



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 × 2 = 30]

- (i) Bad Debts are recorded following which principle of accounting?
- (A) Going concern
 - (B) Substance over form
 - (C) Prudence
 - (D) Materiality
- (ii) The source document used for recording entries in the purchase return book is
- (A) Invoices received
 - (B) Invoice issued
 - (C) Credit notes sent out
 - (D) Debit notes issued
- (iii) The total of discount column appearing on the debit side of Triple Column Cash Book is posted to the
- (A) Credit of Discount Allowed A/c
 - (B) Debit of Discount Allowed A/c
 - (C) Debit of Discount Received A/c
 - (D) Credit of Discount Received A/c
- (iv) Recovery of bad debts
- (A) Increases net profit
 - (B) Increases gross profit
 - (C) Decreases gross profit
 - (D) Decreases net profit
- (v) On June 1, 2025, Mr. Chatgpt sold to Mr. Google goods worth ₹80,000 for which Mr. Google immediately accepted a 4-months bill of exchange. On due date, Mr. Google requested Mr. Chatgpt to renew the bill for a fresh period of 3 months, to which the later agrees provided interest @ 10% p.a. was paid immediately in cash. The amount of interest paid on renewal of the bill was
- (A) ₹1,333
 - (B) ₹2,000
 - (C) ₹5,400
 - (D) ₹8,000



- (vi) Gopal sent out goods costing ₹80,000 on consignment basis to Dipak so as to show 20% profit on invoice value. $\frac{3}{5}$ th of the goods received by Dipak was sold at 5% above the invoice price. What would be the amount of commission of Dipak, if the rate of commission is 10% on sale price?
- (A) ₹6,300
(B) ₹6,000
(C) ₹5,040
(D) ₹4,800
- (vii) While drafting financial statements, 'Goods withdrawn by proprietor for personal use' but not yet accounted for in the books would get reflected in which of the component(s)?
- (A) Only in Trading A/c
(B) Only in Profit & Loss A/c
(C) In Trading A/c as-well-as in Profit & Loss A/c
(D) In Trading A/c as-well-as in Balance Sheet
- (viii) When separate sets of books are not maintained in a joint venture and also co-venturers maintain only own records, on 'Supply of goods out of own stock', which account is to be debited?
- (A) Joint Venture A/c
(B) Memorandum Joint Venture A/c
(C) Joint Venture with (co-venturer) A/c
(D) Goods sent on Joint Venture A/c
- (ix) A and B are partners having profit sharing ratio of 3:2. They admitted C into the firm giving him $\frac{1}{5}$ th share., What should be the new profit sharing ratio?
- (A) 5:6:3
(B) 12:8:5
(C) 18:24:13
(D) 17:11:12
- (x) A, B & C are partners in a firm sharing profits and losses equally. C decided to retire from the firm and for that purpose the value has to be valued at 3 years' purchase of average profits of last 4 years. Given that such profits were: Year₁ ₹1,00,000, Year₂ ₹1,10,000, Year₃ ₹1,40,000, and Year₄ ₹1,30,000, the value of goodwill is
- (A) ₹1,20,000
(B) ₹3,60,000
(C) ₹4,80,000
(D) ₹14,40,000



- (xi) While drafting Departmental Profit & Loss A/c, 'Insurance on machines' should be apportioned on the basis of
- (A) Number of machines
 - (B) Useful life of machines
 - (C) Value of machines
 - (D) Horse power of machines
- (xii) When a hire purchaser defaults in payment of installments and the goods are repossessed by the vendor, the journal entry to be passed in the books of the hire purchaser is:
- (A) Goods Repossessed A/c: Dr.; Hire Vendor A/c: Cr.
 - (B) Hire Vendor A/c: Dr.; Goods Repossessed A/c: Cr.
 - (C) Goods Repossessed A/c: Dr.; Payment Default A/c Cr.
 - (D) Payment Default A/c: Dr.; Fixed Asset A/c: Cr.
- (xiii) Which of the following is not a Fundamental Accounting Assumption as per AS-1?
- (A) Matching
 - (B) Money measurement
 - (C) Accrual
 - (D) Prudence
- (xiv) Presently in India, _____ deals with 'Income Taxes'.
- (A) Ind AS 12
 - (B) Ind AS 20
 - (C) Ind AS 21
 - (D) Ind AS 23
- (xv) Life Membership Fee received by a public library during the year 2024-25 worth ₹14,00,000 is a
- (A) Revenue receipt
 - (B) Capital receipt
 - (C) Revenue profit
 - (D) Capital profit

Answers:

(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)	(xiii)	(xiv)	(xv)
c	d	b	a	b	a	d	c	d	b	c	a	c	a	b



Section – B

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

2. (a) You are required to prepare a Bank reconciliation Statement from the following particulars, bringing out the balance as per the Bank Statement as on February, 2026:

Bank balance as per Cash Book (overdrawn)	₹25,630
Cheques drawn but not presented till February 28:	
▪ Mahi ₹7,820	
▪ Somi ₹12,780	
▪ Rami ₹23,400	
Cheque lodged on February 26 for collection got dishonoured, intimated by bank on Feb 28 – for which no adjusting entry was made in Cash Book	₹12,000
Payment under bank's standing order of ₹25,000 per month for purchase of a car, with effect from February 1, 2026 – October payment is yet to be passed through Cash Book	
Overdraft interest charged by bank on February 28, not yet adjusted in Cash Book	₹1,350

The aggregate of the bank column of an February folio of the Cash Book debit side of ₹1,53,260 had been carried forward as ₹1,52,360. [7]

- (b) The books of accounts of Advik Co. Ltd. for the year ending 31.3.2025 were closed with a difference of ₹21,510 in books carried forward. The following errors were detected subsequently:
- Return outward book was under cast by ₹ 100.
 - ₹ 1,500 being the total of discount column on the credit side of the cash book was not posted.
 - ₹ 6,000 being the cost of purchase of office furniture was debited to Purchase A/c.
 - A credit sale of ₹ 760 was wrongly posted as ₹ 670 to the customers A/c. in the sales ledger.
 - The Sales A/c was under casted by ₹ 10,000 being the carry over mistakes in the sales day book.
 - Closing stock was over casted by ₹ 10,000 being casting error in the schedule or inventory.

Prepare rectification entries in the next year. [7]

Answers:

(a)

Bank Reconciliation Statement as an 28.02.2026

Particulars	₹	₹
Bank balance as per Cash Book (overdrawn)		25,630
(+) Cheque lodged for collection got dishonoured	12,000	
(+) Payment under bank's standing order	25,000	
(+) Overdraft interest charged by bank	1,350	38,350
		63,980
(-) Cheques drawn but not presented [7,820 + 12,780 + 23,400]	44,000	
(-) Bank column of Cash Book wrongly carried forward	900	44,900
Bank balance as per Bank Statement (overdrawn)		19,080

**INTERMEDIATE EXAMINATION****SET 1****MODEL ANSWERS****TERM – JUNE 2026****PAPER – 6****SYLLABUS 2022****FINANCIAL ACCOUNTING****(b)**

Date	Particulars	L/F	Dr. Amount (₹)	Cr. Amount (₹)
(a) 2023 Apr-01	Suspense A/c Dr.		100	100
	To Profit & Loss Adjustment A/c			
	(Returns outward book was undercast now rectified).			
(b)	Suspense A/c Dr.		1,500	1,500
	To Profit & Loss Adjustment A/c			
	(Discount received was not recorded ,now rectified).			
(c)	Office Furniture A/c Dr.		6,000	6,000
	To Profit & Loss Adjustment A/c			
	(Office furniture purchased wrongly debited to Purchase A/c, now rectified.)			
(d)	Debtors' A/c Dr.		90	90
	To Suspense A/c			
	(Debtors account was posted 670 in place of 760,now rectified.)			
(e)	Suspense A/c Dr.		10,000	10,000
	To Profit & Loss Adjustment A/c			
	(Sales account was undercast, now rectified)			
(f)	Profit & Loss Adjustment A/c Dr.		10,000	10,000
	To Closing Stock A/c			
	(Closing Stock was overcastted, now rectified.)			

3. (a) Hemant draws a bill for ₹ 60,000 and Anand accepts the same for mutual accommodation of both of them to the extent of Hemant 2/3rd and Anand 1/3rd. Hemant discounts it with bank for ₹ 56,400 and remits 1/3rd share to Anand.

Before the due date, Anand draws another bill for ₹ 84,000 on Hemant in order to provide funds to meet the first bill on same sharing basis. The second bill is discounted at ₹ 81,600. With these proceeds, the first bill is settled and ₹14,400 were remitted to Hemant. Before the due date of the second bill, Hemant becomes insolvent and Anand receives a dividend of only 50 paise in a rupee in full satisfaction. Pass journal entries in the books of Hemant. [7]



- (b) Merk Transport Co. purchased five trucks from Sona Motors Ltd. on April 1, 2021 on hire-purchase system. The cash price of the each Truck was ₹9,60,000. 15% of the cash price was payable on the date of delivery and 25% of the cash price was payable at the end of each year for four years. Merk Transport Co. writes off 12% depreciation p.a. on diminishing balance basis. You are required to:
- Calculate the hire purchase price of each truck;
 - Compute the annual interest payable on the hire purchase transaction. [2+5= 7]

Answers:

- (a) In case of accommodation bills, the proceeds of discounting are shared by parties as agreed. The discounting charges are also shared in agreed proportion. Here, the ratio between Hemant and Anand is given as two-thirds and one-third. The first bill of ₹ 60,000 is discounted at ₹ 56,400 which means the discounting charges are ₹3,600.

	1 st Bill		2 nd Bill	
	Proceeds (₹)	Discount (₹)	Proceeds (₹)	Discount (₹)
Hemant (2/3 rd)	37,600	2,400	54,400	1,600
Anand (1/3 rd)	18,800	1,200	27,200	800
Total	56,400	3,600	81,600	2,400

Further, as Hemant has become insolvent, the amount due to Anand is settled at 50% of total. To calculate this amount, it's necessary to post all transactions to Anand's account and arrive at the balance.

Anand's Account

Dr

Cr

Particulars	Amount (₹)	Particulars	Amount (₹)
To Bank A/c	18,800	By Bills Receivable A/c	60,000
To Discount A/c	1,200	By Bank A/c	14,400
To Bills Payable A/c	84,000	By Discount A/c	1,600
To Bank A/c	28,000	By Bills Payable A/c	84,000
To Deficiency A/c	28,000		
	1,60,000		1,60,000

**In the books of Hemant
Journal Entries**

Date	Particulars	L.F.	Dr.(₹)	Cr.(₹)
	Bills Receivable A/c Dr. To Anand's A/c (Being bill drawn on Anand)		60,000	60,000
	Bank A/c Dr. Discount A/c Dr.		56,400 3,600	

**INTERMEDIATE EXAMINATION****SET 1****MODEL ANSWERS****TERM – JUNE 2026****PAPER – 6****SYLLABUS 2022****FINANCIAL ACCOUNTING**

	To Bills Receivables A/c (Being discounting of bill)			60,000
	Anand's A/c Dr. To Bank A/c To Discount A/c (Being 1/3rd proceeds paid to Anand)		20,000	18,800 1,200
	Anand's A/c Dr. To Bills Payable A/c (being acceptance of bill)		84,000	84,000
	Bank A/c Dr. Discount A/c Dr. To Anand's A/c (Being proceeds of discounting 2nd bill)		14,400 1,600	16,000
	Bills Payable A/c Dr. To Anand's A/c (Being dishonour of bill)		84,000	84,000
	Anand's A/c Dr. To Bank A/c To Deficiency A/c (Being payment of 50% & balance proved to be bad)		56,000	28,000 28,000

(b)**(i) Hire Purchase Price of Truck [Fig. in ₹]:**

	₹
Down payment for each truck [9,60,000 x 15%]	1,44,000
Add: Total Installments [9,60,000 x 25% x 4 installments]	9,60,000
∴ Hire Purchase Price for each truck	11,04,000

(ii) Annual interest payable on the hire purchase transaction

	₹
Hire purchase price of 5 trucks [11,04,000 x 5]	55,20,000
Less: Cash Price of 5 trucks [9,60,000 x 5]	48,00,000
∴ Total Interest payable	7,20,000

**INTERMEDIATE EXAMINATION****SET 1****MODEL ANSWERS****TERM – JUNE 2026****PAPER – 6****SYLLABUS 2022****FINANCIAL ACCOUNTING**

Computation of annual interest:			
Year	Amount Outstanding (₹)	Benefit Ratio	Interest (₹)
2021-22	55,20,000 x 100%	4/10	7,20,000 x 4/10 = 2,88,000
2022-23	55,20,000 x 75%	3/10	7,20,000 x 3/10 = 2,16,000
2023-24	55,20,000 x 50%	2/10	7,20,000 x 2/10 = 1,44,000
2024-25	55,20,000 x 25%	1/10	7,20,000 x 1/10 = 72,000

4. (a) The following is the Income and Expenditure Account of a Gymkhana Sports Club for the year ending 31st March. 2025:

Dr.**Cr.**

Expenditure		₹	Income		₹
To Provisions used:			By Subscription	34,000	
Opening Stock	10,000		By Sale of Provisions	1,63,000	1,97,000
Add : Purchases	1,40,000				
	1,50,000				
Less : Closing Stock	5,000	1,45,000			
To Salaries		18,000			
To General Expenses		5,000			
To Depreciation on Equipment		1,000			
To Surplus		28,000			
		1,97,000			1,97,000

The following Balance Sheets are also provided:

Liabilities	31.3.2024	31.3.2025	Assets	31.3.2024	31.3.2025
	(₹)	(₹)		(₹)	(₹)
Creditors for provisions	8,000	10,000	Equipment		
Capital Fund	47,000	75,000	(Cost <u>Less</u> Depreciation)	10,000	25,000
			Stock of provisions	10,000	5,000
			Subscription receivable	5,000	10,000
			Cash at Bank & in hand	30,000	45,000
	55,000	85,000		55,000	85,000

You are required to prepare the Receipts and Payments Account for the year ended 31.3.2025.
[7]

- (b) Mrs. Zain, who runs a cloud kitchen, does not maintain complete set of books of accounts. She furnishes the following information for the year ended 31.03.2025:

- (i) Cash Collection from Debtors ₹30,000
(ii) Cash Sales ₹19,200



FINANCIAL ACCOUNTING

(iii) The Bank transactions for the year ended 31.03.2025 are as under:

	₹		₹
Cash Deposits out of Collections	47,910	Overdraft as on 01.04.2024	4,800
		Interest and Bank charges	90
		Personal Drawings	2,400
		Salaries to Staff	10,200
		General Expenses	9,510
		Payment to Creditors	18,000
		Balance on 31.03.2025	2,910
	47,910		47,910

(iv) Other balances as on 01.04.2024 were: Stock ₹10,800; Debtors ₹26,400; Furniture ₹1,200; Buildings ₹18,000; Creditors ₹9,600; Cash in hand ₹100,

(v) She purchased one old machine for ₹1,200 on 01.01.2025.

(vi) Besides the Cash balance with the cashier, the following are the other balances as on 31.03.2025: Stock ₹12,240; Debtors ₹36,000; Creditors ₹6,600.

Prepare Trading and Profit & Loss A/c for the year ended 31.03.2025, after providing for depreciation

@ 10% p.a. on all fixed assets.

[7]

Answers:

(a)

Books of Gymkhana Sports Club

Receipts & Payments A/c for the year ended March 31, 2025

Receipts	₹	Payments	₹
To Balance b/f:		By Payment to Creditors for Provisions [WN: 1]	1,38,000
Cash at Bank & Cash in Hand (given)	30,000	By Salaries	18,000
To Subscriptions [WN: 3]	29,000	By General Expenses	5,000
To Sale of Provisions	1,63,000	By Equipment [WN: 2]	16,000
		By Balance c/f:	
		Cash at Bank & Cash in Hand (given)	45,000
	2,22,000		2,22,000

WORKINGS:

1. Payment to Creditors for Provisions

Dr.

Creditors for Provisions A/c

Cr.

Particulars	₹	Particulars	₹
To Bank A/c [Payment – B/Fig.]	1,38,000	By Balance b/f	8,000
To Balance c/f	10,000	By Provisions A/c [Purchase of Provisions]	1,40,000
	1,48,000		1,48,000



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2. Equipment purchased

Dr.		Equipments A/c		Cr.	
Particulars	₹	Particulars	₹	Particulars	₹
To Balance b/f	10,000	By Income & Expenditure A/c [Consumption of Provisions]	1,000		
To Bank A/c [Purchase of Equipment–B/Fig.]	16,000	By Balance c/f	25,000		
	26,000				26,000

3. Subscriptions received

Dr.		Subscriptions A/c		Cr.	
Particulars	₹	Particulars	₹	Particulars	₹
To Subscriptions Receivable A/c	5,000	By Bank A/c [Subscriptions received – B/Fig.]	29,000		
To Income & Expenditure A/c	34,000	By Subscriptions Receivable A/c	10,000		
	39,000				39,000

(b)

Mrs. Zain

Dr.		Trading and P/L A/c for the year ended 31.03.2025				Cr.	
Particulars	₹	₹	Particulars	₹	₹	Particulars	₹
To Opening Stock		10,800	By Sales: Cash	19,200			
To Purchases [WN:2]		15,000	Credit [WN:1]	39,600	58,800		
To Gross Profit c/d		45,240	By Closing Stock		12,240		
		71,040	By Gross Profit b/d		45,240		
To Interest & Bank Charges		90					
To Salaries to Staff		10,200					
To General Expenses		9,510					
To Depreciation:							
Buildings	1,800						
Machinery	30						
[₹1,200×10%×3/12]							
Furniture	120	1,950					
To Capital A/c [Net Profit transferred]		23,490					
		45,240					45,240

WORKINGS:

1. Credit sales during 2024-25:

Dr.		Sundry Debtors A/c		Cr.	
Particulars	₹	Particulars	₹	Particulars	₹
To Balance b/f	26,400	By Cash A/c (Collection)	30,000		
To Sales A/c [Credit Sales: B/Fig.]	39,600	By Balance c/f	36,000		



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	66,000		66,000

2. Credit purchases during 2024-25:

Dr.		Creditors A/c		Cr.	
Particulars		₹	Particulars		₹
To Bank A/c	18,000		By Balance b/f	9,600	
To Balance c/f	6,600		By Purchases A/c [Credit	15,000	
			Purchases: B/Fig.]		
	24,600			24,600	

5. Rathore, Verma and Sen are partners of a firm sharing profits in the ratio of 2:2:1. The Balance Sheet of the firm as on March 31, 2025 is given below:

Liabilities		₹	Assets		₹
Sundry Creditors		80,000	Furniture	10,000	
Das's Loan (Secured on 'Other Fixed Assets')		20,000	Less: Depreciation Provision	4,000	6,000
Contingency Reserve		2,000	Other Fixed Assets		91,000
Capital Accounts:			Current Assets (including Cash ₹ 2,000)		16,000
Rathore	10,000		Sen's Capital: Overdrawn		7,000
Verma	8,000	18,000			
		1,20,000			1,20,000

Assets of the firm having proved to be irrelevant to the book figures and due to the firm's inability to pay its creditors, it was dissolved on 30.6.2025. During the three months from the above date of balance sheet, there were the following changes: (a) the current assets decreased to ₹ 10,000 and (b) a contingent liability in respect of case against the firm of ₹ 4,000 becomes a real liability. The contribution from the estates of Rathore was ₹ 4,000. Sen had a private liability of ₹ 13,000 and private assets (including his life policy) ₹ 14,000. Assets of the firm realised – Current assets (other than cash) ₹ 8,000; Furniture ₹ 3,000; and Fixed assets ₹ 40,000. Prepare the necessary ledger accounts to record the above transactions, given that all partners are insolvent. [14]

Answer:

Books of(the firm)

Dr.		Realisation A/c		Cr.	
Particulars		₹	Particulars		₹
To Furniture A/c	10,000		By Depreciation Provision A/c	4,000	
To Other Fixed Assets A/c	91,000		By Das's Loan A/c	20,000	
To Currents Assets A/c [10,000 – 2,000]	8,000		By Cash A/c [Proceeds from Assets]		



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To Cash A/c [Payment of Das's Loan]	20,000	Currents Assets	8,000	
		Furniture	3,000	
		Fixed Assets	40,000	51,000
		By Partner's Capital A/c [Realisation Loss]		
		Rathore	21,600	
		Verma	21,600	
		Sen	10,800	54,000
	1,29,000			1,29,000

Dr.				Cr.			
Partners' Capital A/c							
Particulars	Rathore	Verma	Sen	Particulars	Rathore	Verma	Sen
To Balance b/f	-	-	7,000	By Balance b/f	10,000	8,000	-
To P/L Appropriation A/c	4,000	4,000	2,000	By Balance c/d	-	-	9,000
[Interim Period Profit – WN:1]							
To Balance c/d	6,000	4,000	-				
	10,000	8,000	9,000		10,000	8,000	9,000
To Balance b/d	-	-	9,000	By Balance b/d	6,000	4,000	-
To Realisation A/c	21,600	21,600	10,800	By Contingency Reserve A/c	800	800	400
				By Cash A/c	4,000	-	1,000
				[Recovery from Private estate]			
				By Deficiency A/c [B/Fig.]	10,800	16,800	18,400
	21,600	21,600	19,800		21,600	21,600	19,800

Dr.			Cr.	
Cash A/c				
Particulars	₹		Particulars	₹
To Balance b/f	2,000		By Realisation A/c [Payment of Das's Loan]	20,000
To Realisation A/c [Assets realised]	51,000		By Sundry Creditor A/c [Final Payment: B/Fig.]	38,000
To Partner Capital A/c:				
Rathore	4,000			
Sen	1,000			
	58,000			58,000



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Dr.	Sundry Creditors A/c		Cr.
Particulars	₹	Particulars	₹
To Cash A/c [Final Payment]	38,000	By Balance b/f [80,000 + 4,000]	84,000
To Deficiency A/c [B/Fig. - Transferred]	46,000		
	84,000		84,000

Dr.	Deficiency A/c		Cr.
Particulars	₹	Particulars	₹
To Rathore's Capital A/c	10,800	By Sundry Creditor A/c	46,000
To Verma's Capital A/c	16,800		
To Sen's Capital A/c	18,400		
	46,000		46,000

WORKINGS:

1. Profit/Loss during interim period:

Loss during Interim Period = Decrease in value of Current assets + Increase in value of liabilities
 = ₹ (16,000 – 10,000) + ₹ 4,000 = ₹ 10,000

Journal Entries:

Determination of Loss:

P/L Appropriation A/c	Dr.	10,000
To Current Assets A/c		6,000
To Creditors A/c		4,000

Distribution of Loss:

Rathore's Capital A/c	Dr.	4,000
Verma's Capital A/c	Dr.	4,000
Sen's Capital A/c	Dr.	2,000
To P/L Appropriation A/c		10,000

6. (a) Green Ltd. with their H.O. at Kolkata, invoiced goods to their Patna Branch at 20% less than the list price, which is Cost plus 100% with instruction that cash sales are made at invoice price and credit price at list price. From following particulars, prepare Branch Stock account and Branch Stock Adjustment Account for the year ended on 31.3.2025:

Particulars	(₹)	Particulars	(₹)
Stock at cost (1.4.2024)	4,800	Cash received from Debtors	34,254
Debtors (1.4.2024)	4,000	Expenses at Branch	6,946
Goods received from H.O.(at IP)	52,800	Remitted to H.O	48,000
Goods returned to H.O.	400	Debtor (31.3.2025)	9,746
		Stock at IP(31.3.2025)	7,040
Sales: Credit	40,000		
Cash	18,400		

[7]



FINANCIAL ACCOUNTING

- (b) On June 30, 2025, a fire occurred in the premises of M/s B Ltd. The concern had taken an insurance policy of ₹7,20,000, which was subject to the average clause.

From the books of accounts, the following particulars are available relating to the period April 1 to June 30, 2025:

Stock as per Balance Sheet on March 31, 2025	₹11,47,200
Purchases (including purchase of machinery costing ₹3,60,000)	₹20,40,000
Wages (including wages ₹36,000 for installation of machinery)	₹6,00,000
Sales (including goods sold on an approval basis, amounting to ₹5,94,000)	₹33,00,000

No approval has been received in respect of 2/3rd of the goods sent out on 'sale or return' basis. The average rate of gross profit is 20% of sales. The value of the salvaged goods was ₹1,47,600. Assess the amount of the claim to be lodged with the Insurance Company. [7]

Answers:

- (a) **Books of Green Ltd.**
Patna Branch Stock A/c

Dr.		Cr	
Particulars	(₹)	Particulars	(₹)
To Balance b/f (at IP)	4,800	By Goods Sent to Branch A/c [Goods returned (at IP) – assumed]	400
To Goods sent to Branch A/c (at IP)	52,800	By Branch Cash A/c	18,400
To Branch Adjustment A/c (WN 3)	8,000	By Branch Debtors A/c	40,000
To Stock Surplus A/c (bal fig)	240	By Balance c/f [at IP]	7,040
	65,840		65,840

NB: Balancing figure appearing in the debit-side of Branch stock A/c has been considered as 'Stock Surplus' as the problem involves 'Excess Contribution to Gross Profit'.

- (b) **Statement of Insurance Claim for Loss of Stock**

Particulars	₹
Value of stock on date of fire (as per Memorandum Trading A/c – WN:1)	7,51,200
Less: Value of stock salvaged	1,47,600
∴ Actual Loss of Stock (i.e. Gross Claim)	6,03,600

Applicability of Average Clause and computation of Net Claim:

Here, Insurable Value = Total Value of stock on date of fire = ₹7,51,200; Policy Value = ₹7,20,000

In this case, as 'Policy Value' is less than the 'Insurable Value', implying there is under-insurance and hence, the Average Clause will be applicable.

$$\begin{aligned} \therefore \text{Net Claim under average clause method} &= \text{Gross Claim} \times \frac{\text{Policy Value}}{\text{Insurable Value}} \\ &= ₹6,03,600 \times \frac{7,20,000}{7,51,200} = ₹5,78,530 \end{aligned}$$

**WORKING****1. Value of normal stock on the date of the accident****Memorandum Trading A/c for the period April 1 – June 30, 2025**

Particulars		₹	Particulars		₹
To Opening Stock		11,47,200	By Sales	33,00,000	
To Purchases	20,40,000		Less: Goods sold on approval basis, not yet accepted	3,96,000	29,04,000
Less: Purchase of Machinery	3,60,000	16,80,000			
To Wages	6,00,000		[5,94,000 × 2/3]		
Less: Installation Charges	36,000	5,64,000	By Stock on Sale or Return		3,16,800
To Gross Profit [29,04,000 × 20%]		5,80,800	[3,96,000 × 80%]		
			By Closing Stock [B/Fig.]		7,51,200
		39,72,000			39,72,000

7. (a) On 1 April 2025, Alfa Manufacturing Ltd. ordered a packing machine for ₹8,00,000, on which trade discount of 5% was allowed by the machine manufacturer. Alfa Ltd. incurred freight and insurance expenses worth ₹30,000 for bringing the machine to its factory. It further incurred commissioning charges of ₹20,000. During trial runs, consumable materials worth ₹15,000 were used and the sale of scrap from trials realised ₹2,000. Non-refundable duties and taxes of ₹18,000 were levied and paid. The machine was completed and ready for use on September 30, 2025. Alfa uses straight-line depreciation; management estimates a useful life of 10 years and no residual value. Assess the initial capitalised cost of the packing machine as per AS 10 and calculate the amount of depreciation on it. [7]
- (b) On 14.08.2021, Nilam Ltd. is in the process of establishing a dairy plant in Puri district of Odisha. For this purpose, it has budgeted its capital expenditure to be ₹30 crores, out of which it has managed to secure ₹13 crores as a 20-year loan from ABL Bank. The amount of debt so raised has been planned to be utilised as under:
- Purchase of plant & equipment: Rs. 3.9 crores;
 - Construction of factory building: Rs. 5.2 crores;
 - Advance for purchase of delivery tankers: Rs. 1.3 crores;
 - Power generating plant: Rs. 2.6 crores.

In March, 2022 installation of the machinery was completed and also construction of factory shed was completed and the machinery installed. However, the truck was not delivered within 31.03.2022. Total interest charged by the bank for the year ending 31.3.2022 was Rs. 2 crores 34 lakhs. Assess the amount of interest on loan that is to be capitalised, and amount of interest to be charged to the Statement of Profit and Loss of the company. [7]

**Answers:****(a) Calculation of Initial capitalised cost of the packing machine**

Particulars	₹	₹
Purchase price of packing machine	8,00,000	
Less: Trade discount (5% of 800,000)	40,000	7,60,000
Add: Directly attributable Costs		
Freight and Insurance	30,000	
Installation & Commissioning charges	20,000	
Consumables used in trial run set-up (net-off trial-run scrap proceeds: ₹15,000 – 2,000)	13,000	
Non-refundable duties and taxes	18,000	81,000
∴ Initial capitalised cost of the packing machine		8,41,000

Depreciation on packing machine for 2025-26:

Annual depreciation = ₹8,41,000 × 1/10 = ₹84,100; The machine was completed and ready for use on September 30, 2025. ∴ Depreciation for 2025-26: ₹84,100 × 6/12 = ₹42,050

(b) In this case, the Qualifying Assets (QA) as per AS-16 are: Factory building (₹5.2 Cr.) and Power generating plant (₹2.6 Cr.). The amount of interest on borrowings and its treatment is presented below:

Particulars	Nature of asset	Interest capitalised	Interest charged to SPL
Purchase of plant & equipment	Not a QA		70,20,000 [2.34 × 3.9/13]
Construction of factory building	QA	93,60,000 [2.34 × 5.2/13]	
Advance for purchase of delivery tankers	Not a QA		23,40,000 [2.34 × 1.3/13]
Power generating plant	QA	46,80,000 [2.34 × 2.6/13]	
Total		1,40,40,000	93,60,000

8. (a) Discuss the comparative provisions between Ind AS 20 and AS 12. [5]
- (b) The following information is available from the records of Heritage India, a social non-profit organisation for the Quarter 2 of 2025-26:

	₹
Stock of stationery: on July 1, 2025	12,000
on September 30, 2025	23,200
Creditors for stationery: on July 1, 2025	25,600
on September 30, 2025	24,000
Amount paid for stationery during the year ended September 30, 2025	1,40,000



INTERMEDIATE EXAMINATION

SET 1

MODEL ANSWERS

TERM – JUNE 2026

PAPER – 6

SYLLABUS 2022

FINANCIAL ACCOUNTING

You are required to calculate the amount that will appear against the item ‘Stationery used’ in the Income & Expenditure account for the year ended September 30, 2025. [5]

(c) The following is the Balance Sheet of X and Y who are partners with 2:1 profit sharing ratio:

Liabilities	₹	Assets	₹
Partners’ Capital A/c:		Goodwill	60,000
X	3,60,000	Plant	2,00,000
Y	2,40,000	Debtors	3,60,000
Creditors	1,00,000	Bank	80,000
	7,00,000		7,00,000

On 1.4.2025, Z is admitted as a partner for 1/5th share. On Z’s admission, goodwill is valued at ₹90,000. Pass journal entries in the books of the firm given that Z brings in ₹82,000 as capital and pays ₹18,000 as premium for goodwill privately. [4]

Answers:

(a) Presently, in India, Indian Accounting Standard (Ind AS) 20 Accounting for Government Grants and Disclosure of Government Assistance deal with the issue of government grants. Ind AS 20 differs from AS 12, with respect to the following points:

Ind AS 20	AS 12
Disclosure required in financial statements with indication on other forms of government assistance received.	No specific guidance as it does not deal with other forms of government assistance.
Government grants in the nature of capital contribution are not recognized.	Government grants as capital contribution are specifically recognized.
Prohibition of recognition of grants directly to the shareholder’s fund.	Grants for non-depreciable assets are required to be shown as a capital reserve under shareholder’s funds.
Recognition of non-monetary grants at fair value.	Recognition of non-monetary grants at acquisition cost or nominal value.
No option to deduct the amount of grant from the book value of the asset.	Optional to deduct the amount of grant from the book value of the asset.

(b) The value of ‘stationery used’ during the Q2 of 2025-26 was ₹ 1,27,200, determined as under:

Dr.	Stationery A/c		Cr.
Particulars	₹	Particulars	₹
To Balance b/f	12,000	By Income & Expenditure A/c [Stationery used – B/Fig.]	1,27,200
To Creditors for Stationery [Purchase of stationery - WN: 1]	1,38,400	By Balance c/f	23,200
	1,50,400		1,50,400

**WORKINGS:****1. Purchase of Stationery**

Dr.		Creditors for Stationery A/c		Cr.	
Particulars	₹	Particulars	₹		
To Bank A/c [Amount paid for stationery]	1,40,000	By Balance b/f	25,600		
To Balance c/f	24,000	By Stationery A/c [Purchase of stationery – B/Fig.]	1,38,400		
	1,64,000		1,64,000		

(c)

Books of the firm**Journal**

Date	Particulars	L.F.	Dr.	Cr.
			Amount Rs.	Amount Rs.
1.4.25	X 's Capital A/c [Rs. 60,000 × 2/3] Dr. Y's Capital A/c [Rs. 60,000 × 1/3] Dr. To Goodwill A/c (Being goodwill written-off between X and Y in old profit-sharing ratio on private payment of goodwill premium by incoming partner, Z)		40,000 20,000	60,000
1.4.25	Bank A/c Dr. To Z's Capital A/c (Being capital contributed by Z on admission)		82,000	82,000