

2026

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. APJ & Co. of Hyderabad manufactures premium quality Polo T-Shirts. APJ & Co. sells its products in Kolkata through the consignee DK Bros. The consignee is authorised to sell at or above the invoice price. During the year 2025-26, the following transactions took place between them :
 - (i) APJ & Co. consigned 400 Polo T-Shirts to DK Bros, costing ₹ 1,500 each, invoiced at ₹ 2,000 each. The consignor paid freight ₹ 15,500 and insurance in transit ₹ 4,500.
 - (ii) During transit, 10 Polo T-Shirts were totally damaged and ₹ 9,000 is recovered from the insurance company by APJ & Co.
 - (iii) DK Bros, took delivery of the remaining Polo T-Shirts and paid clearing charges ₹ 3,120 and sent a bank draft to APJ & Co. for ₹ 3,50,000 as advance.
 - (iv) Account sales forwarded by DK Bros. showed that 160 Polo T-Shirts were sold at invoice price and 200 Polo T-Shirts were sold @ ₹ 2,200 each. Expenses incurred by DK Bros. on godown rent were ₹ 6,000.
 - (v) DK Bros. is entitled to a commission of 5% on invoice price of goods sold and 25% of any surplus of sale price over invoice price. There was no opening stock in the hands of consignee at the beginning of 2025-26.

You are required to prepare Consignment A/c, Damage-in-transit A/c and DK Bros. A/c.

Working notes should form part of your answer.

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2. On 01.04.24, Mr. Cee acquired 3 machines of ₹ 30,000 each on HP system from Dee Ltd. It was agreed that on signing the agreement ₹ 9,000 for each machine was to be paid and for the balance 3 annual instalments of ₹ 8,200 each per machine is payable. Instalments are payable on 31.03 of every year starting from 31.03.25. On 31.03.26, Mr. Cee failed to pay the instalment due and as a result, Dee Ltd. repossessed 2 machines at an agreed value. As per terms, the agreed value is to be ascertained using 20% depreciation annually under WDV method and any balance left due/receivable to be settled later in cash. Mr. Cee, however, charges depreciation @ 10% p.a. on original cost. Prepare Machinery Account and Dee Ltd. Account in the books of Mr. Cee for the years 2024-25 and 2025-26. 10

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3. ATC Ltd. had taken up a loss of profit policy (with an average clause) for ₹ 7,00,000 having an indemnity period of 6 months. Because of fire which took place on 15.09.2025, the business of the company was disorganised and sales adversely affected up to 31.01.2026.

ATC Ltd. incurred additional expenditure of ₹ 60,000 to maintain the sales and a reduction in turnover of ₹ 1,50,000 had been avoided because of such additional expenditure. There was a savings of ₹ 6,000 in insured standing charges.

Following further information are provided :

Particulars	₹
Actual turnover during the period of disorganisation from 15.09.25 to 31.01.26	3,50,000
Turnover from 15.09.24 to 31.01.25	12,00,000
Net profit of last financial year (01.04.2024 to 31.03.2025)	5,50,000
Insured standing charges of last financial year	3,50,000
Total standing charges of last financial year	6,00,000
Turnover of last financial year	30,00,000
Annual Turnover (15.09.24 to 14.09.25)	28,00,000

An upward trend of 10% in standard turnover and annual turnover had been agreed upon by the insurer.

Compute the amount of claim under the loss of profit policy.

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4. (a) Goods sent to branch by the H.O. during 2025-26 at cost is ₹ 6,25,000. However, goods received by the branch at cost during the year 2025-26 is ₹ 6,00,000. Under synthetic method, how would you treat such difference in Branch A/c in the books of H.O.?
- (b) Mr. X has sold a machine to Roy & Co. under instalment payment system. Eventually, after payment of only 2 instalments (out of 12 such instalments), Roy & Co. failed to pay any other instalments. Mr. X wants to repossess the machine sold to Roy & Co.
Give your advice to Mr. X.
- (c) Identify the following into 'dissolution of partnership' and 'dissolution of a firm' (Explanation not required) :
- All the partners of a firm are insolvent.
 - In case of retirement of a partner.
 - All the partners agree to dissolve the firm.
 - Business of the firm becomes unlawful.
- (d) Mr. S. Das, one of the partners, was to receive ₹ 16,000 as remuneration for completing the dissolution process. Mr. S. Das agreed to bear the realisation expenses. Actual realisation expenses ₹ 12,500 were paid by the firm. Give necessary journal entries on the dissolution of the partnership firm. Narration not required.

2+2+4+2

5. (a) Write a short note on Average Clause in the context of Loss of Stock Insurance Policy.
 (b) State the differences between consignment sales and ordinary sales.

5+5

Group - BAnswer *any three* questions.

6. (a) Shaw Traders has two departments A and B. Inter-departmental transfer of goods are made at normal selling price. From the following particulars prepare Departmental Trading Account and General Profit & Loss Account for the year ended 31st March, 2026 :

Particulars	Dept. A ₹	Dept. B ₹
Opening Stock	1,80,000	1,40,000
Purchases from outside at cost	14,00,000	21,60,000
Goods received from other Department (at cost to recipient department)	8,00,000	12,00,000
Sales (including transfer of goods to other dept.)	36,00,000	56,00,000
Closing Stock	4,00,000	7,00,000

Additional information :

General expenses incurred for both the departments were ₹ 9,04,500. These expenses are to be apportioned in the ratio of sales made to outside customers only. Following further information are provided to you :

- Opening stock of Dept. A and Dept. B include goods at cost to the receiving department of ₹ 40,000 and ₹ 60,000 respectively received from other department.
- Closing stock of Dept. A and Dept. B include goods at cost to the receiving department of ₹ 90,000 and ₹ 1,50,000 respectively received from Dept. B and Dept. A.
- The rate of gross profit is uniform from year to year.

Workings should form part of your answer.

- (b) State the order of payment while making piecemeal distribution of available cash out of assets gradually realised on dissolution of a firm.

10+5

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7. M/S Gipsy Bros. has a branch at Guwahati to which it sends goods at a price which is 20% less than list price. List price is 200% of cost price. The Branch is required to sell the goods at IP in case of Cash sales and at list price in case of credit sales. From the following particulars and figures (in ₹) prepare Guwahati Branch Account showing net profit of the branch for the year ended 31.03.2026 : 15

Stock at I.P. (01.04.25)	24,000	Normal Loss (at cost) of goods	1,000
Debtors (01.04.25)	20,000	Return inward (out of cash sales)	3,200
Branch Cash (01.04.25)	6,000	Expenses to Branch (by H.O.)	24,400
Goods sent by Head Office (H.O.) at cost	1,65,000	Remittances to H.O.	2,40,000
Sales by branch (cash sales is 46% of credit sales)	2,92,000	Petty expenses by the branch	7,000
Return of credit sales direct to H.O.	4,000	Debtors (31.03.26)	46,000
Claim received by H.O. for goods lost by fire	1,500	Stock at I.P. (31.03.26)	35,200

8. A fire occurred on 15.06.2026 in the godown of M/S Lal & Sons and destroyed all its inventory except a few which were saved. Following information was saved and provided to you. You are required to calculate the amount of insurance claim for the loss of stock.

- Accounting year ends on 31.03 every year.
- Sales for the year 2025-26 ₹ 3,00,000
- Purchases for the year 2025-26 ₹ 2,75,000
- Stock as on 01.04.2025 ₹ 35,000
- Stock as on 31.03.2026 ₹ 66,000
- Sales from 01.04.26 to 15.06.26 ₹ 94,000
- Purchases from 01.04.26 to 15.06.26 ₹ 1,17,000 (excluding goods worth ₹ 8,000 received on 12.06.26, for which the purchase invoice has not yet been received and includes ₹ 12,000 for which goods have not yet been delivered by the supplier).
- Stock on 31.03.2026 includes ₹ 16,000, being a poor selling goods purchased during the year 2025-26 at ₹ 20,000.
- 60% of these goods were sold at ₹ 9,000 on 12.05.2026 and balance left unsold. The balance goods are valued at 75% of its original cost for the purpose of claim.
- Scrap salvaged ₹ 19,000
- Policy value ₹ 76,000.

9. A, B and C who were partners sharing profits & losses equally, dissolved their firm on 31st March, 2026, on which date their Balance Sheet was as follows :

Liabilities	₹	Assets	₹
Capital A/c : A 60,000	1,30,000	Plant & Machinery	53,000
B 50,000		Furniture	20,000
C 20,000		Stock	80,000
Current A/c : A 10,000	17,000	Debtors	56,000
B 7,000		Cash at Bank	7,000
Reserve for contingency	21,000	Current Account : C	24,000
12% Bank Loan	20,000		
Loan from A's Wife	12,000		
Sundry Creditors	40,000		
	2,40,000		2,40,000

Additional information :

- It was found that an investment not recorded in the books is worth ₹ 12,000. This is taken over by one of the creditors at this value. Remaining creditors are paid in cash at a discount of ₹ 3,000.
- A agreed to accept furniture in full settlement of the loan taken by the firm from his wife.
- Bank loan was repaid along with interest for 5 months.
- Realisation expenses amounted to ₹ 5,000 which was personally paid by B.
- Assets realised as follows : Debtors realised ₹ 45,000 and ₹ 1,000 was recovered for bad debts written off last year; Stock ₹ 60,000; Plant & Machinery ₹ 28,000.
- Partner C became insolvent and ₹ 4,000 could only be recovered from his estate.

Prepare Realisation A/c, Bank A/c and Partner's Capital A/c.

5+3+7

10. (a) Write short notes on 'Account Sales' and 'Del-Credere Commission'.
- (b) In respect of an asset sold under hire purchase system, answer the following questions :
- With whom does the ownership of asset sold to hire purchaser lie?
 - Who can claim for depreciation? Is it provided on the basis of Cash Price or Hire Purchase Price?
 - Can the hire purchaser hire-out or sell or pledge the asset to a third party?

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(c) Under Analytical Method of accounting for dependent branch, how would you deal with the following :

- (i) Goods returned by customer (to whom goods were sold by branch at invoice price on credit) directly to Head Office.
- (ii) Closing the Goods Sent to Branch Account at the end of the accounting year.

(3+2)+(2+2+1)+(3+2)
