INTERMEDIATE EXAMINATION

MODEL QUESTION PAPER

PAPER – 6

FINANCIAL ACCOUNTING

SET 1

TERM – DEC 2025

SYLLABUS 2022

Time Allowed: 3 Hours **Full Marks: 100**

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

SECTION – A (Compulsory)

1. Choose the correct option: **[15 x 2 = 30]**

(i) __________ concept assumes that the infinite life of an organisation can be split into smaller periods of equal duration.

a. Accounting Period
b. Entity
c. Going concern
d. Money Measurement

(ii) ____________ is a book of original entry which is meant for recording returns of goods purchased on credit from the supplier

a. Return Inward Day Book
b. Purchase Day Book
c. Return Outward Day Book
d. None of these

(iii) The Bank column of Cash Book shows 12,500 credit balance it indicates_______________.

a. Cash in hand
b. Bank Deposit
c. Bank Overdraft
d. Error in recording

(iv) On 31st March, 2025, the debtors of a trader are 6,20,000 before writing off the bad debts of 15,000. The provision for bad and doubtful debts is 5% on debtors and provision for discount on debtors is 2%. The amount of provision for discount on debtors is _____________.

a. ₹ 12,400
b. ₹ 12,100
c. ₹ 11,495
d. ₹ 11,780

(v) A bill of 30,000 is discounted with Bank at 10% p.a. for 3 months. What is the discount amount?

a. ₹ 750
b. ₹ 900
c. ₹ 1,500
d. ₹ 3,000

(vi) Goods sent on consignment is 1,20,000 (at invoice price), invoice price is 25% above cost. What is the loading?

a. ₹ 20,000
b. ₹ 24,000
c. ₹ 25,000
d. ₹ 30,000

(vii) What is the treatment of outstanding salary of ₹10,000 in financial statement?

a. To be added to salary in trading account
b. To be added to salary in Profit and Loss account and to be shown in Balance Sheet as liability
c. To be shown as an asset in the Balance Sheet
d. To be deducted from salary in Profit and Loss account

(viii) Mr. BB and Mr. CC entered into a joint venture sharing profit at 2:1. Mr. BB had incurred expenses of 24,000 and Mr. CC had incurred expenses of 12,000. Profit is 18,000. What is Mr. CC's share of profit?

a. 6,000
b. 12,000
c. 4,000
d. 8,000

(ix) X and Y were partners sharing profits and losses in the ratio of 4:3.
They admit Z as a new partner, giving him 1/4th share of the future profits.
What will be the new profit-sharing ratio between X, Y, and Z?

a. 4:6:7
b. 12:9:7
c. 7:9:4
d. 5:5:4

(x) The average profit of a firm for the last 4 years is ₹50,000. The normal rate of return is 10%, and the capital employed is ₹3,00,000. What is the value of goodwill using the super profit method for 3 years' purchase?

a. ₹30,000
b. ₹45,000
c. ₹60,000
d. ₹1,50,000

(xi) Advertisement expenses are apportioned among departments in the proportion of _______________.

a. sales of each department
b. purchases of each department
c. no. of units sold by each department
d. cost of sales of each department

(xii) 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 installment of ₹ 2,00,000 each. If interest is charged @ 20% per annum then amount of interest payable in second installment will be ____________________.

a. ₹ 1,00,000
b. ₹ 61,112
c. ₹ 33,328
d. ₹ 84,260

(xiii) Which of the following is not a principle that AS 1 requires for the disclosure of accounting policies?
a. Accounting policies should be consistently followed in the preparation of financial statements.
b. Changes in accounting policies should be disclosed only if they affect the financial statements.
c. The financial statements should disclose all accounting policies applied.
d. If there is a change in accounting policy, the financial impact should be disclosed.

(xiv) AS-12 does not apply to:
a. Grants related to fixed assets
b. Grants related to promoter's contribution
c. Tax holiday benefits
d. Grants for revenue expenses

(xv) Income and Expenditure Account shows subscriptions at 2,50,000. Subscriptions accrued in the beginning of the year and at the end of the year were 25,000 and 37,500 respectively. The amount of subscriptions received appearing in receipts and payments account will be
a. ₹ 1,87,500
b. ₹ 2,75,000
c. ₹ 2,37,500
d. ₹ 2,62,500

Section – B

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

[5 x 14 = 70]

2. **(a)** A machine is purchased for ₹7,00,000. Expenses incurred on its cartage and installation ₹ 3,00,000. Calculate the amount of depreciation @ 20% p.a. according to Straight Line Method for the first year ending on 31st March, 2025 if this machine is purchased on:
(i) 1st April, 2024
(ii) 1st July, 2024
(iii) 1st October, 2024
(iv) 1st January, 2025 **[7]**

(b) Classify the following items as capital or revenue expenditure:

(i) An extension of railway tracks in the factory area;

(ii) Wages paid to machine operators;

(iii) Installation costs of new production machine;

(iv) Materials for extension to foremen's offices in the factory;

(v) Rent paid for the factory;

Give reasons for your classification. **[7]**

3. **(a)** Mr. X sold goods for ₹15,000 to Mr. Y and immediately drew a bill upon him on Jan. 01,2025 payable after 3 months. On maturity the bill was dishonoured and ₹50 were paid by the holder of the bill as noting charges. Show how the journal entries will be recorded in the books of Mr. X and Mr. Y, when the bill was endorsed by Mr. X in favour of his creditor Miss Z. **[7]**

(b) PQ Ltd. sold machinery having WDV of ₹80 lakhs to BR Ltd. for ₹ 100 lakhs and the same machinery was leased back by BR Ltd. to PQ Ltd. The lease back is operating lease.

Comment if –

(i) Sale price of ₹100 lakhs is equal to fair value.

(ii) Fair value is ₹ 120 lakhs.

(iii)Fair value is ₹ 90 lakhs and sale price is ₹ 76 lakhs. **[7]**

4. **(a)** From the following Trial Balance of Mr. A as on 31st March, 2025, prepare Trading Account and Profit and Loss Account for the year ending 31st March,2025.

Particulars	₹	Particulars	₹
Drawings	50,000	Capital	7,00,000
Plant	3,00,000	Creditors	80,000
Debtors	1,80,000	Returns	24,000
Returns	20,000	Discount	8,000
Discount	10,000	Provision for Doubtful Debts	24,000
Commission	16,000	Sales	
Interest on Bank Loan	44,000	10% Bank Loan (as	9,60,000
Furniture	68,000	on 31-3-2024)	4,40,000
Wages	96,000		
Salaries	1,20,000		
Advertisement	54,000		
Purchases	4,80,000		
Stock (31-3-2024)	1,00,000		
Carriage Inwards	24,000		
Land & Buildings	6,00,000		
Cash and Bank	74,000		

	22,36,000		22,36,000

The following additional information is given:

(i) Closing Stock, ₹92,000.
(ii) Wages and Salaries outstanding were ₹10,000 and Rs 8,000 respectively as on 31-3-2025
(iii) Depreciate Plant and Furniture @ 15%, and 15% respectively.
(iv) Depreciated value of Land & Building as on this date comes to ₹5,85,000
(v) Provision for Doubtful Debts as on this date 31-3-25 ₹6,000. **[7]**

(b) P Limited gives you the following information to find out Total Sales and total Purchases:

Particulars	₹	Particulars	₹
Debtors as on 1st April (Opening Balance)	80,000	Discount allowed by Suppliers	7,000
Creditors as on 1st April (Opening Balance)	91,000	Discount allowed to Customers	9,000
Bills Receivable received during the year	47,000	Endorsed Bills Receivable dishonoured	3,000
Bills Payable issued during the year	53,000	Sales Return	11,000
Cash received from Customers	1,56,000	Bills Receivable Discounted	8,000
Cash paid to Supplies	1,72,000	Discounted bills Receivable dishonoured	2,000
Bad Debts Recovered	16,000	Cash Sales	1,68,500
Bills Receivables endorsed to Creditors	27,000	Cash Purchases	1,97,800
Bills Receivables dishonoured by Customers	5,000	Debtors on 31st March (Closing Balance)	82,000
		Creditors as on 31st March (Closing Balance)	95,000

[7]

5. Following is the Balance Sheet of X and Y as at 31.3.2025 who are partners in a firm sharing profits and losses in the ratio of 2:1 respectively:

Liabilities	(₹)	Assets	(₹)
Capital: X Y	46,000 34,000	Land and Building	30,000
Creditors	20,000	Plant and Machinery	35,000
		Stock	12,000
		Debtors	11,400
		Investments	3,600
		Bank	8,000
	1,00,000		1,00,000

Z is admitted as a new partner on 1.4.2024 for 1/3rd share on the following terms –

(1) Z is to bring in ₹ 20,000 as capital;

(2) An amount of ₹ 2,000 included in debtors is to be written-off as no longer receivable ;

(3) Investments are taken over by yat their market value of ₹ 3,000 ;

(4) Stock is to be increased by ₹ 3,100; and ,

(5) Plant and machinery is to be decreased by 10%.

You are required to prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm **[14]**

6. **(a)** HP Pvt. Ltd. Opened a new branch at Delhi. HP Pvt. Ltd. Sent goods costing ₹50,000 to Delhi branch. Delhi branch sold entire goods in cash at ₹80,000. Branch paid expenses of ₹7,000. No other transaction occurred at the branch. Prepare branch account in HO Books and find out the profit. **[7]**

(b) A Fire occurred on the premises of a Merchant on 15th June and a considerable part of the Stock was destroyed. The value of Stock saved was ₹9,000. The books disclosed that on 1st April, Stock was valued at ₹73,500, purchases to the date of fire amounted to ₹2,09,980 and Sales ₹3,13,000. On investigation, it was found that during the past five years, the average Gross Profit on Sales was 36%. Prepare a statement showing the amount, the Merchant should claim from the Insurance Company in respect of Stock destroyed by fire. **[7]**

7.(a) On December 1,2024, Arjun Co. purchased 2,00,000 worth of land for a factory site. Arjun razed an old building on the property and sold the materials it salvaged from the demolition. Arjun incurred additional costs and realized salvage proceeds during December 2024 as follows:

Particulars	₹
Demolition of old building	25,000
Legal fees for purchase contract and recording ownership	5,000
Title guarantee insurance	6,000
Proceeds from sale of salvaged materials	4,000

In its December 31,2024 Balance Sheet, PP Ltd. should report a balance in the land account.

[7]

(b)

Particulars	Exchange Rate
Goods purchased on 24.02.2024 of US$ 10000	₹76.60
Exchange rate on 31.03.2024	₹77.00
Date of actual payment 5.06.2025	₹77.50

Calculate the loss / gain for the financial years 2023-24 and 2025-26 [7]

8. Short Questions:

(a) Explain the methods/criteria for the selection and application of Accounting Policies. **[5]**

(b) On 31st March 2024, a club had subscription in arrears of ₹ 28,000 and in advance ₹ 4,000. During the year ended 31st March 2025, the club received subscription of ₹ 2,08,000 of which ₹ 12,500 was related to 2025-26. On 31st March, 2025, there were 5 members who had not paid subscription for 2024-25 @ ₹ 1,600 per person. Prepare the Subscription Account for the year 2024-25. **[5]**

(c) **S** and N are partners sharing Profit (Loss) in the ratio of 5:3. They admit J into partnership for 3/10th in the Profit/(Loss) in which J acquired 1/5th share from S and 1/10th share from N respectively. Calculate the new profit and loss sharing ratios of the partner. **[4]**