

INTERMEDIATE EXAMINATION

June 2025

P-6(FA)
Syllabus 2022

FINANCIAL ACCOUNTING

Time Allowed: 3 hours

Full Marks: 100

*The figures in the margin on the right side indicate full marks.
Where necessary, candidate may make appropriate assumptions
and clearly state them in the respective answer.*

All working notes must form part of the answer.

*Answer to Question No. 1 in section A is compulsory, further answer any five
from Question No. 2 to Question No. 8 in section B.*

Section-A

1. Choose the correct option from the four alternatives given:

2×15=30

- (i) Which of the following statements is correct?
- (A) Financial accounts of an enterprise are treated as evidence in the court of law.
 - (B) Financial statements prepared by two different accountants will always show identical results.
 - (C) Financial statements need not take into consideration any statutory requirements.
 - (D) Only credit transactions are recorded in the books of accounts.
- (ii) When the closing stock is shown in the trial balance, then at the end of the accounting year, closing entry for it will be required:
- (A) Closing Stock A/c Dr. To Trading A/c
 - (B) Trading A/c Dr. To Closing Stock A/c
 - (C) Either (A) or (B)
 - (D) Entry not required
- (iii) State which of the following transactions can be classified as foreign currency transactions:
- (A) Buying or selling the goods or services priced in foreign currency.
 - (B) Lending or borrowing when the amount are denominated in a foreign currency.
 - (C) Acquisition or disposition of fixed assets denominated in foreign currency.
 - (D) All of the above

(iv) Which of the following is not an accounting convention?

- (A) Business entity
- (B) Disclosure
- (C) Conservatism
- (D) Materiality

(v) The following information is given in the trial balance of Rupa Dresses as on 31st March, 2025:

- Bad Debts – ₹ 12,200
- Provision for Bad and Doubtful Debts on 1.4.2024 – ₹ 7,500
- Debtors – ₹ 2,00,000

If further bad debt is ₹ 1,800 and Rupa Dresses makes a provision for bad and doubtful debts @ 5% on Debtors, the amount of such provision to be shown in Balance Sheet as at 31st March, 2025 will be

- (A) ₹ 9,910
- (B) ₹ 4,210
- (C) ₹ 12,000
- (D) None of the above

(vi) If capital at the end of the year is ₹ 80,000, capital introduced during the year is ₹ 60,000, drawings for the year are ₹ 40,000, and loss for the year is ₹ 1,20,000, then the capital at the beginning of the year was

- (A) ₹ 1,80,000
- (B) ₹ 1,60,000
- (C) ₹ 1,40,000
- (D) ₹ 20,000

(vii) State which of the following statements is true.

- (A) A joint venture has a definite life.
- (B) Financial statements are not comparable.
- (C) Sales book is a part of ledger.
- (D) Owners Equity = Assets + Liabilities

- (viii) On January 1, 2025, goods costing ₹ 1,32,000 were consigned by Mr. Rana of Chennai to his agent Mr. Dhana in Amritsar at a proforma invoice price of 20% above cost. Mr. Rana paid freight charges ₹ 4,000. The consignee was paid ₹ 2,000 per annum towards establishment cost. Mr. Dhana paid ₹ 1,000 as godown rent for 3 months ended 31st March 2025. $\frac{3}{4}$ th of goods were sold at $33\frac{1}{3}\%$ profit on cost.

The value of unsold stock (invoice price) as on 31st March, 2025 is

- (A) ₹ 66,000
 - (B) ₹ 162,400
 - (C) ₹ 1,54,400
 - (D) ₹ 40,600
- (ix) Rekha draws a BOE on Reba ₹ 20,000 payable in 3 months. On the due date Reba could not make the payment and Reba got it notified from the notary public on payment of noting charges ₹ 100. Reba requested Rekha to draw a fresh bill for another three months at 12% interest. The amount of fresh bill be
- (A) ₹ 20,700
 - (B) ₹ 20,703
 - (C) ₹ 20,600
 - (D) ₹ 21,000
- (x) State which of the following statements is not true relating to AS 10:
- (A) Excludes the accounting for real estate developers.
 - (B) No recognition criteria for fixed assets are laid out.
 - (C) Recognises the revaluation of fixed assets.
 - (D) Does not deal with jointly owned assets.
- (xi) B & C entered into a joint venture for export of Indian handicraft goods to overseas customers. B sent goods worth ₹ 2,00,000 to C for export to the U.S.A. C exported goods worth ₹ 1,75,000 to U.S.A. for ₹ 2,10,000 and agreed to take away the remaining stock at the same gross profit rate as in the other exports.
- The goods will be valued at
- (A) ₹ 25,000
 - (B) ₹ 30,000
 - (C) ₹ 22,500
 - (D) ₹ 27,500

(xii) State which of the following statements is true.

- (A) The buyer gets immediate possession but not ownership under installment payment system on signing of contract.
- (B) A marine insurance policy is taken to cover the claim for loss.
- (C) For independent branch, incorporation of branch trial balance is required.
- (D) Short-term lease which is often cancellable is known as Leverage lease.

(xiii) Assertion (A) and Reason (R):

Assertion (A): Goodwill is an intangible asset but not a fictitious asset.

Reason (R): Goodwill does not have any physical existence. Fictitious assets are not realisable whereas goodwill can be purchased or sold.

Choose the correct option:

- (A) Both Assertion and Reason are not correct.
- (B) Reason is correct but Assertion is not correct.
- (C) Assertion and Reason both are correct but Reason is not the correct explanation of Assertion.
- (D) Assertion and Reason both are correct and Reason is the correct explanation of Assertion.

(xiv) D, E, F are partners in a firm sharing profits in the ratio of 1:1:1. They decided to share profits in the ratio 2:3:5. The goodwill of the firm was valued at ₹ 1,80,000.

F's Capital Account will be

- (A) credited by ₹ 24,000.
- (B) credited by ₹ 6,000.
- (C) credited by ₹ 60,000.
- (D) debited by ₹ 30,000.

(xv) Mr. Ranabir is admitted into partnership for $\frac{1}{4}$ share of profit. The total capital of the old partners stood at ₹ 45,000 after adjustments of goodwill, revaluation of fixed assets and liabilities and transfer of reserves.

1. What amount should be brought in by the new partner as his share of capital at the time of admission?
 2. If Mr. Ranabir brings ₹ 20,000 as capital for $\frac{1}{4}$ share of profits and the partners decide to adjust their capital in accordance with their profit-sharing ratio, what should be the total capital of the firm?
- (A) ₹ 15,000 , ₹ 80,000
 - (B) ₹ 11,250 , ₹ 65,000
 - (C) ₹ 12,250 , ₹ 56,000
 - (D) ₹ 10,000 , ₹ 60,000

SECTION-B

Answer any 5 out of 7 Questions.

Each question carries 14 marks.

14×5=70

2. (a) (i) As per AS-10, the amount of depreciation charged to the Statement of Profit and Loss depends on certain factors. List out those factors with brief explanation.
- (ii) ABC Ltd. purchased a motor vehicle costing ₹ 70 lakh on 1st April, 2024. The major components of the motor vehicle consist of Main Body costing ₹ 20 lakh, Seating Arrangement and Furnishing costing ₹ 30 lakh, and Engine costing ₹ 20 lakh. The expected useful life of these components is: Main Body– 5 years, Seating Unit – 6 years and Engine – 10 years. Compute the depreciation for the year ending 31st March, 2025. 7
- (b) (i) State briefly the difference between Purchase Day Book and Purchase Account.
- (ii) Rectify the following errors:
1. Credit sales to Barun ₹ 7,000 were recorded as ₹ 7,200.
 2. Credit purchase from Raman ₹ 9,000 was recorded as ₹ 9,900.
 3. Goods returned to Chaya ₹ 4,000 were recorded as ₹ 4,040.
 4. Goods returned from Paresh ₹ 1,000 were recorded as ₹ 1,400. 7
3. (a) On 30th March, 2025, fire occurred in the premises of M/S Rajesh & Co. The concern had taken an insurance policy of ₹ 1,20,000 subject to the average clause. From the books of accounts, the following particulars are available relating to the period 1st January to 30th March, 2025:
- (i) Stock as per Balance Sheet at 31st December, 2024: ₹ 1,91,200
 - (ii) Purchases (including purchase of machinery costing ₹ 60,000): ₹ 3,40,000
 - (iii) Wages (including ₹ 6,000 for installation of machinery): ₹ 1,00,000
 - (iv) Sales (including goods sold on approval basis amounting to ₹ 99,000): ₹ 5,50,000 (No approval has been received in respect of 2/3rd of the goods sold on approval.)
 - (v) Average rate of gross profit is 20% of sales
 - (vi) Value of salvaged goods: ₹ 24,600
- You are required to compute the amount of the claim to be lodged to the insurance company. 7
- (b) Sumon Ltd. invoices goods to its branch at cost plus $33\frac{1}{3}\%$. From the following particulars, prepare Branch Stock Account, Branch Stock Adjustment Account and Branch Profit and Loss Account in the books of the Head Office :

- Stock at commencement at Branch (Invoice Price): ₹ 3,60,000
- Stock at close at Branch (Invoice Price): ₹ 2,88,000
- Goods sent to Branch during the year (at invoice price, including goods invoiced at ₹ 48,000 but not yet received by Branch before closing of the year): ₹ 24,00,000
- Return of goods to Head Office (Invoice Price): ₹ 1,20,000
- Credit Sales at Branch: ₹ 1,20,000
- Invoice value of goods pilfered: ₹ 24,000
- Normal loss at Branch (at Invoice Price): ₹ 36,000
- Cash Sales at Branch: ₹ 21,60,000

Sumon Ltd. closes its book on 31.03.2025.

7

4. The following information relates to the business of ABC Enterprises. Prepare a Trading and Profit & Loss Account for the year ended 31st March, 2025 and a Balance Sheet as on that date.

(a) Assets and Liabilities as on

	1.04.24	31.03.25
Furniture	₹ 60,000	₹ 63,500
Stock	₹ 80,000	₹ 70,000
Sundry Debtors	₹ 160,000	?
Sundry Creditors	₹ 110,000	₹ 150,000
Prepaid Expenses	₹ 6,000	₹ 7,000
Outstanding Expenses	₹ 20,000	₹ 18,000
Cash in hand and Bank Balance	₹ 12,000	₹ 26,250

(b) Cash transactions during the year:

- (i) Collection from Debtors after allowing discount of ₹15,000 amounted to ₹5,85,000.
- (ii) Collection on discounting Bills of Exchange, after deduction of discount ₹ 1,250 by bank totalled ₹ 61,250.
- (iii) Creditors of ₹ 4,00,000 were paid ₹ 3,92,000 in full settlement.
- (iv) Freight Inward paid: ₹ 30,000.
- (v) Drawings: ₹ 70,000.
- (vi) Payment for Office Furniture: ₹ 10,000.
- (vii) Investment carrying annual interest of 6% were purchased at ₹ 95 (200 shares, face value ₹ 100 each) on 1st October 2024 and payment made thereof.

(viii) Expenses including salaries paid: ₹95,000.

(ix) Miscellaneous Receipts: ₹5,000.

(c) Additional Information:

- Bills drawn ₹ 1,00,000, of these ₹ 20,000 endorsed to creditors and an endorsed bill of exchange of ₹ 4,000 was dishonoured.
- Goods worth ₹9,000 used as advertising material.
- Gross Profit is always 20% on Sales.
- Cash Book difference treated as Drawing/Capital introduced.
- Provide 2% for Doubtful Debts on closing Debtors.

14

5. A and B are partners in a firm sharing profits and losses in the ratio of 3:2. Their financial position as at 31st March, 2025 was as follows:

Liabilities	₹	Assets	₹
Sundry Creditors	20,000	Cash in Hand	30,000
A's Capital	24,000	Sundry Debtors	
		(₹ 46,000 – Prov. ₹2,000)	44,000
B's Capital	60,000	Stock-in-Trade	21,500
		Fixtures and Fittings	500
		Profit and loss	8,000
Total	1,04,000	Total	1,04,000

On 1st April, 2025, C is admitted under the following terms:

- New profit-sharing ratio A:B:C = 5:3:2.
- Goodwill is valued at ₹ 16,000; C brings in cash for goodwill (half retained in business).
- ₹ 4,000 bad debts are to be written off; Provision for Bad Debts to be raised to 10%.
- Stock-in-trade is revalued at ₹ 28,000.
- Fixtures and fittings are to be reduced to ₹ 300.
- C is to bring cash to make his capital equal to 1/5th of combined adjusted capitals of A and B.

Prepare: Revaluation Account, Partners' Capital Accounts, and New Balance Sheet of the firm as on 1st April, 2025.

14

6. (a) Ram of Patna consigns goods to Shyam of Delhi for sale at invoice price or above. Terms are:

- Commission to Shyam: 5% on Invoice Price + 25% on any surplus realized.
- Ram draws a bill on Shyam at 90 days sight for 80% of invoice price as security money.

- Shyam remits balance proceeds after sales, deducting commission by sight draft.

Details:

- Goods costing ₹ 20,900 (including freight) invoiced at ₹28,400.
 - Sales made by Shyam: ₹ 26,760.
 - Unsold goods (invoice price): ₹ 6,920 (original cost including freight ₹ 5,220).
 - Sight draft received up to 31st December: ₹ 6,280 (others in transit). Prepare Consignment Account, Shyam Accounts in Ram's books.
- (b) Y purchased a machine under the hire purchase system. As per the agreement, ₹ 40,000 was to be paid on signing the contract. The balance was to be paid in four instalments of ₹ 25,000 each plus interest. The cash price was ₹ 1,40,000. Interest is chargeable on outstanding balance at 20% per annum. Find interest for each year and the instalment amount.
7. (a) What is the basic difference between Accounting Standards (AS) and Indian Accounting Standards (Ind AS)?
- (b) List out the comparative provisions between Ind AS 23 and AS 16.
8. (a) (i) Explain, in short, the relevant disclosure of Accounting Policies as per AS 1.
(ii) Kanan Ltd. has provided the following information:

Particulars	₹
Depreciation as per Accounting Records	2,50,000
Depreciation as per Tax Records	5,50,000
Unamortised Preliminary expenses as per Tax Records	40,000

There is adequate evidence of future profit sufficiency. How much deferred tax Assets / Liability should be recognised as transition adjustment where the tax rate is 50%?

- (b) (i) "Profit and Loss is a Point Statement, whereas a Balance Sheet is a Period Statement." Do you agree? Give reasons.
- (ii) From the following particulars, compute how the subscription item will appear in the Income and Expenditure Account for the year 2024-25?

	₹
Subscription received during the year 2024-25	4,000
Subscription outstanding on 31-3-25	180
Subscription outstanding on 1-4-2024	400
Subscription received in advance on 31-3-24	100
Subscription received in advance on 31-3-2025	80

- (c) A and B were partners sharing profits in the ratio of 5:3. On 1st April, 2023, the firm was dissolved. Assets (other than cash) and liabilities were transferred to Realisation Account.

Information:

- (a) Creditor for ₹ 1,80,000 accepted Debtors of ₹ 1,50,000 at 4% discount; balance paid by cheque.
- (b) Another creditor for ₹ 1,20,000 took over Stock (Book Value ₹ 50,000) at ₹ 40,000 and Investments of ₹ 76,000.
- (c) Another creditor for ₹ 3,00,000 accepted Land & Building at ₹ 5,00,000 and paid balance to the firm by cheque.
- (d) Loss on dissolution was ₹ 24,000.

Pass necessary Journal Entries in the books of the Firm.