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63/2 (Sem-2) MCO201 (N/O)

2024

COMMERCE

Paper : MCO201 (N/O)

(Advanced Financial Accounting)

Full Marks : 80

Pass Marks : 32

Time : Three hours

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

(NEW COURSE)

- Choose the correct option for the following questions : $1 \times 6 = 6$
 - In the Profit and Loss Account of the Bank Provisions and Contingencies are recorded in
 - Schedule 13
 - Schedule 14
 - Schedule 16
 - None of the above

Liabilities	Amount (Rs.)	Amount (Rs.)	Assets	Amount (Rs.)	Amount (Rs.)
Reserve & Surpluses					
General reserves	1,60,000	60,000	Furniture	80,000	80,000
Profit & Loss Account	80,000	20,000	Investment	1,28,000	
Current Liabilities			Current Assets		
Sundry Creditors	1,20,000	40,000	Stock	2,72,000	34,400
	7,60,000	5,00,000		7,60,000	2,00,000

Additional information :

- Machinery (Book value Rs.80,000) and Premises (Book value Rs.16,000) of Narzary Ltd. were revalued at Rs.1,20,000 and Rs.12,000 respectively for the purpose of fixing the price of its shares. There was no purchase or sale of this asset since the date of acquisition.
- Boro Ltd. acquires 80% share in Narzary Ltd. as on 01/01/2021. The General Reserve and Profit and Loss of Narzary Ltd. on the date of acquisition are Rs.20,000 and Rs.12,000 respectively.

Prepare consolidated Balance Sheet as on 31 December, 2021.

(b) Money at call and short notice is a type of advance given by a bank to

- (i) individual customer
- (ii) local government authority
- (iii) other banks
- (iv) exporter of goods

(c) Surrender value is an expression that is used in case of

- (i) Life insurance
- (ii) Fire insurance
- (iii) Marine insurance
- (iv) Vehicle insurance

(d) _____ Accounting deals with employees and management in an organization.

- (i) Inflation
- (ii) Human Resource
- (iii) Environment
- (iv) None of the above

(e) What is the purpose of Insurance Accounting ?

- (i) To show the true and fair view of the business
- (ii) To increase the profit of the business
- (iii) To reduce the tax liability of the business
- (iv) All of the above

(f) Which of the following is not an objective of the IRDA Act, 1999 ?

- (i) To protect the interest of the policyholders
- (ii) To regulate and promote the ordinary growth of the insurance business
- (iii) To farther amend the Insurance Act and other related Acts.
- (iv) None of the above

2. Answer the following questions : 2×5=10

- (a) What is rebate on bill discounted ?
- (b) What do you mean by the sum assured of an insurance policy ?
- (c) State any two limitations of human resource accounting.

(d) What do you mean by inflation ?

(e) What is bank overdraft ?

3. Answer **any six** of the following questions :
5×6=30

(a) What are the books and accounts maintained by a bank ?

(b) What are the conditions for recognising a loan or advances as Non Performing Assets ?

(c) What does corporate social responsibility aim to achieve ?

(d) Explain the cost-based approach of Human Resource Accounting.

(e) Differentiate between life insurance and general insurance policies.

(f) State some of the limitations of inflation accounting.

(g) Name the statutory and subsidiary books maintained by the insurance companies.

(h) Write a short note on Current Cost Accounting Method of inflation accounting.

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

(a) Describe the Tire I and Tire II capital as per the guideline on Capital Adequacy Norms issued by RBI for Indian Banks and Foreign Banks.

(b) Following information are drawn from the Books of Bodoland Bank. Prepare Balance Sheet of Bodoland Bank as on 31/3/2022.

Details	Dr. Amount (Rs.)	Cr. Amount (Rs.)
1,20,000 Share Capital @Rs.50 each		60,00,000
Statutory Reserves		12,00,000
Net Profit (before transfer to statutory reserve)		9,00,000
Profit and Loss Account		21,60,000
Fixed Deposit		27,00,000
Savings Deposit		24,00,000
Current Accounts	1,40,000	26,50,000
Borrowings from other banks		5,50,000
Bills payable and provisions		1,000
Cash Credit	40,61,500	
Cash in hand	8,01,250	
Cash with RBI	2,32,500	
Cash with other Banks	7,37,500	

Details	Dr. Amount (Rs.)	Cr. Amount (Rs.)
Money at call and at short notice	10,51,600	
Gold	2,75,850	
Government securities	5,52,000	
Premises	10,29,000	
Furniture	4,10,000	
Term Loan	92,69,800	
	185,61,000	185,61,000

Additional information :

- Bills for collection Rs.71,500
- Acceptance and endorsements Rs.62,000
- Claims against Bank not acknowledged as Debts Rs.27,500
- 50% of terms loans are secured by Government Guarantees, 10% of cash credit are unsecured. Other portion is secured by tangible assets
- Transfer 20% of current year's profit to statutory reserves

(c) Following is the Balance Sheet of Basumatary Co. Ltd. on Histori cost figure :

Liability	31.3.2021 (Rs.)	31.3.2022 (Rs.)	Assets	31.3.2021 (Rs.)	31.3.2022 (Rs.)
Share Capital	2,45,000	2,80,000	Fixed Assets	2,10,000	2,10,000
Sundry Creditors	84,000	1,89,000	Less : Depreciation	(70,000)	(77,000)
			Stock	1,40,000	1,33,000
			Debtors	63,000	1,26,000
			Cash	70,000	1,75,000
	3,29,000	4,69,000		56,000	35,000
				3,29,000	4,69,000

Profit and Loss Account for the year ended on 31/12/2022

Particulars	Amount (Rs.)
Sales	2,80,000
Less : Cost of Sale Depreciation	(2,38,000) (7,000)
	35,000

Additional information

- Sales were made on credit
- Cash received from debtors Rs.1,40,000
- Purchase of stock on credit Rs.3,01,000
- Cash payment to supplier Rs.1,26,000
- Transactions assumed to be occurred evenly throughout the year.

- Fixed Assets were acquired on 1/01/2010

- General Price Index

Years :	01.01.2010	31.12.2021	31.12.2022
Index :	60	90	105

Prepare Balance Sheet and Profit and Loss Account as on 31/12/2022 in terms of CPP 31/12/2022.

5. Answer **any one** of the following questions :
14×1=14

(a) Explain the process of Human Resource Accounting in India including its development, importance and challenges.

(b) From the following information prepare Fire Revenue Account of ABC Fire Insurance Co. Ltd. for the year ended on 31st March, 2016 :

Details	Amount (Rs.)
Revenue for unexpired risk on 1st April, 2015	1,56,000
Additional reserve on 1st April, 2015	36,000
Claim paid	1,80,000
Management expenses	75,000
Legal charges regarding claims	10,500

Details	Amount (Rs.)
Premium received	3,45,000
Interest and dividends	19,500
Income tax on interest and dividend	2,100
Re-insurance premium	22,500
Profit on sale of investment	3,600
Re-insurance recoveries	6,000
Outstanding claims	
On 31st March, 2016	27,000
On 31st March, 2015	19,500
Commission on direct business	46,500
Commission on re-insurance accepted	7,500
Commission on re-insurance ceded	10,500

The company calculates its reserves for unexpired risk at 50% of the net premium each year and maintains additional reserve at 10% of net premium annually.

(OLD COURSE)

1. Choose the correct option for the following questions : 1×6=6

(a) In the Profit and Loss Account of the Bank Provisions and Contingencies are recorded in

(i) Schedule 13

(ii) Schedule 14

(iii) Schedule 16

(iv) None of the above

(b) Money at call and short notice is a type of advance given by a bank to

(i) individual customer

(ii) local government authority

(iii) other banks

(iv) exporter of goods

(c) Surrender value is an expression that is used in case of

(i) Life insurance

(ii) Fire insurance

(iii) Marine insurance

(iv) Vehicle insurance

(d) _____ Accounting deals with employees and management in an organization.

(i) Inflation

(ii) Human Resource

(iii) Environment

(iv) None of the above

(e) What is the purpose of Insurance Accounting?

(i) To show the true and fair view of the business

(ii) To increase the profit of the business

(iii) To reduce the tax liability of the business

(iv) All of the above

(f) Which of the following is not an objective of the IRDA Act 1999?

(i) To protect the interest of the policyholders

(ii) To regulate and promote the ordinary growth of the insurance business

(iii) To farther amend the Insurance Act and other related Acts

(iv) None of the above

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

- (a) What is rebate on bill discounted?
- (b) What do you mean by subsidiary company?
- (c) State *any two* limitations of human resource accounting.
- (d) What do you mean by inflation?
- (e) What is bank overdraft?

3. Answer *any six* of the following questions :
 $5 \times 6 = 30$

- (a) What are the books and accounts maintained by a bank?
- (b) What are the advantages of holding company?
- (c) What does corporate social responsibility aim to achieve?
- (d) Explain the cost-based approach of Human Resource Accounting.
- (e) Differentiate between life insurance and general insurance policies.

(f) State some of the limitations of inflation accounting.

(g) Write a short note on minority interest of holding company accounting.

(h) Write a short note on Current Cost Accounting Method of inflation accounting.

(i) Explain consolidated financial statement.

4. Answer *any two* of the following questions :
 $10 \times 2 = 20$

(a) Describe the Tire I and Tire II capital as per the guidelines on Capital Adequacy Norms issued by RBI for Indian Banks and Foreign Banks.

(b) Explain some of the merits and demerits of Current Purchasing Power (CPP) method of inflation accounting. Explain the steps that is followed to prepare financial statement under CPP method of accounting of price level change.

(b) Following information are drawn from the Books of Bodoland Bank. Prepare Balance Sheet of Bodoland Bank as on 31/3/2022.

Details	Dr. Amount (Rs.)	Cr. Amount (Rs.)
1,20,000 Share Capital @Rs.50 each		60,00,000
Statutory Reserves		12,00,000
Net Profit (before transfer to statutory reserve)		9,00,000
Profit and Loss Account		21,60,000
Fixed Deposit		27,00,000
Savings Deposit		24,00,000
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Borrowings from other banks		5,50,000
Bills payable and provisions		1,000
Cash Credit	40,61,500	
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Cash with RBI.	2,32,500	
Cash with other Banks	7,37,500	
Money at call and at short notice	10,51,600	
Gold.	2,75,850	
Government securities	5,52,000	
Premises.	10,29,000	
Furniture	4,10,000	
Term Loan	92,69,800	
	185,61,000	185,61,000

Additional information

- Bills for collection Rs.71,500
- Acceptance and endorsements Rs.62,000
- Claims against Bank not acknowledged as Debts Rs.27,500
- 50% of terms loans are secured by Government Guarantees, 10% of cash credit are unsecured. Other portion is secured by tangible assets
- Transfer 20% of current year's profit to statutory reserves

5. Answer **any one** of the following questions :
14×1=14

- (a) Explain the process of Human Resource Accounting in India including its development, importance and challenges.
- (b) Following is the Balance Sheet of Boro Ltd. and its subsidiary Narzary Ltd. as on 31/12/2021 :

Balance Sheet as on 31/3/2023

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)	Amount (Rs.)
Share Capital		Fixed Assets		
Share of Rs.100 each		Machinery	2,40,000	72,000
	4,00,000	Premises	40,000	13,600
			80,000	