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1 (Sem-3) AFA

2024

**COMMERCE**

Paper : BCM0300104

***(Advanced Financial Accounting)***

Full Marks : 60

Time : 2½ hours

***The figures in the margin indicate full marks for the questions.***

1. (a) Fill in the blanks : 1×4=4
- (i) Irrecoverable short working is transferred to \_\_\_\_\_ account in the year when power of recoupment is over.
- (ii) Unrealised profit on stock should be calculated when inter-departmental transfer takes place at \_\_\_\_\_.
- (iii) Loss of profit policy is also known as \_\_\_\_\_.

Contd.

(iv) Government accounts are generally kept under \_\_\_\_\_ system.

(b) State whether the following statements are True or False :  $1 \times 4 = 4$

(i) Short working arises even if there is no minimum rent.

(ii) In case of sale of firm to a company, the profit or loss on sale is ascertained by preparing revaluation account.

(iii) The Finance Minister of India appoints the Comptroller and Auditor General of India under Article 148 of the Constitution of India.

(iv) The purpose of average clause in insurance claims is to encourage the policyholders to insure their property for the full value rather than underinsuring the property.

2. Answer the following : **(any six)**  $2 \times 6 = 12$

(i) What is minimum rent in Royalty Accounts ?

(ii) What is Piecemeal Distribution ?

(iii) Mention *two* objectives of Government Accounting.

(iv) Name *two* authorities who are included in the composition of Government Accounting Standard Advisory Board of India.

(v) What is inter-departmental transfer ?

(vi) Mention *two* objectives of amalgamation of firms.

(vii) State the journal entries to be made in the books of the firm for commission payable to any partner by the firm at the time of dissolution.

(viii) Calculate net claim when adjusted annual turnover is Rs. 2,00,000, rate of G. P. is 20%, Policy value is Rs. 24,000 and loss of profit is Rs. 13,000.

(ix) What is salvage value of stock in insurance claim ?

(x) What is sub-lease in Royalty Accounts ?

3. Answer the following as directed : **(any four)**  
 $5 \times 4 = 20$

(i) State *five* differences between Government Accounting and Commercial Accounting.

(ii) Write a note on Government Accounting Standard Advisory Board.

(iii) Calculate absolute surplus capital from the following information :

Adjusted Capitals as per last Balance Sheet :

A – Rs. 2,10,000 ; B – Rs. 1,16,000 and C – Rs. 48,000

Profit sharing ratio 3 : 2 : 1

(iv) Explain how Shortworking Account is maintained in the books of the lessee.

(v) Explain how would you allocate various types of expenses among different departments.

(vi) Explain the Garner *vs.* Murray rule in case of insolvency of a partner.

(vii) How is claim under loss of profit policy ascertained ? Explain.

(viii) Explain in brief *five* different modes of dissolution of partnership firm.

4. Answer the following as directed : **(any two)**  
10×2=20

(a) Coal India Ltd. is a lessee of a mine on a royalty of Rs. 50 per ton of coal raised with a minimum rent of Rs. 90,000 per annum and power to recoup short working during the first three years of the lease. The output of the three years were as follows :

1st year — 1500 tons

2nd year — 2000 tons

3rd year — 3500 tons

Write up the Royalty Account and the Landlord Account in the books of Coal India Ltd.

(b) From the following balances, make out a Departmental Trading and Profit and Loss Account for the year ended 31-12-2023.

|                                    | Deptt. A<br>(Rs.) | Deptt. B<br>(Rs.) |
|------------------------------------|-------------------|-------------------|
| Stock on 1-1-2023                  | 7,000             | 5,000             |
| Stock on 31-12-2023                | 3,000             | 2,000             |
| Purchases                          | 10,000            | 8,000             |
| Returns Inward                     | 400               | 200               |
| Transfer from Deptt. A to Deptt. B | 500               | 500               |
| Wages                              | 2,000             | 1,800             |
| Sales                              | 26,000            | 13,000            |

Advertisement expenses Rs. 900 are to be allocated between the departments in the ratio of cost of sales. Carriage inward Rs. 300 and carriage outward Rs. 500 are to be apportioned on some appropriate basis.

- (c) Briefly describe the functions and duties of Comptroller and Auditor General of India in the context of Government Accounting.

**Or**

Narrate the Government Accounting Standard setting procedure in India.

- (d) The whole stock of goods of Pawan Enterprise was destroyed by fire on 17-6-2023, a book seller. Most of the stocks were destroyed, cost of salvaged stock being Rs. 10,400. From the books of account the following particulars were available :

- (i) Stock at close of accounts on 31-12-2022 Rs. 83,500
- (ii) Purchases from 1-1-2023 to 17-6-2023 Rs. 1,12,000 and sales during that period Rs. 1,54,000
- (iii) On the basis of past three years it appears that average gross profit of 25% is earned on sales.
- (iv) Stock was insured for Rs. 75,000
- (v) Fire fighting expenses Rs. 4,500 was paid on the date of fire.

Find out the amount for which claim for loss of stock should be made to the insurer.

- (e) A and B are partners sharing profits and losses in the ratio of 3:2. They decided to dissolve the firm on which date their Balance Sheet was as follows :

**Balance Sheet**

| Liabilities | Amount (Rs.) | Assets    | Amount (Rs.) |
|-------------|--------------|-----------|--------------|
| Creditors   | 9,300        | Goodwill  | 4,000        |
| Loan from A | 3,700        | Furniture | 1,000        |
| Capital :   |              | Machinery | 2,000        |
| A           | 10,000       | Inventory | 9,200        |
| B           | 6,000        | Debtors   | 10,000       |
|             |              | Cash      | 2,800        |
|             | 29,000       |           | 29,000       |

The assets realised were as follows :  
Goodwill realised nil, Furniture Rs. 900, Inventory Rs. 8,300, Debtors Rs. 10,200, Machinery Rs. 8,800.

Creditors were paid Rs. 9,100 in full settlement of their claim. Realisation expenses Rs. 100. An unrecorded asset is sold for Rs. 3,300.

Prepare necessary accounts to close the firm's books.