INTERMEDIATE EXAMINATION **SET-2**

MODEL QUESTION PAPER **TERM – DEC 2024**

PAPER – 6 **SYLLABUS 2022**

FINANCIAL ACCOUNTING

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) Which of the following is/ are true regarding Trial Balance.

a. It is prepared for a particular period.

b. A trial balance is just a statement.

c. The agreement of a trial balance is a conclusive proof of absolute accuracy of the books of accounts.

d. All of the above

(ii) Purchased goods from Mr. R for ₹ 3,600 but wrongly recorded as ₹6,300 to the debit of Mr. R. In the rectification entry, Mr. R's account will be credited with —

a. ₹9,900

b. ₹2,700

c. ₹2,600

d. ₹6,300

(iii) If any stock is taken by a co-venturer, it will be treated as.

a. an income of the joint venture.

b. an expense of the joint venture.

c. to be ignored from joint venture.

d. it will be treated in the personal books of the co-venturer.

(iv) X draws a bill on Y for ₹1,80,000 for mutual accommodation in the ratio of 2:1. X got it discounted for₹1,69,200 and remitted 1/3rd of the proceeds to Y. How much money should be remitted by X to Y at the time of maturity so as to enable Y to honour the bill?

a. ₹ 1,20,000

b. ₹ 1,15,200

c. ₹1,16,800

d. ₹ 1,20,400

(v) Due to retrospective effect on revision of salary of employees, the arrears of salary relating to past years, payable in current year is.

a. Prior - period item

b. Extra - ordinary item

c. Ordinary item requiring separate disclosure
d. Contingent item

(vi) Subscription of ₹6,25,000 had been shown in the Income and Expenditure Account prepared for the year ending 31st March, 2023. Additional information is as below:

Particulars	On 31st March, 2022 (₹)	On 31st March, 2023 (₹)
Subscription Outstanding	55,000	72,000
Subscription Received in Advance	31,000	37,000

The amount of subscription received during the year 2022-23would be:
a. ₹6,36,000
b. ₹6,02,000
c. ₹6,14,000
d. ₹6,48,000

(vii) Sacrificing ratio is:
a. New Profit sharing ratio - old profit sharing ratio.
b. Equal to old profit sharing ratio
c. Equal
d. Old profit sharing ratio - new profit sharing ratio.

(viii) B and D are partners, sharing profit or loss in the ratio 3 : 2. They admit K for 1/6th share of profits in the firms of which she takes 2/3rd from B and 1/3rd from D. What will be the new profit sharing ratio?
a. 44: 31: 15
b. 31: 44: 15
c. 32: 41: 14
d. 15: 31: 44

(ix) Excess of hire purchase price over cash price is known as
a. Installment
b. Cash down payment
c. Interest
d. Capital value of asset

(x) Arti Ltd. purchased a machine on hire purchase system for a cash price ₹5,00,000 to be paid as ₹78,700 cash down and the balance by three equal annual instalments of ₹2,00,000 each. If interest is charged @ 20% per annum, then amount of interest payable in second instalment will be.
a. ₹1,00,000
b. ₹61,112

c. ₹33,328
d. ₹84,260

(xi) Which one is the correct one? Fundamental accounting assumptions as per AS 1 are:
a. Going Concern, Matching and Consistency;
b. Money Measurement, Going Concern and Prudence;
c. Accounting Period, Going Concern and Entity Concept; and
d. Going Concern, Consistency and Accruals.

(xii) The IRDA issued a circular under __________of the Insurance Act, 1938, which mandates insurers to comply with Ind AS and its implementation Roadmap issued by the MCA.
a. Section 35
b. Section 34
c. Section 36
d. Section 40

(xiii) Provision for Doubtful Debt on 1st April, 2022 was ₹13,000. During the year 2022-23 the Bad-debt was₹ 9,500. The Sundry Debtors on 31st March, 2023 were ₹3,25,000. Provision is to be made @ 5% on Debtors. If on 31st March, 2023, there was additional Bad debt of ₹2,500 then Provision for doubtful- debt will be:
a. debited to Profit & Loss Account by ₹ 16,125.
b. debited to Profit & Loss Account by ₹15,125.
c. debited to Profit & Loss Account by ₹ 3,000.
d. debited to Profit & Loss Account by ₹ 900.

(xiv) Which of the following commission is allowed by the consignor to the consignee to encourage the consignee for putting-up hard work in introducing new product in the market?
a. Del-credere Commission
b. Over-riding Commission
c. Hard work Commission
d. Ordinary Commission

(xv) Outstanding salaries is shown as –
a. An Asset in the Balance Sheet
b. A Liability in the Balance sheet
c. By adjusting it in the P & L A/c
d. Both (b) and (c)

SECTION – B

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

[5 x 14 =70]

2. (a) On comparing the Cash Book of Saksham with the Bank Pass Book for the year ended 31st March, 2024, following discrepancies were noticed:

(i) Out of ₹82,000 paid in by cheques into the bank on 25th March, cheques amounting to ₹30,000 were collected on 5th April.

(ii) Out of cheques drawn amounting to ₹31,200 on 28th March a cheque for ₹10,000 was presented on 3rd April.

(iii) A cheque for ₹4,000 entered in Cash Book but omitted to be banked on 31st March.

(iv) A cheque for ₹2,400 deposited into bank but omitted to be recorded in Cash Book and was collected by the bank on 29th March.

(v) A bill receivable for ₹ 2,080 previously discounted (discount ₹80) with the bank had been dishonoured but advice was received on 3rd April.

(vi) A bill for ₹40,000 was retired/paid by the bank under a rebate of 600 but the full amount of the bill was credited in the bank column of the Cash Book..

(vii) A cheque of ₹ 10,000 wrongly credited in the Pass Book on 29th March was reversed on 2nd April.

(viii) Bank had wrongly debited ₹20,000 in the account on 31st March and reversed it on 10th April, 2024.

(ix) A cheque of ₹800 drawn on the Savings Account has been shown as drawn on Current Account in Cash Book.

Prepare a Bank Reconciliation Statement as on 31st March, 2024, if the Balance as per Cash Book on 31st March was ₹1,58,280.

(b) Prepare the Rectified entries of the following with a suitable narration:

(i) An amount of ₹ 50 received from C. Sen has been credited to D. Sen Account

(ii) Purchase of furniture for ₹ 2,500 has been debited to purchase account.

(iii) Sale of old machine for ₹ 2,000 has been recorded in sales account.

(iv) Basu account has been debited for ₹ 3,500 for salary paid to him for the like amount.

(v) Annual white –washing of ₹ 800 has been wrongly debited to income tax account.

(vi) Income tax paid for ₹ 800 has been wrongly debited to income tax account

(vii) discount received for ₹ 150 has been recorded as interest received.

(viii) Goods purchased for the proprietor amounting to ₹ 200 has been debited to purchase account.

(ix) Wages of ₹ 1,500 paid for constructing a new building has been to wages account.

[7+7=14]

3. (a) RG Cellular of Kolkata consigned 100 mobile handsets to Techno Traders of Durgapur. The cost of each handset was ₹ 25,000. The consignor paid insurance ₹ 15,000, freight ₹ 8,000. An account sale was received from Pluto, showing gross sale proceeds of 80 units at ₹ 30,000 each.

The expenses paid and deducted by him were: Carriage ₹ 2,000; Establishment expenses ₹ 10,300; Insurance₹ 24,000; Commission ₹ 85,000. The handsets lying unsold with Pluto were valued at ₹ 5,05,000

Prepare the journal entries in the books of Techno Traders given that maintains Consignment Inward A/c.

(b) Beta Ltd. sells its products only on hire purchase terms, the hire purchase price being 'cost plus 33.33%'. From the given information, Examine and analyze the operating results from the hire purchase transactions by drafting necessary accounts under Debtors method:

Particular	1.4.2023 (₹)	1.4.2024 (₹)
Stock out on hire at H.P price	2,40,000	?
Stock in hand at shop	30,000	42,000
Instalments due from customers	18,000	30,000

Further information:

- Goods repossessed (installments not yet matured ₹ 12,000) valued at ₹ 4,800;
- Purchases made during the year 2023-24 amounted to ₹ 4,08,000;
- Cash collected from customers during 2023-24 was ₹ 4,80,000. **[7+7=14]**

4. The Income and Expenditure account of an association for the year ended 31 March 2022 is as under:

Dr. Cr.

Particulars	(₹)	Particulars	(₹)
To, Salaries	1,20,000	By, Subscription	170000
To, Printing and Stationery	6,000	By, Entrance fee	4000
To, Telephone	1,500	By, Contribution for Dinner	36000
To, Postage	500		
To, General expenses	12000		
To, Interest and bank charges	5500		
To, Audit fees	2500		
To, Annual Dinner Expenses	25000		
To, Depreciation	7000		
To, Surplus	30000		
	2,10,000		2,10,000

The aforesaid Income and Expenditure account has been prepared after the following adjustments:

Particulars	(₹)
Subscription outstanding as on 31st March 2022	16,000
Subscription outstanding as on 31st March 2023	18,000
Subscription received in advance as on 31st March 2022	13,000
Subscription 'received in advance as on 31st March 2023	8,400
Salaries outstanding as on 31st March 2022	6,000
Salaries outstanding as on 31st March 2023	8,000
Audit fees for 2020-21 paid during 2022-23	2,000
Audit fee for 2022-23 not paid	2,500
The building owned by the association since 2004 costs	1,90,000
Equipment as on 31st March, 2022 valued at	52,000
At the end of the year after depreciation of ` 7,000, equipment amounted to	63,000
In 2021-22, the association raised a bank loan of which is still not paid	30,000
Cash in hand as on 31st March 2023	28,500
Cash in hand as on 31st March 2022	13,600
Capital Fund as on 31st March 2022	2,20,600

Prepare Receipts and Payment Account of the association for the year ended 31st March 2023 and the Balance Sheet as at that date. **[14]**

5. A and B were partners of a firm sharing profits and losses in the ratio 2:1. The Balance Sheet of the firm as at 31st March, 2023 was as under:

Liabilities	(₹)	Assets	(₹)
Capital Accounts:		Plant and Machinery	5,00,000
A	8,00,000	Building	9,00,000
B	4,00,000	Sundry Debtors	2,50,000
Reserves	5,25,000	Stock	3,00,000
Sundry Creditors	2,75,000	Cash	1,50,000
Bills Payable	1,00,000		
	21,00,000		21,00,000

They agreed to admit P and Q into the partnership on the following terms:

(i) The firm's goodwill to be valued at 2 years' purchase of the weighted average of the profits' of the last 3 years. The relevant figures are:

1) Year ended 31.03.2020 - Profit ₹37,000
2) Year ended 31.03.2022 - Profit ₹40,000
3) Year ended 31.03.2023 - Profit ₹45,000

(ii) The value of the stock and Plant & Machinery were to be reduced by 10%.

(iii) Building was to be valued at ₹ 10,11,000.

(iv) There was an unrecorded liability of ₹ 10,000.

(v) A, B, P & Q agreed to share profits and losses in the ratio 3: 2 :1:1.

(vi) The value of reserve, the values of liabilities and the values of assets other than cash were not to be altered.

(vii) P and Q were to bring capitals equal to their shares of Profit considering B's capital as base after all adjustments.

Prepare the following:

(1) Memorandum Revaluation Account,
(2) Partner's Capital Accounts and
(3) The Balance Sheet of the newly constructed firm. **[14]**

6. (a) A firm has two departments – Raw Materials and Manufacturing. The finished goods are produced by the Manufacturing Department with raw materials supplied by Raw Materials department at selling price. Prepare Departmental Trading and Profit and Loss Account by using the following information for the year ended on 31st March 2023.

Particulars	Raw Materials Dept. (₹)	Manufacturing Dept. (₹)
Opening Stock	1,20,000	20,000
Purchases	8,00,000	6,000
Sales	8,80,000	1,80,000
Manufacturing Expenses	--	24,000
Selling Expenses	1,600	800
Raw Materials transferred to Manufacturing Dept.	1,20,000	--
Closing Stock	80,000	24,000

Cost of the closing stock of the manufacturing department consists of 25% for manufacturing expenses and 75% for raw materials. In the preceding year Raw Materials Department earned gross profit at the rate of 10%. Salaries of ₹5,000 and Insurance Premium of ₹1,600 are allocated between the two departments on the basis of sales ratio. Calculate the Net Profit of the firm as a whole.

(b) A fire occurred in the premises of Sri. G. Vekatesh on 1.4.2023 and a considerable part of the stock was destroyed. The stock salvaged was ₹ 28,000. Sri Venkatesh had taken a fire insurance policy for ₹ 17,10,000 to cover the loss of stock by fire.

Critically assess the situation and advice the management, the insurance claim which company should claim from the insurance company for the loss of stock by fire. The following particulars are available:

Particulars	(₹)	Particulars	(₹)
Purchases for the year 2022	9,38,000	Stock on 1.1.22	1,44,000
Sales for the year 2022	11,60,000	Stock on 31.12.2022	2,42,000
Purchases from 1.1.23 to 1.4.23	1,82,000	Wages paid during 2022	1,00,000
Sales from 1.1.23 to 1.4.23	24,00,000	Wages paid 1.1.23 to 1.4.23	1,80,000

Sri Venkatesh had in June 2022 consigned goods worth ₹ 50,000, which unfortunately were lost in an accident. Since there was no insurance cover taken, the loss had to be borne by him full. Stocks at the end of each year for and till the end of calendar year 2021 had been valued at cost less 10%.

From 2022, however there was a change in the valuation of closing stock which was ascertained by adding 10% to its costs. **[7+7=14]**

7. (a) Make a comparative study of provisions between AS 12 and Ind AS 20.

(b) Big Box Ltd., a start-up purchased on April 1, 2020, a machine worth ₹ 44,85,000 in relation to which it received ₹ 7,35,000 as grant from Government of India. The company decided to treat this grant as a capital receipt. It is estimated that the realizable value of the machine at the end of its useful life of 4 years will be ₹ 15,36,000. During the financial year 2022-23, the grant became refundable as the start-up company failed to comply with the necessary terms and conditions of the grant.

Evaluate the amount of depreciation that is to be charged to the statement of profit and loss for the years 2022-23 and 2023-24 given that the company follows straight line method of charging depreciation. **[7+7=14]**

8. Answer the following questions :

(a) Parshuram Ltd., which commenced its operations in 2019-20, provides the following details:

Financial year	Profit before Tax (₹)	Timing Difference (₹)	Permanent Difference (₹)	Corporate Tax rate	Remarks
2019-2020	28,00,000	+3,15,000	+3,50,000	40%	Reversible in 2022-23
2020-2021	31,50,000	+2,10,000	+2,80,000	38%	Reversible in 2021-22
2021-2022	35,00,000	-70,000	+3,15,000	35%	Reversible in 2022-23
2022-2023	24,50,000	Nil	+4,20,000	30%	-

Analyze and evaluate the amount of Current Tax for the four financial years. **[5]**

(b) From the following particulars presented by Mr. Shankar for the year ended 31st March 2023, Prepare Profit and Loss Account after taking into consideration the given details:

Gross Profit ₹ 1,00,000, Rent ₹ 22,000; Salaries, ₹ 10,000; Commission (Cr.) ₹ 12,000; Insurance ₹ 8,000; Interest (Cr.) ₹ 6,000; Bad Debts ₹ 2,000; Provision for Bad Debts (1.4.2021) ₹ 4,000; Sundry Debtors ₹ 40,000; Discount Received ₹ 2,000; Plant & Machinery ₹ 80,000.

Adjustments:

(i) Outstanding salaries amounted to ₹ 4,000; (b) Rent paid for 11 months;

(ii) Interest due but not received amounted to ₹ 2,000

(iii) Prepaid Insurance amounted to ₹ 2,000;

(iv) Depreciate Plant and Machinery by 10% p.a.

(v) Further Bad Debts amounted to ₹ 2,000 and make a provision for Bad Debts @5% on Sundry Debtors.

(vi) Commissions received in advance amounted to ₹ 2,000. **[5]**

(c) 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 and loss sharing ratios of the partners. **[4]**