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63/2 (SEM-2) MCO 201

2023

COMMERCE
(Theory Paper)

Paper Code : MCO 201

(Advanced Financial Accounting)

Full Marks – 80

Pass Marks – 32

Time – Three hours

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

1. Answer the following Multiple-Choice questions :
1×6=6
- (a) Commission received by Bank is reflected under which head of Account, while preparing Profit & Loss Account of Banking Company ?
- (i) Interest Earned
 - (ii) Other Income
 - (iii) Interest Expended
 - (iv) Operating Expenses

[Turn over

(b) While preparing Revenue Account of the Insurance Company, claims incurred reflect in

- (i) Schedule-1
- (ii) Schedule-2
- (iii) Schedule-3
- (iv) Schedule-4

(c) Which document is not attached with the Balance sheet of a Holding Company ?

- (i) Income from House property Receipts
- (ii) A copy of Statement of Profit & Loss
- (iii) A copy of Reports of its Board of Directors
- (iv) A copy of Report of its Auditors

(d) Definition of Subsidiary Company under Companies Act, 2013 is given in

- (i) Sec. 2 (87)
- (ii) Sec. 2 (78)
- (iii) Sec. 3 (78)
- (iv) Sec. 3 (87)

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(e) Which one is not related to method of Human Resource Accounting ?

- (i) Historical Cost Model
- (ii) Cost Accounting Model
- (iii) Standard Cost Model
- (iv) Dasgupta Model

(f) Which one is not related to Accounting for price level changes ?

- (i) CCP Accounting
- (ii) Current Cost Accounting
- (iii) SGPLA
- (iv) FIFO.

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

- (a) What do you mean by Capital Adequacy Norms ?
- (b) Write the nature of insurance business.
- (c) Define Consolidated Balance Sheet.
- (d) What is Inflation Accounting ?
- (e) Write the need of Human Resource Accounting.

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3. Answer any six of the following questions :

5×6=30

- (a) Write down the respective items that are to be shown in a Bank Balance Sheet under the Banking Regulation Act, 1949. 5
- (b) Explain the treatment of debentures of Subsidiary company in Consolidated Balance Sheet. 5
- (c) Write the advantages and disadvantages of Inflation Accounting. $2\frac{1}{2}+2\frac{1}{2}=5$
- (d) Discuss the benefits and limitations of using Human Resource Accounting as a tool for decision making in organization. $2\frac{1}{2}+2\frac{1}{2}=5$
- (e) Write the functions of IRDA Act, 1999. 5
- (f) How would you ascertain the amount of Minority Interest ? 5
- (g) Explain the Current Purchasing Power (CPP) Accounting. 5
- (h) Write the concept and objectives of Social responsibility in the context of Human Resource Accounting. 2+3=5

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(i) From the following information of UCO Bank, ascertain the amount of non-performing assets for the year ended 31st March, 2023 :

- Bills purchased and discounted ₹ 2,80,000 out of which Bills for ₹ 1,10,000 is overdue for 85 days, for ₹ 70,000 is overdue for 110 days, for ₹ 55,000 is overdue for 150 days and balance is overdue for 190 days.
- Term Loans of ₹ 2,90,000 out of which interest is past due on ₹ 1,60,000 for 180 days, on ₹ 70,000 for 125 days and on the balance for 80 days.
- Cash Credit facility granted for ₹ 3,00,000 out of which Customers account for ₹ 1,30,000 are in order and the balance remained out of order for 100 days.

4. Answer any two of the following questions :

$10 \times 2 = 20$

- (a) Briefly explain the Accounting Policies which disclosed by the Banking Companies in their Financial Statements as per RBI instructions.

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(b) Write notes on the following terms :

$$2\frac{1}{2} \times 4 = 10$$

- (i) Holding Company
- (ii) Minority Interest
- (iii) Pre-Acquisition Profits
- (iv) Post-Acquisition Profits.

(c) A Company had the following monetary items on 1st January, 2022 :

Particulars	Details ₹	Amount ₹
Debtors		41,000
Bills Receivables		10,000
Cash		20,000
Less: Bills Payables Creditors	10,000 25,000	71,000
<i>Net Monetary Assets</i>		35,000
		36,000

The transactions affecting the monetary items during the year were as follows :

- (i) Sales of ₹ 1,40,000 made evenly throughout the year.

(ii) Purchases of goods of ₹ 1,05,000 made evenly during the year.

(iii) Operating expenses of ₹ 35,000 were incurred evenly throughout the year.

(iv) One machine was sold for ₹ 18,000 on July 1, 2022.

(v) One machine was purchased for ₹ 25,000 on December 31, 2022

The general price indexes were as follows :

On January 1, 2022	300
Average for the year	350
On July 1, 2022	360
On December 31, 2022	400

Compute the General purchasing power gain or loss for the year stated in terms of the current year-end rupee.

5. Answer any *one* of the following questions :

14×1=14

(a) From the following particulars, prepare Revenue Account in respect of Personal Accidental Insurance business of the United India Insurance Company for the year ended 31st March 2023 :

(i) Reserve for unexpired risk on 1st April, 2022	₹ 2,56,000
(ii) Additional Reserve on 1st April, 2022	₹ 59,000
(iii) Claims paid	₹ 3,25,000
(iv) Management expenses	₹ 1,41,250
(v) Premiums	₹ 5,05,000
(vi) Interest & Dividend	₹ 90,000
(vii) Income tax on interest and dividend	₹ 2,000
(viii) Reinsurance Premium	₹ 45,000
(ix) Profit on sale of investments	₹ 10,000
(x) Legal charges regarding claims	₹ 7,750

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(xi) Reinsurance recoveries

₹ 13,500

(xii) Commission on direct business

₹ 55,500

(xiii) Commission on reinsurance-ceded

₹ 2,000

(xiv) Commission on reinsurance accepted

₹ 1,500

(xv) Outstanding claims :

On 31st March, 2023

₹ 35,000

On 31st March, 2022

₹ 47,500

(b) Discuss the objectives, methods and challenges of Human Resource Accounting and provide an example how it can be applied in an organisation to measure and report the value of human resources. $3+3+3+5=14$

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