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The Assam Royal Global University
Royal School of Commerce
B. Com 4th Semester
Semester End Examination June 2024
Course: Advance Financial Accounting
Code: COM042D401

Time: 3 hours

Maximum Marks: 70

Attempt all questions as per instructions given
The figures in the right-hand margin indicate marks

Section-A

Q. No.	Answer the following in brief (within 50 words)	Marks	CO	BT Level
1(a)	Write down the four features of Hire Purchase System.	2	CO 1	BT 1
1(b)	What is Hire Purchase Agreement?	2	CO 1	BT 1
1(c)	Explain Minimum Rent or Dead Rent.	2	CO 2	BT 2
1(d)	Write the journal entries in the books of lessee when Minimum Rent A/C is opened.	2	CO 1	BT 1
1(e)	Explain the loss of profit policy of a business firm.	2	CO 2	BT 2
1(f)	What do you mean by inter-department transfer?	2	CO 1	BT 1
1(g)	What is Government Accounting?	2	CO 1	BT 1
1(h)	Explain two objectives of Government Accounting.	2	CO 2	BT 2

Section-B

Q. No.	Answer any two of the following	Marks	CO	BT Level
2 (a)	Assam State Transport Corporation purchased from Tata Motors 3 buses costing Rs. 50,000 each on the hire purchase system. Payment was to be made Rs. 30,000 down and the remaining in 3 equal installments together with interest @9% p.a. Assam State Corporation write off depreciation @20% on the diminishing balance. It paid the installment due at the end of the first year but could not pay the next. Tata Motors agreed to leave one bus with the purchaser, adjusting the value of the other 2 buses, against the amount due. The buses were revalued on the basis of 30% depreciation annually. Prepare the Bus accounts in the books of Assam State Corporation for 2 years only.	6	CO 4	BT 4
2 (b)	Distinguish between Hire Purchase System and Installment Purchases System.	6	CO 4	BT 4

2 (C)	Write the advantages of Hire Purchase System from the point of view of the Hire Purchaser.	6	CO 1	BT 1
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Q. No.	Answer any two of the following	Marks	CO	BT Level																		
3 (a)	<p>On 1st January 2019, Bright Ltd. Patentees of a new type of gas burner, issued a license to Star Ltd. for the manufacture and sale of burners for 5 years on the following terms and conditions:</p> <ul style="list-style-type: none"> Star Ltd. to pay a royalty of Rs. 100 for every burner manufactured. Minimum rent is Rs. 50,000 per year. If, for any year, the royalty payable is less than the minimum rent, Star Ltd. may recoup the short workings against royalties payable in excess of the minimum rent in the next year only. Payment should be made on 31st dec each year. Sales and closing stock of burners of Star Ltd. for five years were as under: <table border="1" data-bbox="292 745 998 882"> <thead> <tr> <th>Year</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Sales (units)</td> <td>200</td> <td>400</td> <td>600</td> <td>550</td> <td>230</td> </tr> <tr> <td>Closing stock (units)</td> <td>50</td> <td>100</td> <td>70</td> <td>150</td> <td>20</td> </tr> </tbody> </table> <p>From the above particulars prepare</p> <ul style="list-style-type: none"> Royalty A/C Short workings A/C in the books of Star Ltd. assuming that accounts are closed on 31st December each year. Show the royalty analytical table and workings. 	Year	2019	2020	2021	2022	2023	Sales (units)	200	400	600	550	230	Closing stock (units)	50	100	70	150	20	7	CO 4	BT 4
Year	2019	2020	2021	2022	2023																	
Sales (units)	200	400	600	550	230																	
Closing stock (units)	50	100	70	150	20																	
3 (b)	Give the journal entries in the books of lessee and the lessor when the royalty is more than the minimum rent and short working of the previous year are to be recouped.	7	CO 3	BT 3																		
3 (c)	Explain the impact of strike and lock out on royalty accounting.	7	CO 2	BT 2																		

Q. No.	Answer any two of the following (Within 300 words each)	Marks	CO	BT Level
4 (a)	<p>A fire occurred in the premises of Lohia Trade Agencies on August 2023, destroying a part of the stock. On march 31st 2023 stock appeared in the books at Rs. 60,000. The value of stock salvaged was Rs. 11,500. The total sales during the year ended on 31st march 2023 amounted to Rs. 6,00,000 and the cost of sales during the same period was Rs. 4,20,000. The value of sales from April, 1st 2023 to the date of fire was amounted to Rs. 1,53,000 and purchases Rs. 1,05,500 during the same period. These purchases include goods of Rs. 2,000 for household consumption.</p> <p>Prepare a statement of claim for submission to the insurance company assuming books of Lohia Trading Agency are closed on march 31st each year.</p>	7	CO 3	BT 3
4 (b)	Mr. Prashant Goenka carries his business in the name of Fashion and Styles through two departments 'Saree' and 'Dress'.	7	CO 3	BT 3

Following are the extracts of his trial balance as on 31st march 2024:

Opening stock:		
Saree		6,00,000
Dress		3,00,000
Purchases:		
Saree		12,00,000
Dress		10,00,000
Sales:		
Saree		20,00,000
Dress		17,00,000
Purchase return:		
Saree		2,00,000
Dress		1,50,000
Sales return:		
Saree		1,00,000
Dress		70,000
Salaries		6,00,000
Advertisement		3,60,000
Bad debts		1,20,000
Depreciation		2,10,000

Additional information:

- Stock on 31/03/24: Sarees Rs. 4,00,000, Dresses Rs. 5,50,000.
- The unallocated expenses are to be charged to each department in proportion to the cost of goods sold.

Prepare departmental trading and profit and loss a/c of Fashion and Styles for the year ended 31/03/24.

4 (c)	In departmental account, it is claimed that it is advantageous to prepare a separate trading and profit and loss a/c for each department. Do you agree with this view? Give reasons for your answer.	7	CO 2	BT 2
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Q. No.	Answer any two of the following (Within 300 words each)	Marks	CO	BT Level
5 (a)	How will you distinguish commercial accounting from government accounting.	7	CO 1	BT 1
5 (b)	Explain the general duties of Controller and Auditor General of India relating to Audit.	7	CO 2	BT 2
5 (c)	Explain the principles of government accounting.	7	CO 2	BT 2

Course Outcomes	Marks Allotted	Percentage
CO1	23	Approx 60%
CO2	34	
CO3	21	Approx 20%
CO4	19	Approx 20%