Rupa	18,000		
Loan A/c — Mohit	5,000		
Sundry Creditors	15,000		
	1,00,000		1,00,000

The assets were realised in instalments and the payments were made on the proportionate capital basis. Creditors were paid ₹ 14,500 in full settlement of their account. Expenses of



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realisation were estimated to be ₹ 2,700 but actual amount spent on this account was ₹ 2,000. This amount was paid on 15th September. Draw up a Memorandum of distribution of Cash, which was realised as follows:

On 5th July	₹	12,600
On 30th August	₹	30,000
On 15th September	₹	40,000

The partners shared profits and losses in the ratio of 2: 2: 1. Give working notes. [14]

6. (a) SS Textiles Ltd. have a branch in Auckland, New Zealand. The trail balance of the branch as on 31.03.2023 was as given below:

Particulars	Dr. (NZ \$)	Cr. (NZ \$)
Head Office Account		18,000
Sales		1,20,000
Goods from the Head Office Account	90,000	
Opening Stock	15,000	
Office furniture	20,000	
Cash	100	
Bank	1,900	
Expenses outstanding		2,000
Salaries	6,000	
Taxes & Insurance	500	
Rent	2,000	
Debtors	4,500	
	1,40,000	1,40,000

The Branch Account in the head office showed a debit balance of ₹13,20,000 and 'Goods sent to Branch Accounts' a credit balance of ₹80,00,000. Office furniture were acquired in 2021 when NZ \$1 = ₹80. The exchange rates were (NZ \$1): January 1, 2023 - ₹ 88; December 31, 2023 - ₹ 92; Average – ₹ 90. The stock at branch on December 31, 2023 was valued at NZ \$9,000.

Convert the Branch Trial Balance into rupees and prepare the Branch Trading and Profit and Loss Account for 2023, and the Branch Account in Head Office books. Depreciation is to be written off the office furniture @ 10%. [7]

- (b) A fire occurred on Mar. 15, 2024 in the premises of Omega Ltd. A Loss of Profit policy was taken by Omega Ltd. for ₹ 80,000. The indemnity period was for 3 months. Net Profit for the year ending Dec. 31, 2023 was ₹56,000 and standing charges (all insured) amounted to



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₹49,600. Determine insurance claim from the following details available from quarterly sales tax returns:

Sales	2021	2022	2023	2024
	(₹)	(₹)	(₹)	(₹)
From Jan.1 to Mar.31	1,20,000	1,30,000	1,42,000	1,30,000
From Apr.1 to June 30	80,000	90,000	1,00,000	40,000
From July 1 to Sept.30	1,00,000	1,10,000	1,20,000	1,00,000
From Oct.1 to Dec.31	1,36,000	1,50,000	1,66,000	1,60,000

Sales from 16.3.2023 to 31.3.2023	28,000	
Sales from 16.3.2024 to 31.3.2024	Nil	
Sales from 16.6.2023 to 30.6.2023	24,000	
Sales from 16.6.2024 to 30.6.2024	6,000	[7]

7. (a) Describe the disclosure requirements under AS-11 for exchange differences recognised in the profit & loss account. [7]

(b) On 14.08.2023, Pushkar Ltd. obtained a loan from RRC Bank of ₹ 65 lakhs to be utilised as under:

- Purchase of equipment: ₹ 19,50,000;
- Construction of factory shed: ₹ 26,00,000;
- Advance for purchase of delivery vehicle: ₹6,50,000;
- Working capital: ₹13,00,000.

In March, 2024 installation of the machinery was completed and also construction of factory shed was completed and the machinery installed. However, the truck was not delivered within 31.03.2024. Total interest charged by the bank for the year ending 31.3.2024 was ₹11.70 lakhs. Discuss how the interest amount would be treated in the financial statements of the company as per AS 16. [7]

8. Answer the following questions:

- (a) Which factors govern the selection of applicable accounting policies. [5]
- (b) On 31st March 2023, a club had subscription in arrears of ₹28,000 and in advance ₹4,000. During the year ended 31st March 2024, the club received subscription of ₹2,08,000 of which ₹12,500 was related to 2024-25. On 31st March, 2023, there were 5 members who had not paid subscription for 2024 @ ₹1,600 per person. Prepare the Subscription Account for the year 2023-24. [5]
- (c) Examine the applicability of Section 37 of the Partnership Act. [4]