



Time Allowed: 3 Hours

Full Marks: 100

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

SECTION – A (Compulsory)

1. You are required to answer all the questions. Each question is followed by 4 answer choices and only one is correct. You are required to select the choice which according to you is the correct answer. [15 × 2 = 30]
- (i) The basic principles of concept are that business is assumed to exist for an indefinite period
- (A) Business Entity
 - (B) Accounting Period
 - (C) Going Concern
 - (D) Materiality
- (ii) Ledger Folio (L.F.) column in the journal is filled at the time of
- (A) Journalising
 - (B) Posting
 - (C) Casting
 - (D) Balancing
- (iii) A cash book in which only one amount column is maintained on each side to record transactions involving_____
- (A) Cash Discount
 - (B) Discount Received
 - (C) Trade Discount
 - (D) Liquid Cash
- (iv) On 01.04.2025, balance in Provision for Bad Debts was ₹10,000. Bad Debt during the year 2025-26 was ₹3,000. Further Bad debt was ₹5,000. Debtor at the end of the year before further Bad debt was ₹50,000. Provision for Bad and doubtful Debt to be made @ 10% on Sundry Debtors The amount to be Dr / Cr to Profit and Loss Account at the end of the year would be of bad debts
- (A) Credit to P/L Account- ₹2,500
 - (B) Debit to P/L Account- ₹5,000
 - (C) Debit to P/L Account- ₹3,000
 - (D) Debit to P/L Account- ₹2,500
- (v) Ms. Sakshi draws a Bill of exchange on Shreya for ₹50000 payable after 3 months. On the due date the bill was dishonoured and noting charge of ₹100 paid by Sakshi. Shreya requested to draw another bill for one month with 12% p.a. interest on Bills of exchange. The amount of Bill to be drawn by Sakshi would be
- (A) ₹50,000
 - (B) ₹50,100
 - (C) ₹50,600
 - (D) ₹50,500



(vi) Cash sales are ₹2,25,000 and del credere commission is ₹37,500. If the consignee is entitled to del credere commission @5% on gross sales then the amount of credit sales will be

- (A) ₹7,50,000
- (B) ₹5,25,000
- (C) ₹5,00,000
- (D) ₹6,00,000

(vii) Given

Opening sundry creditors ₹19,000

Cash paid to sundry creditors ₹ 54,800

Discount received ₹1,000

Credit purchases ₹ 61,200.

The value of sundry creditors at the end of the year will be

- (A) ₹26,400
- (B) ₹25,400
- (C) ₹24,400
- (D) ₹18,600

(viii) Shiva and Shivam are entered in the business of buy and sale of food grain for a period of one year and sharing the profit in the ratio of 3 :2, this agreement is a

- (A) Lease
- (B) Consignment
- (C) Partnership
- (D) Joint Venture

(ix) A and B are partners having profit sharing ratio of 3:2. They admitted C into the firm giving him 1/5th share., What should be the new profit-sharing ratio?

- (A) 3:2:1
- (B) 12:8:5
- (C) 18:24:13
- (D) 17:11:12

(x) Given

Average Profit	₹ 17,34,000
Total Assets	₹ 1,35,00,000
Outside Liabilities	₹ 83,00,000
Normal Rate of Return	12%

The value of goodwill under capitalisation of average profits will be

- (A) ₹9,50,000
- (B) ₹92,50,000
- (C) ₹61,50,000
- (D) ₹1,44,50,000

**INTERMEDIATE EXAMINATION****SET 2****MODEL QUESTION PAPER****TERM – JUNE 2026****PAPER – 6****SYLLABUS 2022****FINANCIAL ACCOUNTING**

(xi) Departmental Trading A/c for Department X & Department Y is given below:

Particulars	Dept. X	Dept Y	Particulars	Dept. X	Dept Y
Opening stock,	9,20,000	50,000	Sales	8,80,000	1,80,000
Purchase and Direct Exp		1,20,000	Goods transferred to Y	1,20,000	
Goods transferred from X			Closing stock	80,000	24,000
Gross profit	1,60,000	34,000			
	10,80,000	2,04,000		10,80,000	2,04,000

Goods were sold by X to Y on usual selling price. The unrealized profit in the closing stock of Y will be

- (A) ₹3,800
- (B) ₹3,820
- (C) ₹3,840
- (D) ₹3,860

(xii) Short-term lease which is often cancellable is known as

- (A) Finance Lease
- (B) Net Lease
- (C) Operating Lease
- (D) Leverage Lease

(xiii) Which of the following are Fundamental Accounting Assumptions as per AS-1?

- (A) Going Concern, Matching & Consistency
- (B) Money measurement, Going Concern & Prudence
- (C) Going Concern, Consistency & Accruals
- (D) Accounting Period, Going Concern & Entity Concept

(xiv) Presently in India, _____ deals with 'Income Taxes'.

- (A) AS 12
- (B) AS 20
- (C) AS 22
- (D) AS 23

(xv) Subscription of ₹6,25,000 had been shown in the Income and Expenditure Account prepared for the year ending 31st March, 2026. Additional information is as below:

Particulars	On 31st March, 2025 (₹)	On 31st March, 2026 (₹)
Subscription Outstanding	55,000	72,000
Subscription Received in Advance	31,000	37,000

The amount of subscription received during the year 2025-26 would be:

- (A) ₹6,14,000
- (B) ₹6,02,000
- (C) ₹6,36,000
- (D) ₹6,48,000



Section – B

(Answer any 5 questions out of 7 questions given. Each question carries 14 Marks) [5 × 14 = 70]

2. (a) On 31st January, 2026, Sethi's cash book showed a bank overdraft of ₹ 2,50,000. On comparing with the pass book, the following differences were noted.
- (a) Cash and cheques amounting to ₹ 26,800 were sent to the bank on 27th January, but cheques worth 4600 were credited on 2nd February and one cheque for 900 was returned by them as dishonoured on 4th February.
 - (b) During the month of January, Sethi issued cheques worth ₹ 33,400 to his creditors. Out of these, cheques worth 27,400 were presented for payment on 5th February.
 - (c) According to Sethi's standing orders, the bankers have made the following payments during the month of January:
 - i. Life insurance premium ₹ 3,840
 - ii. Television license fee ₹ 2,400
 - (d) Sethi's bankers have collected ₹ 3,000 as dividend on his shares.
 - (e) Interest charged by the bank ₹ 2,500
 - (f) A bill receivable of ₹ 2,000 discounted with the bank in December, 2022, was dishonoured on 31st January, 2026.

You are required to:

- (i) Prepare the amended cash book balance as on 31st January, 2026
- (ii) Prepare a Bank Reconciliation Statement from the amended cash book as on 31st January 2026.

[7]

- (b) The following errors were detected:
- (i) A Credit Sale of goods to X ₹ 3,000 posted as ₹ 30,000.
 - (ii) A Cash Sale of goods to Y ₹ 3,000 posted as ₹ 30,000.
 - (iii) A Credit Sale of Furniture to Z ₹ 3,000 posted as ₹ 30,000.
 - (iv) A Credit Sale of goods of ₹ 3,000 to Krishan entered in the purchases book, as ₹ 30,000 and posted there from to the credit of Kishan as ₹ 3,000.
 - (v) A Cash Sale of goods of ₹ 3,000 to Krishan posted to the credited of Kishan as ₹ 30,000.
 - (vi) A Credit Purchase of old machinery from Sohan for ₹ 17,000 was entered in the Purchases Book as purchase from Mohan for ₹ 71,000. ₹ 3,000 paid as Repair Charges of this Machinery debited to General Expenses Account.
 - (vii) A Bill drawn on Meenu for ₹ 30,000 was passed through bills payable book with ₹ 3,000 and posted there from to the credit of Meena as ₹ 300.
 - (viii) Sales included a sale of furniture having a book of value of ₹ 900 for ₹ 850 on 31st March, 2026.

Prepare rectifying journal entries with narration.

[7]

**INTERMEDIATE EXAMINATION****SET 2****MODEL QUESTION PAPER****TERM – JUNE 2026****PAPER – 6****SYLLABUS 2022****FINANCIAL ACCOUNTING**

3. (a) Ram of Patna consigns to Shyam of Delhi for sale at invoice price or over. Shyam is entitled to a commission @ 5% on invoice price and 25% of any surplus price realized. Ram draws on Shyam at 90 days sight for 80% of the invoice price as security money. Shyam remits the balance of proceeds after sales, deducting his commission by sight draft.

Goods consigned by Ram to Shyam costing ₹20,900 including freight and were invoiced at ₹28,400. Sales made by Shyam were ₹26,760 and goods in his hand unsold at 31st Dec, represented an invoice price of ₹6,920.

(Original cost including freight ₹5,220). Sight draft received by Ram from Shyam up to 31st Dec was ₹6,280. Others were in- transit.

Prepare necessary Ledger Accounts in the books of Ram. [7]

- (b) The following particulars relate to hire purchase transactions:
- (i) X purchased three cars from Y on hire purchase basis, the cash price of each car being ₹ 2,00,000.
 - (ii) The hire purchaser charged depreciation @ 20% on diminishing balance method.
 - (iii) Two cars were seized by on hire vendor when second instalment was not paid at the end of the second year. The hire vendor valued the two cars at cash price less 30% depreciation charged under it diminishing balance method.
 - (iv) The hire vendor spent ₹ 10,000 on repairs of the cars and then sold them for a total amount of ₹ 1,70,000.
- You are required to Calculate:
- (i) Agreed value of two cars taken back by the hire vendor.
 - (ii) Book value of car left with the hire purchaser.
 - (iii) Profit or loss to hire purchaser on two cars taken back by their hire vendor.
 - (iv) Profit or loss of cars repossessed, when sold by the hire vendor. [7]

4. (a) JB Club furnishes you the Receipts and Payments Account for the year ended 31.03.2026:

Receipts	₹	Payments	₹
To Cash in hand (1.4.2025)	40,000	By Salary	20,000
To Cash at Bank (1.4.2025)	1,00,000	By Repair expenses	5,000
To Donations	50,000	By Furnitures	60,000
To Subscriptions	1,20,000	By Investments	60,000
To Entrance fee	10,000	By Misc. Expenses	5,000
To Interest on Investments	1,000	By Insurance Premium	2,000
To Interest from Banks	4,000	By Billiards table and other Sports Items	80,000
To Sale of Old Newspaper	1,500	By Stationery Expenses	1,500
To Sale of Drama Tickets	10,500	By Drama Expenses	5,000
		By Cash in Hand (31.03.2026)	26,500
		By Cash at Bank (31.03.2026)	72,000
Total	3,37,000	Total	3,37,000

**INTERMEDIATE EXAMINATION****SET 2****MODEL QUESTION PAPER****TERM – JUNE 2026****PAPER – 6****SYLLABUS 2022****FINANCIAL ACCOUNTING****Additional Information**

- Subscriptions in arrear for 2025–26 ₹9,000 and subscription in advance for the year 2026–27 ₹3,500.
- ₹400 was the insurance premium outstanding as on 31.03.2026.
- Miscellaneous expenses prepaid ₹900.
- 50% of donation is to be capitalized.
- Entrance fees to be treated as revenue income.
- 8% interest has accrued on investments for five months.
- Billiards table and other sports equipments costing ₹3,00,000 were purchased in the financial year 2024–25 and of which ₹80,000 was not paid as on 31.03.2025. There is no charge for depreciation to be considered.

Prepare:

- Income and Expenditure Account for the year ended 31.03.2026.
- Balance Sheet of the Club as at 31.03.2026.

[7]

- (b) Mr. Kanan is running a business of readymade garments. He does not maintain his books of accounts under double entry system. While assessing the income of Mr. Kanan for the financial year 2025–26, the Income Tax Officer feels that he has not disclosed the full income earned by him from his business. He provides you the following information:

Particulars	₹
On 31st March, 2025	
Sundry Assets	16,65,000
Liabilities	4,13,000
On 31st March, 2026	
Sundry Assets	28,40,000
Liabilities	5,80,000
Mr. Kanan's monthly drawings for the year 2025–26	32,000
Income declared to the Income Tax Officer	9,12,000

During the year 2025–26, one life insurance policy of Mr. Kanan was matured and amount received ₹50,000 was retained in the business.

Demonstrate whether the Income Tax Officer's contention is correct by giving necessary working.

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FINANCIAL ACCOUNTING

5. A, B and C were partners in a firm sharing profits & losses in the ratio of 3 : 1 : 1 agreed upon dissolution of their partnership. They each decide to take over certain assets and liabilities and continue business separately.

Balance Sheet
as on date of dissolution

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		6,000	Cash at Bank		3,200
Loan		1,500	Sundry Assets		17,000
Capitals:			Debtors	24,200	
A	27,500		Less: Bad Debts Provision	1,200	23,000
B	10,000		Stock		7,800
C	7,000	44,500	Furniture		1,000
		52,000			52,000

It is agreed as follows:

- Goodwill is to be ignored.
- A is to take over all the Fixtures at ₹ 800; Debtors amounting to ₹ 20,000 at ₹ 17,200. The creditors of ₹ 6,000 to be assumed by A at that figure.
- B is to take over all the stocks at ₹ 7,000 and certain of the sundry assets at ₹ 7,200 (being book value less 10%).
- C takes over the remaining sundry assets at 90% of book values less ₹ 100 allowances and assumes responsibility for the discharge of the loan, together with accruing interest of ₹ 30 which has not been recorded in the books of the firm.
- The expenses of dissolution were ₹ 270. The remaining debtors were sold to a debt collecting agency for 50% of book values.

Prepare Realisation Account, partners' Capital Accounts and Bank Account.

[14]

6. (a) Rukmani Stores, Delhi invoiced goods to its Jaipur Branch @ 20% less than the Catalogue price which is cost plus 50% with instructions that cash sales were to be made at invoice price and credit sales at catalogue price and allow discount on prompt payment. The following details related to branch are provided by Rukmani Stores for the year ended 31st March, 2026:

	₹
Invoiced Stock: On 01.04.2025	4,50,000
On 31.03.2026	5,10,000
Branch Debtors: On 01.04.2025	3,60,000
Branch Furniture: On 01.04.2025	1,20,000
Cash Sales	13,60,000
Credit Sales	21,50,000
Goods Invoiced to Branch	32,10,000
Goods returned by Branch (Invoice Price)	84,000
Expenses Paid by H.O.: Rent	1,25,000
Salaries	1,80,000

**INTERMEDIATE EXAMINATION****SET 2****MODEL QUESTION PAPER****TERM – JUNE 2026****PAPER – 6****SYLLABUS 2022****FINANCIAL ACCOUNTING**

	₹
Petty Expenses paid by Branch	11,000
Cash received from Branch Debtors	18,65,000
Remittances by Branch to H.O.	32,00,000
Discount allowed to Branch Debtors	1,85,000
Branch Bad debts	15,800
Goods Returned by Branch Debtors	12,600

It was decided to make provision for discount of ₹ 42,500 on closing debtors for prompt payment. Depreciate the furniture @ 10% per annum.

Prepare Jaipur Branch Account and Goods Sent to Branch Account in the books of Rukmani Stores. [7]

- (b) On 02.06.2025 the stock of Mr. Black was destroyed by fire. However, following particulars were furnished from the record saved:

	₹
Stock at cost on 01.04.2024	1,35,000
Stock at 90% of cost on 31.03.2025	1,62,000
Purchases for the year ended 31.03.2025	6,45,000
Sales for the year ended 31.03.2025	9,00,000
Purchases from 01.04.2025 to 02.06.2025	2,25,000
Sales from 01.04.2025 to 02.06.2025	4,80,000

Sales up to 02.06.2025 includes ₹ 75,000 (invoice price) being the goods not dispatched to the customers.

Purchases up to 02.06.2025 includes a machinery acquired for ₹ 15,000.

Purchases up to 02.06.2025 does not include goods worth ₹ 30,000 received from suppliers, as invoice not received up to the date of fire. These goods have remained in the godown at the time of fire. The insurance policy is for ₹ 1,20,000 and it is subject to average clause.

Evaluate the amount of claim for loss of stock. [7]

7. (a) Alpha Ltd. contracted with a supplier to purchase machinery which is to be installed in one of its department in three months' time. Special foundations were required for the machinery which were to be prepared within this supply lead time. The cost of the site preparation and laying foundation were ₹1,40,000. These activities were supervised by a technician during the entire period, who is employed for this purpose @ ₹ 45,000 per month. The machine was purchased at ₹1,58,00,000 and ₹50,000 transportation charges were incurred to bring the machine to the factory site. An Architect was appointed at a fee of ₹ 30,000 to supervise machinery installation at the factory site.

Critically assess and evaluate the amount at which the Machinery should be capitalized as per AS 10. [7]

- (b) On 30-04-2025 MM Ltd. obtained a loan from the bank for ₹200 lakhs to be utilized as under:

Construction of a shed ₹80 lakhs
Purchase of Machinery ₹60 lakhs
Working Capital ₹40 lakhs



Advance for Purchase of truck ₹20 lakhs

In March 2026 construction of shed was completed and machinery installed. Delivery of truck was not received. Total interest charged by the bank for the year ending 31-03-2026 was ₹36 lakhs. Analyse the treatment of interest under As-16. [7]

8. (a) Discuss the broad approaches which can be adopted for the accounting treatment of government grants according to AS-12? [5]

- (b) From the following particulars presented by Mr. Shankar for the year ended 31st March 2026, 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 (1.4.2024) ₹4,000; Sundry Debtors ₹40,000; Discount Received ₹2,000; Plant & Machinery ₹80,000.

Adjustments:

- (a) Outstanding salaries amounted to ₹4,000;
(b) Rent paid for 11 months;
(c) Interest due but not received amounted to ₹2,000
(d) Prepaid Insurance amounted to ₹2,000;
(e) Depreciate Plant and Machinery by 10% p.a.
(f) Further Bad Debts amounted to ₹2,000 and make a provision for Bad Debts @5% on Sundry Debtors.
(g) Commissions received in advance amounted to ₹2,000. [5]
- (c) X and Y are partners sharing profit/loss in the ratio of 5:4. They admit Z into partnership for 1/5th share in the profits which is given 2/15th by X and 1/15th by Y. Z brings ₹1,50,000 as his capital and ₹60,000 as premium for goodwill.
Goodwill account appears in the books at ₹1,65,000.
Prepare necessary journal entries in the books of the firm at the time of Z's admission and calculate the new profit-sharing ratio. [4]