

**INTERMEDIATE EXAMINATION****SET 2****MODEL QUESTION PAPER****TERM – JUNE 2026****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)

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) Ms. Siloni received a cheque worth ₹15,000 in March, 2026 and shown in her cash book. Out of this, ₹10,000 was postdated cheque of dt 01.04.2026. How will you show it in Bank Reconciliation Statement when Overdraft as per Pass Book is starting point?
- (A) ₹5,000 will be added
(B) ₹5,000 will be deducted
(C) ₹10,000 will be deducted
(D) ₹15,000 will be deducted
- (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) X, Y and Z are equal partners They had a joint life policy of ₹2,10,000. Annual premium of ₹10,000 is due on 1.10.2025. Y died on 31.10.25. Surrender value of the policy on 31.03.25 was ₹20,000 and shown in the Balance Sheet. The net amount to be credited to partners' Capital Account on the death of partner Y will be
- (A) ₹63,333 each
(B) ₹60,000 each
(C) ₹70,000 each
(D) ₹90,000, 0 and ₹90,000



- (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, Purchase and Direct Exp	9,20,000	50,000	Sales	8,80,000	1,80,000
Goods transferred from X		1,20,000	Goods transferred to Y	1,20,000	
Gross profit	1,60,000	34,000	Closing stock	80,000	24,000
	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) Arjun Ltd. purchased a machine on hire purchase system for a cash price ₹ 10,00,000 to be paid as ₹1,57,400 cash down and the balance by three equal annual installments of ₹ 4,00,000 each. If interest is charged @ 20% per annum then amount of interest payable in first installment will be
- (A) ₹2,00,000
(B) ₹1,68,250
(C) ₹2,40,000
(D) ₹1,22,224
- (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) If Closing Capital is ₹26,87,000, Opening Capital is ₹22,35,000, Additional Capital introduced during the year is ₹3,00,000 and Drawings are ₹1,41,000, then profit or loss for the year will be
- (A) ₹11,000 loss
(B) ₹4,52,000 loss
(C) ₹6,11,000 profit
(D) ₹2,93,000 profit



Section – B

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

2. (a) M/s SRR Printing Press acquired a printing machine for ₹5,40,000 on 1st April, 2023. It was company's policy to depreciate a machine on straight line basis at 20% p.a. During 2025-26, a modification was made to the machine to improve its technical reliability, at a cost of ₹50,000, which it was considered would extend the useful life of the machine by 2 years. At the same time an important component of the machine was replaced at a cost of ₹10,000 because of excessive wear and tear. Routine maintenance during said accounting year cost ₹7,500.
- Prepare the Asset Account, the Provision for Depreciation Account, and calculate the charge to the Profit & Loss Account in respect of the machine for the year ended 31st March, 2026. [7]
- (b) After preparation of trial balance, the following errors were detected:
- Invoices(bills) received from Shekhar & Co. for repairs done to Office Laptop ₹3,500 and a new Laptop supplied for ₹ 45,000 were entered in the Purchase Book as ₹ 46,300.
 - Purchased goods from Sukku Enterprise ₹ 28500 has been entered in Sales Day Book as ₹ 25,800 and credited to KuKKu Enterprise by ₹ 25,500.
 - ₹ 2,550 paid for freight on Office Furniture was debited to freight account as ₹ 5,250.
 - Goods worth ₹ 6,580 returned to Dipendra & Co. were entered in the Sales Day Book and posted there from to Devendra & Co.
 - A cheque ₹ 34,560 received from Ajay Stores was endorsed to Dipendra & Co. The cheque was finally dishonoured but no entry is passed in the books.
 - Goods sold to Krishna ₹ 23,400 but entered into Purchase Day Book as ₹ 24,300.
- Pass rectifying journal entries without narration. [7]
3. (a) Sanvar of Patna purchased 10,000 pieces of Babi-Shirts @ ₹100 per Babi-Shirt. Out of these Babi-Shirts, 6,000 were sent on consignment to Kovid of Kanpur at a selling price of ₹120 per Babi-Shirt. The Consignor paid ₹7,500 for packing and freight. Kovid sold 5,000 Babi-Shirts at ₹135 per Babi-Shirt and incurred ₹4,000 for selling expenses and remitted ₹6,00,000 to Patna on account. Kovid is entitled to a commission of 5% on total sales plus a further 20% commission on any surplus price realised over ₹120 per Babi-Shirt. 3,000 Babi-Shirts were sold in Patna at ₹110 per Babi-Shirt.
- Required:**
- Prepare the Consignment Account (at invoice price) in the books of Sanvar and their account in the book of the agent Kovid of Kanpur. [7]
- (b) On 01.04.2023, X purchased 5 Machines from Y. Payment was to be made—20% down and the balance in four annual equal instalments of ₹ 2,80,000, ₹ 2,60,000, ₹ 2,40,000 and ₹ 2,20,000 commencing from 31.03.2024. The vendor charged interest @ 10% p.a. X, writes off depreciation @ 20% p.a. on the original cost. On X's failure to pay the second instalment, Y e-mailed X that on 01.04.2025 he will repossess 3 machines and will allow a credit for lower of the following:

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- (a) Value of Machines on the basis of 40% p.a. depreciation on WDV basis.
(b) The amount paid against 3 machines less 25%.
X replied Ok. 01.04.2025 Y repossessed the machines as per mail.
Y spent ₹ 6,000 on repairs of these machines and sold one of such machines for ₹ 70,000 on 30th June 2025. Both X and Y follow financial year as its accounting year.

Answer the following:

- (i) Calculate the Interest pertaining to each accounting year up to 31.03.2025.
(ii) Calculate the Cash Price of Machine.
(iii) Calculate the Value of Machines taken back by the vendor.
(iv) Calculate the Profit or Loss on default.
(v) Calculate the Profit or Loss on Machines repossessed when sold by vendor. [7]

4. (a) Given below are Receipt and Payment Account and Income and Expenditure Account of a Club for the year ended 31.03.25.

Receipt and Payment Account for the year ended 31.03.25 (Figures in Rupees)

To Balance B/D	4,000	By Salaries	6,000
To Endowment fund	2,000	By Advertisement	1,200
To Subscription	10,200	By Provision	6,800
To Entrance Fees	800	By Printing and Stationery	700
To Donation for Books	1,300	By Bank	1,000
To entertainment	4,000	By Sports Material	2800
To Sale of Furniture (Book value ₹800)	700	By Creditor (23-24)	1,300
		By Investment @ 4% purchased on 01.10.24 at 96%	1,920
		By Balance c/d	1,280
	23,000		23,000

Income and Expenditure Account for the year ended 31.03.25 (Figures in Rupees)

To loss on sale of furniture	100	By Subscription	10,000
To salaries	6,700	By Entrance fees	400
To Advertisement	1,000	By Interest on investment	80
To Audit fees	300	By Entertainment	4,000
To Provision	6,000		
To Printing and Stationery	750	By Deficit	2,370
To Sports Material	2,000		
	16,850		16,850

- (a) Prepare Balance Sheet as at 31.03.24
(b) Prepare Balance Sheet as at 31.03.25

[7]

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- (b) Sanjeeb is a small Trader and does not maintain his books of Account on double Entry system. Details of his business at the beginning and end of the year are as under

	31.03.25	01.04.24
Cash in Hand	2,000	1,000
Cash at Bank	35,000 Dr	40,000 Cr
Sundry debtor	8,00,000	5,00,000
Sundry Creditor	2,00,000	1,50,000
Stock	2,50,000	1,90,000
Investment	1,60,000	1,40,000
Plant and Machinery	3,00,000	2,00,000
Furniture	15,000	15,000

Sanjeeb had withdrawn ₹3,00,000 during the year and introduced fresh capital of ₹1,00,000 on 1.10.24. A provision for Doubtful debt @5% to be provided. Plant to be depreciated 15% p.a. and Furniture at 10% p.a. Interest on Capital to be allowed at 10% p.a. Interest on drawings to be charged at 5% on average basis. Addition to Plant and Machinery was made on 01.10.24.

Calculate:

- (i) Capital as on 01.04.24 & 31.03.25
(ii) Profit for the year.

[7]

5. A, B and C were partners sharing profits and losses as to 4:3:3. C retired on 31st March, 2025. After C's retirement profits would be shared by A and B in their old ratio. The Balance Sheet of A, B and C as on 31st March, 2025 was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Bills Payable	2,20,000	Cash in hand	18,000
Sundry Creditors	5,50,000	Cash at Bank	4,32,000
General Reserve	6,10,000	Sundry Debtors	5,60,000
Capital A/cs:		Stock	6,00,000
A	14,00,000	Investments	3,00,000
B	8,00,000	Furniture	4,00,000
C	9,00,000	Land and Buildings	21,70,000
	44,80,000		44,80,000

Partners agreed on following terms and arrangements:

- (i) That stock and furniture be depreciated by 10%.
(ii) That the value of land and buildings having appreciated should be fixed at ₹ 30,00,000.
(iv) That the provision of 5% on debtors be created for doubtful debts and be created 2% on debtors for discount.
(v) That the goodwill of the firm is to be valued at three years' purchase of the average profits of last 4 years. The profits for last four years were ₹ 680000; ₹ 700000; ₹ 675000; and ₹ 685000 respectively.
(vi) That the value of the investment be increased 15%.
(vii) That the value of liabilities and assets other than cash and bank are not be altered.

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- (viii) After paying ₹1400000 in cash immediately, the balance amount is paid to C with interest at 9% per annum after six months.
- (ix) That after making the above adjustments, taking new firm's total capital at ₹28,00,000, the capital of A and B were to be adjusted on the basis of their profit-sharing ratio, actual cash was to be brought in or be paid off as the case may be.

Required:

- (i) Calculate the goodwill of the firm and show its treatment among partners.
- (ii) Calculate profit or loss on revaluation of assets and liabilities and show its treatment among partners.
- (iii) Calculate the new capital of partners.
- (iv) Calculate the bank balance after C's retirement.
- (v) Prepare Partners Capital Accounts and Balance Sheet as on 01.04.2025 after C's retirement. [14]

6. (a) Goods are invoiced to Kanpur Branch by Delhi H.O. at Cost plus 50%. Prepare Kanpur Branch Account (at cost price) in the Head Office books from the following information:

	₹
On 1 st April, 2024: Branch Stock at invoice price	1,92,000
Branch Debtors	2,28,000
During the year 2024-2025:	
Goods invoiced to Branch	24,60,000
Goods Returned by Branch	78,000
Branch Expenses (Rent ₹1,20,000; Salaries ₹1,60,000) paid by H.O.	2,80,000
Branch Sales: (Cash ₹ 8,22,000 & Credit ₹ 18,48,000)	26,70,000
Cash collected from Branch Debtors by Branch	13,40,000
Cash Remitted by Branch Debtors directly to H. O.	2,10,000
Goods Returned by Branch Debtors to Branch	19,800
On 31 st March,2025: Branch Stock (at invoice price)	90,000

Credit sales are made by Branch at invoice price plus 10%. All cash receipts by the branch were remitted daily to the Head Office. [7]

- (b) From the following information, compute the amount of claim under loss of Stock Policy:

Sum Insured: ₹50,000	Stock as on 01.01.2025: ₹73,500
Accounting Year: Calendar Year	Stock as on 31.12.2025: ₹79,600
Value of Salvaged Stock: ₹5,800	Purchases during 2020: ₹3,98,000
G.P. Ratio: Uniform from year to year	Sales during 2025: ₹4,87,000
Reason for Damage on 30-6-2026: Due to fire accident	Purchases from 01.01.2026 to 30.06.2026: ₹1,62,000
	Sales from 01.01.2026 to 30.06.2026: ₹2,31,200

In valuing the stock at 31st December, 2025, ₹2,300 had been written off certain stock which was a poor selling line, having a cost of ₹6,900. A portion of these goods were sold in March, 2026 at a loss of ₹250 on the original cost of ₹3,450. The remainder of this stock was now estimated to be worth its original cost for the purpose of the claim. Subject to the above exception, gross profit had remained at a uniform rate throughout the year. [7]



7. (a) (i) Ritu Traders has exchanged a parcel of land having a book value of ₹10,00,000 for cash of ₹20,00,000 and plant and machinery valued at ₹25,00,000. In accordance with AS-10 (Property, Plant and Equipment), determine the measurement of cost and the accounting treatment for recording the assets received, assuming that the transaction possesses commercial substance.
- (ii) X Ltd. purchased an asset on 1st April, 2021 for ₹10,00,000. The asset had an estimated useful life of 10 years with no residual value.

On 1st April, 2025, the directors reviewed the useful life of the asset and revised their estimate, concluding that the asset would be useful for a further period of 4 years.

Calculate the amount of depreciation to be charged for each year, assuming the company follows the Straight-Line Method of depreciation, in accordance with AS-10 (Property, Plant and Equipment). [7]

- (b) On 1st April, 2024, Raju Construction Ltd. obtained a loan of ₹32 crores to be utilised as under:

	₹ in crore
(i) Construction of sea-link across two cities: (work was held up totally for a month during the year due to high water levels)	25
Purchase of equipment and machineries	3
Working capital	2
(ii) Purchase of vehicles	0.50
(iii) Advance for tools/cranes etc.	0.50
(iv) Purchase of technical know-how	1
Total interest charged by the bank for the year ending 31 st March, 2025	0.80

Analyse as per AS-16, the treatment of interest by Raju Construction. [7]

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

- (b) On 1st April, 2024 the balance of provision for bad and doubtful debts was ₹25,000. The bad debts during the year 2024-25 were ₹ 18,500. The sundry debtors as on 31st March, 2025 stood at ₹ 6,25,000 out of these debtors of ₹ 5,500 are bad and cannot be realized. The provision for bad and doubtful debts is to be raised to 5% on sundry debtors.

Required:

- (i) Pass necessary adjustment entries for bad debts and its provision on 31st March, 2025.
- (ii) Show the relevant items in the Profit & Loss Account and Balance Sheet. [5]
- (c) What is Right of retiring partner regarding balance due in the firm, under Section 37 of the Indian Partnership Act, 1932? [4]