

2025

FINANCIAL ACCOUNTING-II — HONOURS

Paper : DSCC-5

Full Marks : 75

*The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

Answer *any three* questions.

1. On 01.04.2024, Mr. Ghosal of Kolkata entered into an agreement with Mr. Sharma of Delhi to act as the consignee. Transactions relating to the consignment for the year 2024-25 are furnished to you :
- 400 units of a product are consigned at an invoice price of ₹ 5,000 each, cost price being ₹ 3,000 each.
 - Mr. Sharma spent ₹ 2,00,000 on cartage, freight, insurance and forwarding charges.
 - Four units of the product were lost in transit and insurance claim received by Mr. Ghosal is ₹ 11,200. Mr. Sharma took delivery of the remaining units of the product and spent ₹ 1,78,200 as non-recurring expenses and ₹ 1,69,000 as recurring expenses.
 - Mr. Sharma sold 380 units of the product at ₹ 6,500 per unit. He was entitled to 4% Ordinary commission and 1% Del-credere commission.
 - Mr. Sharma sent the account sales and the amount due to Mr. Ghosal on 31st March, 2025 by bank draft.

You are required to prepare Consignment A/c, Lost-in-transit A/c and Mr. Sharma A/c in the books of Mr. Ghosal (workings should form part of your answer). 10

2. On 07.08.2024, a fire in the godown of M/s ABC & Co. destroyed a part of the stock. The entity furnished the following information :

(figures in ₹)

Stock as on 01.04.2023	56,000	Sales during 2023-24	5,00,000
Stock as on 31.03.2024	30,000	Purchase from 01.04.2024 to 07.08.2024	2,00,000
Purchases during 2023-24	3,80,000	Sales from 01.04.2024 to 07.08.2024	2,00,000

Stock on 31.03.2024 includes abnormal items costing ₹ 15,000 which was written down by ₹ 6,000. Two-third of the abnormal items was sold on 30.06.2024 at a loss of ₹ 5,000 on its original cost. This amount is included in sales for the relevant period. Balance of the abnormal items was valued at original cost. Value of goods salvaged ₹ 7,000 and policy value was ₹ 50,000.

Compute the insurance claim to be made by M/s ABC & Co. 10

Please Turn Over

(3036)

3. M/s MTR of Jaipur is a trader in Indian spices. It has a branch at Mumbai to which goods are invoiced at selling price which is cost plus 25%. Mumbai branch sells goods in cash and also on credit. All branch expenses are paid directly from head office. Branch does not maintain any books of account but sends monthly returns to the H.O.

Following information for the year 2024-25 are made available to you :

	₹
Stock at branch as on 01.04.2024 at I.P.	1,25,000
Stock at branch as on 31.03.2025 at I.P.	1,40,000
Branch Debtors as on 01.04.2024	1,00,000
Branch Debtors as on 31.03.2025	1,45,000
Cash received from debtors	3,45,000
Bad debts during the year	10,000
Discount allowed to debtors	6,000
Goods received by Branch at I.P.	6,00,000
Goods sent to Br. in 2024-25 but received by Br. on 07.04.2025	10,000
Sales return by credit customer at branch	14,000
Goods returned by branch to H.O. at I.P.	66,000
Branch expenses (Salaries, Rent and Office expenses)	34,800
Cash sales (20% of total sales)	?

Prepare Branch Stock A/c, Branch Debtors A/c, Branch Adjustment A/c, and Branch Profit & Loss A/c in the books of H.O. 10

4. (a) In case of a loss of profit policy, when will the average clause be applicable? State how the 'net claim' is calculated in such situation.
- (b) State the legal relationship between the consignor and the consignee. When Del-credere commission is allowed to the consignee, then who bears the risk of bad debt that may arise out of credit sales made by the consignee?
- (c) On 01.01.2023 Raghav purchased equipment from M/s Eletronet Ltd. under hire purchase system. Down payment on 01.01.2023 was ₹ 24,000 and the balance of cash price was payable equally through annual instalments together with 8% interest per annum over the next three years. The amount of last instalment together with interest was ₹ 23,760. Determine the cash price of the equipment.
- (d) On dissolution of a firm, partner P demands that his loan of ₹ 60,000 should be paid before payment of capitals of the partners, whereas partners Q and R demand that capitals should be paid before the payment of P's loan. State the order of payment. 2+2+4+2

(3)

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5. (a) State the differences between Hire Purchase System and Instalment Payment System.
 (b) Write a short note on Pro-forma Invoice. 6+4

Group - BAnswer *any three* questions.

6. Subidha Traders has two departments Aay and Bey. Inter-departmental transfers, if any, are made at selling price. From the following particulars, you are required to prepare Departmental Trading and Profit & Loss A/c and the General Profit & Loss A/c for the year ended 31.03.2025 :

(figures in ₹)

	Dept. Aay	Dept. Bey	General
Sales excluding inter-departmental transfer	4,50,000	3,75,000	
Purchases	2,85,000	1,71,000	
Stock as on 01.04.2024	1,02,500	65,000	
Salaries & Wages	52,500	40,000	
Depreciation	4,000	3,600	
Stock as on 31.03.2025 at cost to respective departments	87,500	1,02,500	
Expenses apportionable in proportion to Sales			92,400
Carriage inward			91,200
Rent and Rates (90% to be apportioned to the departments)			16,000
Legal and Other General expenses (not to be apportioned)			5,800

Additional information :

- (i) Transfer from Department Aay to Department Bey was ₹ 60,000.
 (ii) One-third of the goods received by department Bey from Department Aay remained unsold on 31.03.2025.
 (iii) Space occupied by Dept. Aay is double the space occupied by Dept. Bey.
 (iv) Unrealised profit on inter-departmental transfer included in opening stock of Department Bey was ₹ 2,400. 15

Please Turn Over**(3036)**

7. A fire occurred on 01.07.2024 in the premises of DTX Ltd. and the business was disorganized up to 30.11.2024. From the books of account, the following information was extracted :

	₹
Actual turnover during period of dislocation from 01.07.24 to 30.11.2024	60,000
Turnover from 01.07.23 to 30.11.2023	2,00,000
Net profit of the last accounting year	90,000
Turnover of the last accounting year	5,00,000
Insured standing charges of the last accounting year	60,000
Annual turnover immediately preceding the date of fire (01.07.23 to 30.06.24)	5,50,000
Uninsured standing charges	12,000
Increased cost of working	9,000
Reduction in turnover avoided through increase in working cost	25,000
Savings in insured standing charges	1,500
Sum insured in loss of profit policy having indemnity period of 6 months	1,65,000

There had been a considerable increase in trade and it had been agreed that an adjustment of 20% be made in respect of upward trend in turnover (standard and annual).

You are required to compute the amount of claim under the loss of profit policy.

15

8. Shankar associates purchased three Mini-trucks costing ₹ 8,00,000 each from Auto Dealer Ltd. on 1st January, 2022 on hire purchase system for use in its business. The terms of payments were on delivery ₹ 2,00,000 for each Mini-truck and the balance of the cash price by three equal instalments plus interest at 12.5% per annum to be paid at the end of each calendar year. Shankar associates charged depreciation @ 25% per annum on diminishing balance method on Mini-trucks purchased under hire purchase basis. Shankar associates paid the instalments due on 31st December, 2022 and 31st December, 2023 but could not pay the final instalment on 31st December, 2024.

Auto Dealer Ltd. repossessed two Mini-trucks adjusting their values against the amount due. The repossession was done on 1st January, 2025; the takeover value of two Mini-trucks was agreed to be calculated on the basis of 40% annual depreciation on diminishing balance method. The balance amount remaining in the H. P. Vendor's account after the above adjustment was paid by Shankar associates on 30th June, 2025 with interest @12.5% per annum. Shankar associates close its books of accounts on 31st December every year.

You are required to prepare following ledger accounts in the books of Shankar associates :

- (a) Mini-truck A/c up to the date of repossession; and
 (b) Auto Dealer Ltd. A/c up to the date of final settlement of vendor's account.

15

(5)

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9. R, S and T are in partnership sharing profits and losses in the ratio of 3 : 2 : 1. They decided to dissolve the firm with effect from January 1, 2025 when the firm's balance sheet stood as follows :

Balance Sheet as on 31st December, 2024

Liabilities		₹	Assets		₹
Capital Account :			Land & Buildings		70,000
R	54,000		Furniture & Fittings		22,000
S	40,000		Plant & Machinery		40,000
T	<u>25,000</u>	1,19,000	Stock		20,000
General Reserve		6,000	Sundry Debtors		50,000
Sundry Creditors		90,000	Investments		18,000
Bank Loan (Unsecured)		30,000	Cash and Bank		25,000
		2,45,000			2,45,000

The assets were realised in piecemeal as follows :

1st Realization	: ₹ 65,000
2nd Realization	: ₹ 32,000
3rd Realization	: ₹ 54,000
4th Realization	: ₹ 60,000

Realization expenses were estimated at ₹ 15,000, but actual expenses was ₹ 12,000 and paid while distributing cash of 4th realization.

Prepare a statement showing the distribution of cash following 'Surplus Capital method'. 15

10. (a) A company has its head office at Mumbai and a retail branch at Pune. Goods are invoiced to Pune branch at wholesale price which is cost plus 40%. Goods are sold to customers at cost plus 60%. From the following particulars, prepare Trading and Profit & Loss Account of both head office and branch for the year ended on 31st March, 2025 :

	Head Office (₹)	Pune Branch (₹)
Opening stock	2,50,000	42,000
Purchases	12,50,000	—
Goods sent to branch at I.P.	5,60,000	—
Sales	13,80,000	6,20,000
Closing stock	3,00,000	?
Salaries	36,000	22,000
Other expenses	7,000	2,500

Stocks at head office are valued at cost price but those of branch are valued at invoice price. Sales at head office are made only on wholesale price and that at branch only to retail customers.

- (b) State the objectives of preparation of departmental accounts. 10+5

(3036)