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1 (Sem-3/FYUGP) BCM43MJ

2025

**COMMERCE**  
(ACCOUNTANCY)

Paper : BCM4300304 MJ

(Major)

**(Advanced Financial Accounting)**

Full Marks : 60

Time : 2½ hours

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

1. Answer the following questions as directed :  
1×8=8

- (a) Short working is the excess of minimum rent over actual royalties. (State whether the statement is True **or** False)
- (b) Government Accounting focuses on Commercial transactions and profit-making, similar to business accounting. (State whether this statement is True **or** False)

- (c) The calculation of the insurance claim for loss of stock is based on the principle of \_\_\_\_\_. [Fill in the blank with appropriate word(s)]
- (d) Expenses which cannot be appropriated among the departments should be taken to \_\_\_\_\_. [Fill in the blank with appropriate word(s)]
- (e) In case of recovery of short working \_\_\_\_\_ account is debited. [Fill in the blank with appropriate word(s)]
- (f) A firm's assets in the first instance is to be used for the payment of \_\_\_\_\_ debt. [Fill in the blank with appropriate word(s)]
- (g) Government Accounts are maintained on cash basis. (State whether the statement is True **or** False)
- (h) When firms are amalgamated, realisation account is prepared to close the books of such firms. (State whether the statement is True **or** False)

2. Answer in brief **any six** questions :  
2×6=12

- (a) Mention *two* objectives of preparing departmental accounting.

- (b) State *two* objectives of conversion of partnership into a limited company.
- (c) What is loss of stock policy?
- (d) Differentiate between short sales and indemnity period in a loss of profit claim.
- (e) What is minimum rent in royalty account?
- (f) Write the meaning of sub-lease.
- (g) Distinguish between the Consolidated Fund and the Contingency Fund of the Government.
- (h) What is the significance of classification of accounts in the context of Government Accounting?
- (i) What is average clause in Insurance Policy?
- (j) State *two* objectives of amalgamation of firms.

3. Answer in brief **any four** questions :  
5×4=20

- (a) Discuss the key features and objectives of Government Accounting, emphasizing its role in public finance management.

- (b) Write a note on Garner *vs.* Murray case.
- (c) Discuss how and under what circumstances a firm may be dissolved.
- (d) Write the appropriate basis applicable for apportioning each of the following items of expenses of a departmental business concern :

- (i) Depreciation on building
- (ii) Bad debts
- (iii) Discount allowed
- (iv) Labour welfare expenses
- (v) Expenses on purchase

- (e) A B Ltd. acquired a lease of a colliery from Mr. Barua at a minimum rent of Rs. 25,000 p.a. merging into a royalty of Rs. 5 per ton of coal raised. Short workings could be recouped within the first four years of the lease. The output (in tonnes) for the first five years was as follows :

1st year	3,000 tonnes
2nd year	4,000 tonnes
3rd year	6,000 tonnes
4th year	3,000 tonnes
5th year	10,000 tonnes

Prepare a royalty statement.

- (f) A fire occurred in the premises of a firm on 1st August, 2025. The stock on 31st March 2025 was ₹1,20,000. Purchases and sales from 1st April, 2025 to 31st July, 2025 were ₹ 80,000 and ₹ 1,00,000 respectively. The gross profit rate is 25% on cost. Calculate the value of stock on the date of fire and the amount of claim if the policy amount is ₹ 75,000.

- (g) From the following particulars given by M/s Tins and Toys, prepare Department Trading and Profit and Loss Account for the Tins Department and Toys Department for the year ended on 31st March, 2025.

**Rs.**

Opening Stock of Goods :

Toys	5,000.00
Tins	15,000.00

Raw Materials consumed :

Toys	34,000.00
Tins	2,000.00

Stores consumed

Wages

Toys	3,000.00
Tins	6,000.00

Advertisement	1,500.00
Packing Expenses	
Toys	600.00
Office Expenses	4,800.00
Depreciation	
Factory Equipment	3,200.00
Building	1,600.00
Sales	
Toys	90,000.00
Tins	18,000.00
Closing Stock of Goods	
Toys	6,000.00
Tins	12,000.00

**Additional information :**

- (i) Toy making does not require any equipment.
  - (ii) Only 1/8th of the total area of Building is occupied by Toy Department.
- (h) Abin, Abir and Subha commenced business on 1st January, 2024 sharing profits and losses in the ratio of 2:2:1. Capitals contributed were : Abin Rs. 40,000; Abir Rs. 30,000 and Subha Rs. 20,000. The partners were entitled to interest @ 6% p.a.

During the year, the firm earned a profit (before interest) of Rs. 25,000. The partners had withdrawn : Abin Rs. 10,000 ; Abir Rs. 8,000 and Subha Rs. 5,000.

On 31st December, 2024 the firm was dissolved. The assets realised Rs. 1,00,000. The creditors which totalled Rs. 15,000 were paid at a discount of 3%. Expenses of realisation amounted to Rs. 1,450. Prepare Realisation and Profit & Loss Appropriation accounts to close the books of the firm.

4. Answer **any two** questions from the following : 10×2=20

- (a) Elaborate on the importance of the classification of the Accounts in the Government Accounting System. Discuss in detail the various heads of accounts and explain how this classification aids in financial reporting and decision-making.

- (b) A and B are equal partners. The business of A and B is taken over by PC Ltd. On that date their Balance Sheet stood as under :

**Balance Sheet**

Liabilities	Rs.	Assets	Rs.
Creditors	10,000	Machinery	23,500
Capital :		Furniture	4,000
A : 21,000		Investment	7,500
B : <u>14,000</u>	35,000	Debtors	8,500
		Bank	1,500
	45,000		45,000

All the assets and liabilities except cash at Bank were taken over by the company at an agreed value of Rs. 41,000 and this was to be discharged by the issue of Rs. 2700 shares of Rs. 10 each fully paid and the balance payable by cash. Expenses on realisation amounted to Rs. 500.

Prepare necessary accounts to close the books of the firm.

- (c) Mr. S. Dutta took a coal mine on lease on Jan 1, 2021 on the following terms :
- (i) Minimum Rent Rs. 25,000 per year.

- (ii) Each year's shortworking can be recovered during subsequent two years.
- (iii) The minimum rent is to be reduced by 25% in a year when there is any cessation of work due to strike or accident.
- (iv) Royalty is to be calculated at 50 paise per ton.
- (v) Production during the first four years were as follows :

Year	Production (tons)
2021	30,000
2022	35,000
2023	60,000
2024	40,000

(Strike for 3 months)

Prepare Landlord Account and Short Working Account in the books of S. Dutta.

(d) From the following particulars ascertain the claim to be lodged in respect of the consequential loss policy taken by KFG Ltd.

- (i) Fire occurred on July 1, 2024 and affected sales for 3 months.
- (ii) Sales for 3 months ending 30th September in 2023 and 2024 were Rs. 6,00,000 and Rs. 2,00,000 respectively.
- (iii) The policy was for Rs. 18,00,000 with 6 months period of indemnity.
- (iv) Sales for 12 months ended June 30, 2024 were Rs. 76,00,000.
- (v) Accounts were prepared on 31st December. The net profit for 2023 amounted to Rs. 10,00,000 after debiting standing charges totalling Rs. 4,40,000.
- (vi) Sales for 2023 were Rs. 72,00,000.
- (vii) A sum of Rs. 14,000 was spent as additional expenses to mitigate the effect of the loss.

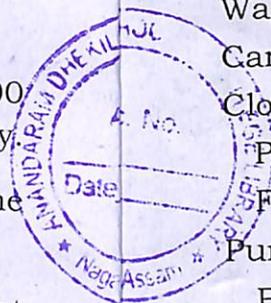
(e) X Ltd. has two departments A and B. From the following particulars prepare the consolidated Trading Account and Departmental Trading Accounts of the year ending 31st March, 2025.

	A Rs.	B Rs.
Opening Stock (Cost)	20,000.00	12,000.00
Purchase	92,000.00	68,000.00
Sales	1,40,000.00	1,12,000.00
Wages	12,000.00	8,000.00
Carriage	2,000.00	2,000.00
Closing Stock		
Purchase Goods	4,500.00	6,000.00
Finished Goods	24,000.00	14,000.00
Purchased goods Transferred		
By B to A	10,000.00	—
By A to B	—	8,000.00
Finished goods Transferred		
By B to A	35,000.00	—
By A to B	—	40,000.00
Return of Finished Goods		
By B to A	10,000.00	—
By A to B	—	7,000.00

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Contd.



You are informed that purchased goods have been transferred mutually at their respective departmental purchase cost and finished goods at department market price and that 25% of the finished stock (closing) at each department represented finished goods received from the other department.

