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4 (Sem-5/CBCS) COM HE2 (AFA)

2024

COMMERCE

(Honours Elective)

Paper : COM-HE-5026

(Advanced Financial Accounting)

Full Marks : 80

Time : Three hours

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

1. (a) State whether each of the following statements are True **or** False :

1×5=5

- (i) When short working lapses it is transferred to Profit & Loss Account.
- (ii) Under Departmental Accounts, both Profit & Loss Account and Balance Sheet are prepared for each department.

Contd.

(iii) Insurance company is liable to pay the claim for loss of profit caused during the indemnity period.

(iv) Under maximum loss method, the maximum possible loss will be divided among the partners in capital ratio.

(v) Government Accounting follows double entry system.

(b) Fill in the blanks with appropriate words : $1 \times 5 = 5$

(i) Short working arises when _____ is payable.

(ii) Expenses which can't be apportioned among the departments should be shown _____.

(iii) Balance of the Realisation Account is transferred to _____ Account.

(iv) The differences between standard turnover and actual turnover during the indemnity period is called _____.

(v) Expenditure under _____ fund requires authorisation after it has been incurred.

2. Answer the following questions briefly : $2 \times 5 = 10$

(i) What is minimum rent ?

(ii) Give the meaning of inter-departmental transfer.

(iii) What is consolidated fund ?

(iv) What are standing charges ?

(v) State *two* differences between dissolution of partnership and dissolution of a firm.

3. Answer **any four** questions : $5 \times 4 = 20$

(i) Write the impact of strike and lockout in the payment of royalty.

(ii) What are the special features of departmental accounting ?

- (iii) What are different modes of discharging purchase consideration ?
- (iv) Describe the steps to be followed to lodge claim before insurance company for indemnification of loss of stock due to fire.
- (v) Briefly describe *five* principles of Government Accounting.
- (vi) Explain the rule laid down in Garner vs. Murray case.

4. Answer the following questions :

10×4=40

- (i) What are the objectives of amalgamation of firm? Give the accounting entries required to be passed in the books of the new firm born after amalgamation.

Or

From the following Trial Balance, prepare Departmental Trading and Profit & Loss Account of M/s. Golaghat Trading Company for the year ended on 31 March, 2023 :

Particulars	Debit (₹)	Credit (₹)
Stock on 1-4-2022		
Dept. A	5,400	
Dept. B	4,900	
Purchases		
Dept. A	9,800	
Dept. B	7,350	
Sales		
Dept. A		13,520
Dept. B		16,900
Wages		
Dept. A	1,340	
Dept. B	240	
Rent	1,870	
Electricity	420	
Discount Allowed	441	
Discount Received		133
Advertising	738	
Carriage Inward	469	
Machinery	4,800	
Debtors	1,820	
Creditors		3,737
Capital		9,530
Drawings	900	
Cash in hand	932	
Cash at Bank	1,080	
Salary	1,320	
	43,820	43,820

Following information is also provided :

- (a) Stock on 31 March, 2023
Dept. A-₹ 2,748, Dept. B-₹ 2,400
 - (b) Rent, Electricity, Salaries and Depreciation are to be apportioned between Dept. A and Dept. B in the ratio of 2 : 1.
 - (c) Other expenses and income are to be apportioned to A and B Departments on suitable basis.
 - (d) Depreciate Machinery @ 10% p.a.
 - (e) Rent prepaid ₹ 370 and outstanding electricity ₹ 180.
- (ii) On 15th June, 2023, the premises and stock of a firm where destroyed by fire but the accounting records were saved from which the following particulars were available :

Stock at cost on 1 st January, 2022	₹ 70,500
Stock at cost on 31 st December, 2022	₹ 81,900
Purchases less returns for the year 2022	₹ 3,98,000

Sales less return for the year 2022	₹ 4,87,000
Wages for the year 2022	₹ 3,000
Purchases less return from 1 st January to 15 th June, 2023	₹ 1,60,000
Sales less return from 1 st January to 15 th June, 2023	₹ 2,31,200
Wages from 1 st January to 15 th June, 2023	₹ 1,200
Carriage from 1 st January to 15 th June, 2023	₹ 800
Expenses for putting off fire	₹ 1,000
The Stock salvaged was	₹ 5,300

Show the amount of claim.

OR

What is piecemeal distribution? What are different methods of piecemeal distribution? Explain them.

- (iii) The partnership of A, B and C was dissolved on 1-4-2023. Their financial position just before dissolution was as follows :

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	20,000	Cash	21,000
Bank Loan	22,000	Debtors	41,000
Capital		Stock	30,000
A	34,000	Furniture	16,000
B	40,000	Investment	50,000
C	42,000		
	1,58,000		1,58,000

Assets were realised as under :

Debtors ₹ 36,000, Stock ₹ 24,000, Furniture ₹ 10,000, Investment ₹ 54,000.

Bank loan is paid in full.

One typewriter (Book value nil) was taken over by A for ₹ 1,600. One customer paid 2,000 which was earlier written off as bad debt. Dissolution expenses amounted to ₹ 4,800. Creditors were paid ₹ 1,000 less.

Prepare Realization Account. The partnership deed was silent on the profit sharing ratio.

OR

Write short notes on : (any two)

5×2=10

- Governments Accounting Standard Advisory Board
 - Allocation of expenses among different departments
 - Loss of profit policy
- (iv) Following is the Balance Sheet of Barun and Tarun who share profits and losses equally :

Balance Sheet as on 31-12-2023

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital		Goodwill	5,000
Arun	50,000	Land	45,000
Barun	40,000	Furniture	20,000
Tarun's Loan	10,000	Stock	30,000
Bills Payable	15,000	Debtor	25,000
Sundry Creditors	12,000	Less : Provision	1,000
		Cash	3,000
	1,27,000		1,27,000

Assam Industrial Ltd. acquired all the assets except Goodwill and Cash and all liabilities except Partner's Loan at the following agreed values :

Land and Building	₹ 55,000
Furniture	₹ 16,000
Stock	₹ 28,000

Debtors at 90%

Liabilities at Book values

Purchase consideration was discharged as follows :

₹ 10,000, 6% Debenture to pay off

Tarun's Loan,

6,000 equity shares of ₹ 10 each and balance in cash.

Expenses of realisation amounted to ₹ 2,000

Give Journal entries in the books of the firm.

OR

A company took a lease of land at a royalty of Rs. 5 per ton of coal raised with a moving minimum rent of Rs. 25,000 in first year, Rs. 30,000 in second year and Rs. 35,000 from third year onwards. The right to recover short working within next two years following the year of occurrence. The output of first 4 years are given below :

1st year	— Nil
2nd year	— 5,000 tons
3rd year	— 8,000 tons
4th year	— 11,500 tons

Prepare Royalty Account and Landlord Account in the books of the Company (Lessee).