

DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION -PART-I

DECEMBER, 2013

PAPER- I (ORGANISATION AND FUNDAMENTALS OF AUDIT AND ACCOUNTS)

SUBJECT: WORKS, STORES AND INTERNAL AUDIT

Time Allowed: 3 Hours

Max.Marks:100

Notes:

- 1 Out of 16 questions, only 12 questions should be attempted by the candidates
- 2 Each question carries Eight marks. Four marks are reserved for general excellence.
- 3 Answers to all part questions should be written in one place only
- 4 Only question number shall be indicated in the Answer Books. Reproduction of complete question in the Answer Books should be avoided.

1 Please name the number of Principal IFA's positioned each at the Army, Navy and Air Headquarters?

Ans. Principal IFA's created at Army Hqrs.

Principal IFA Army/O

Principal IFA Army/M

Principal IFA Army/Q

Principal IFA created at Naval Hqrs.

Principal IFA Navy

Principal IFA's created at Air Hqrs.

Principal IFA Air

(Authority: Para-5, Chapter-1, OM Part-I)

2 The Head of the Army is the Chief of Army Staff, he is assisted by the Vice Chief, Principal Staff Officers and Head of Branches. Please answer the following:

(a) Please state the number of PSOs and name them?

Ans. COAS is assisted by the VCAS and 4 PSOs

(i) Deputy Chief of Army

(ii) Adjutant General

(iii) Quarter Master General

(iv) Master General Ordnance

(b) Please state the number of Heads of Branches and name them?

Ans. There are 2 Heads of branches they are

(i) Military Secretary

(ii) Engineer in Chief

(Authority: DSR Part-I, Chapter-1 and also mentioned in Appendix "A" to the DSE-Army)

3 Please mark the following as True/False:

(a) The C&AG shall hold office for a term of 5 (five) years or till the age of 65 years.

Ans. FALSE(6 Years Term)

(b) The C&AG shall draw a salary equal to the Chief Justice of the Supreme Court.

FALSE(Judge of Supreme Court)

(c) The power to grant/refuse leave to the C&AG shall vest with the President of India

TRUE

- (d) The C&AG is deemed to have retired from Service on the date he enters upon office as the C&AG

TRUE

(Authority: The comptroller and Auditor Generals(Duties, Powers and Conditions of Service) Act, 1971

(2+2+2+2= 8 Marks)

- 4 (a) Please list three reasons wherein a leave sanctioning authority can mark a day as "Dies Non"

(4 Marks)

Ans.

- (i) When an official remains absent from duty without prior information.
(ii) When on duty the official leaves office without proper permission.
(iii) The official remains in office but refuses to perform duty assigned to him.

- (b) Is "Dies Non" considered as a break in service.

(4 Marks)

Ans.

No, "Dies Non" will not be construed as break in service.

Authority: Rule -II CCS (CCA) Rules DG(P&T) orders in consultation with DOPT and MOF

- 5 Distinguish between "Censure" and "Warning"

(8 Marks)

Ans.

Censure:

- (i) It is formal and public act conveying that the person is guilty of a blameworthy act.
(ii) It is Minor Penalty under Rule 11 of the CCS (CCA) Rules.
(iii) It is imposed after following prescribed procedure.
(iv) A record must be kept in the officers confidential roll.
(v) Censure will have a bearing on the assessment of his merit of suitability for promotion.

Warning:

- (i) It is an informal action of communicating criticism of adverse work.
(ii) The deed committed by the official is not serious enough to warrant a formal punishment.
(iii) It is not a penalty under CCS(CCA) Rules
(iv) The comments in the warning may affect his assessment of suitability for promotion.

(Authority:Rule-11 of CCS(CCA) Rules GOI decision(6)

- 6 Two employees of DAD were indulging in playing a game of cards at 19.00 i.e. After office hours on the lawn inside the office premises. They were not gambling.

- (i) Is the above action deemed as misconduct liable for disciplinary action or not.

Ans.

Yes, it is deemed as misconduct and is liable for disciplinary action.

- (ii) The answer to the above question is either "Yes" or "No" Explain why it is so?

(4+4=8 Marks)

Ans.

A government official cannot play a game of cards on the office lawns and such other places inside or outside office buildings a game of cards can only be played only in recreational rooms or in approved places. N indoor games to played aftger 19.00 hrs.

(Authority: GOI decision No. 22 under rule-3C of the conduct rules.)

- 7 (a) Please list the components of the 5 tier coding system operated on account of the Defence Services.

(4 Marks)

s.

The five tier coding system is as below

- (i) Major Head
- (ii) Sub Major Head
- (iii) Minor Head
- (iv) Sub Head
- (v) Detailed Head

(b) Answer any one of the following sub questions.

(i) List any 4 Major heads on the Expenditure (Revenue) side along with the 4 digit code.

Ans.

- 1. ARMY- 2076
- 2. NAVY-2077
- 3. AIR FORCE- 2078
- 4. DEFENCE ORDNANCE FACTORIES- 2079
- 5. DRDO- 2080

(ii) List any three sub heads under Minor Head 101 - Army Pay and Allowances.

Ans.

- 1. Sub- head A - P&A Army Officers
- 2. Sub-head B - P&A- Army Other Ranks
- 3. Sub-head C- P&A Recruits
- 4. Sub-head D- Release Benefits
- 5. Sub- head E- LTC

(Authority: As exemplified in the CHB)

8

(a) In how many parts is the MFAI report prepared, and what are reflected in these parts?

(4 Marks)

Ans.

The MFAI report is rendered in two parts i.e.

- (i) PART-1
- (ii) PART-2

Part-1 indicating Fresh Irregularities and Part-2 indicating previously raised points by remain outstanding.

Both the Parts divided into 2 sections each, SECTION 1 has Cash losses and SECTION 2 has Store losses.

(b) What irregularities are included in this report. Name at least two ?

(4 Marks)

Ans.

Irregularities included in the MFAI report

- (i) Cases involving irregular or non maintenance of accounts which in the opinion of CDA have serious implications.
- (ii) Case where value of irregularities or loss involved is more than 5 lacs of rupees.
- (iii) Any loop holes for Fraud, Defalcification etc. regardless of Financial implication.
- (iv) Cases of serious irregularities which cannot be translated into financial terms but in the opinion of the Controller should be brought into the notice of the Commander or Above.
- (v) Apart from this cases of utilization of Plant and Machinery, Identification of Slw, and Non Moving items, deterioration of stores due to long storage.

(Authority: Para 524 Defence Audit Code)

9

Answer any two of the following questions. Each answer carries 4 marks.

- (a) Who is responsible for preparation and submission of Appropriation accounts of the Defence Services and to whom does he submit the same?

Ans. The FA(DS)/SDF is responsible for the preparation of the appropriation accounts of the Defence Services and he submits them to the C&AG of India and DG Audit (DS) by the 15th January of the following year.

- (b) What is the objective of the Appropriation accounts?

Ans. The objective of the appropriation accounts is to present the audited accounts of expenditure from the appropriations of the year with full explanations of all important variations between final appropriations and actual expenditure.

- (c) What does the Appropriation accounts deal with

Ans. The appropriation accounts deal with

- (i) General review of expenditure of Defence Services.
- (ii) Changes in form and classification in the accounts
- (iii) Appropriation accounts with explanation for variation
- (iv) Appropriation accounts with explanation for variation.
- (v) Review of MES expenditure.

- (d) How many appendices do the Appropriation accounts contain?

(9 Marks)

Ans. Appropriation accounts include the following appendices

- (i) Appendix - A
- (ii) Appendix - B
- (iii) Appendix - C
- (iv) Appendix - D

(Authority: Para 532 to 535 Defence Audit Code)

10

What are the three main duties of the Controller as an Accounting Officer?

(8 Marks)

Ans.

- (i) To collect accounts of Receipts and Disbursements in his Accounts area.
- (ii) To Transfer to other accounts circles the items pertaining to them which originate in his area and
- (iii) Adjust in his accounts the items transferred to him by the other accounts offices.
- (iv) To keep watch on the progress of expenditure for his area under locally Controlled heads against allotments and to bring to the notice of the allottees and higher officers if the progress of expenditure is abnormally high or low.

(Authority: Para -5 Defence Accounts Code)

11

Please expand the following abbreviations:

- (a) AFCAO
- (b) DGAFMS
- (c) RVC
- (d) AFMSD
- (e) OC
- (f) CFA
- (g) DGR&D
- (h) FOC
- (i) NCs(E)
- (j) ASC
- (k) DGDE
- (l) CWE
- (m) INDWPF
- (n) AOC-in-C

- (o) IRLA
- (p) TDE

(1/2 Marks)

Ans.

- (a) Air Force Central Accounts Office
- (b) Director General Armed Forces Medical Services
- (c) Remount and Veterinary Corps
- (d) Armed Forces Medical Stores Depot
- (e) Officer Commanding
- (f) Competant Financial Authority
- (g) Director General research and Development
- (h) Flag Officer Commanding
- (i) Non Combatants(Enrolled)
- (j) Army Services Corps
- (k) Director General Defence Estates
- (l) Commander Works Engineer
- (m) Indian Naval Dockyard Workers Provident Fund
- (n) Air Officer Commander in Chief
- (o) Individual Running Ledger Account
- (p) Technical Development Establishment

12

- (n) Distinguish between any two of the following:
- (o) Controlling Officer/Disbursing Officer

Ans.

Controlling Officer means an officer who is entrusted with the responsibility of controlling the progress of expenditure under any appropriation.

Disbursing officer means a head of office or any other gazetted officer designated by a department of central Government, a Head of Dept., or an Administrator to draw bills and make payments on behalf of the Central Government.

- (b) Fee/Honorarium

Ans.

Fee means a, but does not include (i) Un earned income such as income from property, dividends etc.

Honorarium means recurring or non- recurring payment to a Government Servant from the revenue of the Government under whom he is employed as remuneration for a special work of an occasional and intermittent nature.

- (c) Miscellaneous Expenditure/Office Contingencies

(4+4= Marks)

Ans.

Miscellaneous Expenditure means all expenditure other than expenditure falling under the category of P& A of Government Servants, leave salary, Pensions, Contingencies, Grants-in-Aid, Work, Tools, Plant and Machinery etc.

Office Contingencies means charges which are incidental to the management of an office as office and include cost of Postage, Telephone Charges, books and Periodicals, weather establishment etc.

3

Please answer the following questions:

- (a) Expand the term MRO.

(2 Marks)

Ans.

- (a) MRO means Military Receivable Orders

- (b) State how many copies of the same are made? Then elaborate on the distribution of all of them.

(2 Marks)

Ans.

The MROs are prepared in Triplicate. The first two copies will be presented to the Bank who will deliver the ORIGINAL duly receipted to the depositor, who will in turn forward it to the CDA concerned. The DUPLICATE copy will be retained by the Bank for submission to the CDA concerned. The TRIPLICATE will be retained by the depositor.

- (c) What is the validity of the MRO and who revalidates it?

(2 Marks)

Ans.

The validity of the MRO is 21 days from the date of issue (signature of the Departmental officer)

- (d) Please list out at least 2 persons authorised to sign the MROs.

(2 Marks)

Ans.

Officials authorised to sign the MROs

(i) All commissioned officers and Civilian gazetted Officers of the MOD

(ii) All Gazetted officers and SOs(A) of the DAD.

(iii) Departmental officers, Warrant Officers, Non Commissioned officers and JCOs in Supply and Transport charges at outposts.

(Authority: Para 11, 12 of the FR Part-1 Vol.1)

14

As per Para 70 of the FR Par-I Vol.-I "A sanction for a fresh expenditure which has not been acted on for a year lapses except in the case of ". In reference to the above please answer the following questions.

- (a) List at least one exception to the above clause where the sanction does not lapse after one year and also does not require a specific renewal ?

(2 Marks)

Ans.

A sanction lapses at the expiry of one year if not otherwise renewed from the date of sanction except in the following cases

(i) An Allowance sanctioned for an appointment or a class of officers not drawn by the incumbent.

(ii) Additions made gradually from year to year to a permanent establishment under a general scheme.

(iii) An approved MES work.

- (b) From when is the period of one year calculated for the purpose of checking validity?

(2 Marks)

Ans.

The period of validity commences from the date of the sanction.

- (c) When does the sanction deem to have been acted upon?

(2 Marks)

Ans.

A sanction is deemed to have been acted upon if payment in whole or in part has been made in pursuance of the sanction within 12 months from the date of issue.

- (d) In once case of purpose of stores by an Army Unit there was a delay in the procurement process and the sanction could be processed only till the stage of completion of the Price negotiation. Does this sanction require renewal?

(2 Marks)

Ans. No the sanction does not require renewal. In case of purchase of stores a sanction is deemed to have been acted upon if the Tenders have been accepted.

(Authority: Para-70 FR Part-I Vol-1)

15 Answer the following questions on the "Annual Training Grant" to the Army:

- (a) To which authority at the Army Headquarters is the ATG made available to? And what is its main purpose?

(2 Marks)

Ans. The Annual Training Grant is made to the Deputy Chief of Army staff in the Defence Services Estimate. The main purpose is to enable the General Staff to exercise administrative control over training and its expenditure.

- (b) To whom does the above authority make allotments from the ATG? Name any two major type of establishments, please do not name the Units.

(2 Marks)

Ans. Dy. COAS will make allotments from this sum to the following establishments

- (i) Commands
- (ii) Commandants of Schools of instructions
- (iii) Category 'A' establishments

- (c) List out any 4 charges that are debitible to the ATG?

(4 Marks)

Ans. The following broad categories are debitible to the ATG.

- (i) Extra remuneration for Government officials when sanctioned by the Government.
- (ii) Camping arrangements: for ex. Hire of land, works executed by MES etc.
- (iii) Amp requisites: Equipment, Stores furniture
- (iv) Compensation: for damage to crops, evacuation of area, personal injuries
- (v) Hire of transport
- (vi) Incidental and Miscellaneous expenditure: Maps, Stationary, Printing etc.
- (vii) Expenditure arising out of weapon training.
- (viii) Any equipment that is not an article supplied to the services.

(Authority: Appendix 1 to FR Part-II and Annexure A of Para 3 to the Appendix 1)

16 Attempt any two out of three below. Please write to which Arm of the Services i.e. (Branch/Regiment/Corps) the following Grants are allotted. And indicate who are to be trained by the grants?

- (a) Field Practice and Training Grant

Ans. Engineer-in-Chief/Engineering Branch. To enable him to exercise administrative control over the training of Corps of engineers.

- (b) Technical Training and instructional Equipment Grant

Ans. Signal Officer -in-Chief/Corps of Signals. To enable him to exercise administrative control over the training of the Corps of Signals

- (c) Technical Training Grant

(4+4=8 Marks)

Ans. Master General Ordnance/Ordnance Branch. To enable him to exercise control over the training of the Corps of EME.

(Authority: The appendices of FR Part-II)

PAPER-II

DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION -PART-I

DECEMBER, 2013

PAPER- II (ORGANISATION AND FUNDAMENTALS OF AUDIT AND ACCOUNTS)

SUBJECT: WORKS, STORES AND INTERNAL AUDIT

Time Allowed: 3 Hours

Max.Marks:100

Notes:

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- 2 Each question carries Eight marks. Four marks are reserved for general excellence.
- 3 Answers to all part questions should be written in one place only
- 4 Only question number shall be indicated in the Answer Books. Reproduction of complete question in the Answer Books should be avoided.
- 5 Reason must be given in support of the answers. Authority must be quoted in support of the answers.

- 1** (a) An application for grant of motor cycle advance is received from a government servant while he was under suspension. How should such a request be dealt with?

(2 Marks)

Ans. A govt. Servant under suspension cannot be granted advance for purchase of motor cycle. Hence, such request not to be entertained.

Authority: Rule-41, Suspension Digest, CCS(CCA) Rules 1965

- (b) What is the difference between an inquiry under Rule 14 and one under Rule 16 of the CCS (CCA) Rules, 1965 ? Can a major penalty be imposed in the case where the inquiry was ordered under Rule 16 of the CCS (CCA) Rules?

(2 Marks)

Ans. Rule 14 prescribes the procedure for imposing major penalty while Rule 16 deals with procedure for imposing minor penalty. No.

Authority: Rule 14 & 16 of CCS (CCA) Rules 1965

- (c) How would you deal with the revision of pay of a government servant under suspension, caused by the revision of the grade pay of the post held by him, the revision being effective prior to the date of his suspension.

(2 Marks)

Ans. The pay fixation benefit is admissible and the individual is allowed to exercise option under Rule 23.

Authority: Rule 40, Suspension Digest, CCS(CCA) Rules 1965

- (d) What is deemed suspension? Under what circumstances will this come into force?

(2 Marks)

Ans. **Authority: Rule 10(2) (a) &(b), CCS(CCA) Rules 1965**

- 2** (a) In a major penalty case, no written statement of defence was submitted by the government. What is the option available to the Disciplinary Authority?

(2 Marks)

Ans. **Authority: Rule 14 , Sub rule 5(b) of CCS(CCA) Rules 1965**

- (b) What are the terms and conditions for appointing retired officers as Inquiry Officers? Please state four of such terms and conditions.

(2 Marks)

Ans. **Authority:GOI decision No. 12 below Rule 14, CCS(CCA) Rules 1965**

- (c) What are the powers of the President of India in a disciplinary case under CCS(CCA) Rules, 1965 ?

(2 Marks)

Ans. **Authority: Rule 29-A of CCS(CCA) Rules, 1965**

- (d) Who is the competent authority before whom the appeal to the President, in the case of a disciplinary order against an office bearer of an association or union, in respect of activities as office bearers, shall be placed?

(2 Marks)

Ans. Minister in charge

Authority: GOI decision (2) below Rule 24(3) of CCS(CCA) Rules 1965

- 3** (a) Which Rule in the CCS(CCA) Rules, 1965, empowers the Disciplinary Authority to impose major penalty without following the procedure contained in Rule 14 to Rule 18 and what are the three circumstances in which this can be invoked?

(2 Marks)

Ans. **Authority:Rule19 of CCS(CCA) Rules, 1965**

- (b) An officer from Defence Accounts Department, who was on deputation in some other department of the Central Government, was imposed a major penalty (compulsory retirement) under Rule 14 by the borrowing department. Do you agree with the action of the borrowing department ? If not, what was the correct way to deal such cases?

(2 Marks)

Ans. Not agreed. The services of the officer should have been placed at the disposal of the lending authority i.e. The Defence Accounts Department and all the documents connected with the proceedings of the enquiry also handed over to the parent department to enable them to obtain the orders of the disciplinary authority.

- (c) Whether prior permission is required under CCS(Conduct) Rules, 1964 by an Assistant Controller of Defence Accounts level officer for the following:

- (i) Acceptance of dowry

Ans. Acceptance of dowry is illegal. No permission is to be sought or granted for an illegal act.

(Authority: Rule 13-A)

- (ii) Buying a house outside India

Ans. yes

(Authority: Rule 18-A (a))

- (iii) Selling a landed property, held in the name of spouse, in Singapore

Ans. Yes

(Authority: Rule 18-A (b))

- (iv) Buying a second hand car from an individual or business entity having official dealing with the officer.

(Each 1 Marks)

Ans. Yes

Authority: Rule 18(3)

- 4** (a) A DID Schedule is received in one controller's office which is not adjustable for want of certain documents/details. What action is prescribed for the responding controller in such cases ?

(3 Marks)

ns. DIDS should be adjusted in full and contra adjustment should be made by redebit/credit of the whole or part amount (which is not adjustable) to the code head of the originating controller allotted for passing on original item. Such contra adjustment is treated as an original item for the purpose of preparing DIDS to the parties concerned.

Authority: Para 118 of Defence Account Code

- (b) An item of DIDS was responded to correctly by the responding controller. However, the same could not be linked through mechanical process due to exhibition of incorrect DIDS number. What is the way out to clear such outstanding item?

(2 Marks)

Ans. Such cases are to be listed by the Accounts section of the Controller concerned and sent to EDP centre, Meerut for manual linking.

Authority: Para 120 of Defence Account Code

- (c) An employee of the defence services was given some relief by the Hon'ble Central Administrative Tribunal (CAT) in an Original Application, whereby his pay needs to be revised retrospectively from the year 2005. Please elucidate how the arrears of pay and subsequent salary is disbursed and complied in compliance with the CAT orders.

(3 Marks)

Ans. The arrears amount will be treated as expenditure "Charged" on the consolidated Fund of India, and the subsequent salary will be deemed to be governed by the normal rules of Government relating to pay scales and treated as "Voted expenditure"

(Authority: Para 255(c) of Defence Account Code)

- 5 (a) A cheque was issued to a supplier which was returned after six months for revalidation of the date of time barred cheque. What would you do in such a case?

(2 Marks)

Ans. The time barred cheque would be cancelled and a fresh cheque would be issued in lieu treating the cancelled cheque as a voucher/sub-voucher. Entries to this effect would be made in relevant records.

**GOI order under Part-III Section I of Receipts and Payment Rules. Ministry of Finance
OM No. 1(2)/92/TA/267 dated 29th June, 1995**

- (b) When does a "bill" become a "voucher"

(2 Marks)

Ans. A bill becomes a voucher when it is receipted and stamped "Paid"

(Authority: Explanation under Rule 28 of Receipts and Payments Rules)

- (c) What procedure is followed for issue of a fresh cheque in lieu of a cheque which is claimed to be lost?

(2 Marks)

- Ans. (i) Record stop payment order/non payment certificate in the concerned bank and ensure receipt of acknowledgement, if the cheque date is current.
(ii) Check records in the office to ensure cheque not already paid.
(iii) Keep a suitable note on the counterfoil of the lost cheque, paid voucher etc.
(iv) get an indemnity bond from the party requesting for a fresh cheque

(Authority: Rule 48(2)(i) to (iii) of Receipts and Payments Rules)

- (d) Write short note on the following:

- (i) Consolidated Fund of India
(ii) Contingency Fund of India

(Each 1 Mark)

Ans. (i) Authority: Para-13 Defence Account Code

6 (ii) Authority: Para 14 or Para 247-248 Defence Account Code
(a) Who is responsible for Command, discipline and preparation for war of the Army?
(2 Marks)

Ans. (a) Chief of Army Staff

(Authority: Para-4(b) Regulations for the Army)

(b) How are the higher Commanders of the Army grouped
(2 Marks)

Ans. (b) 1. GOC -in-C, Command
2. Corps Commander
3. The Divisional/Area/Independent Brigade Group/Independent Sub-area Commander
4. Brigade/Sub-area Commander

(Authority: Para-8 Regulations for the Army)

(c) Who is responsible in the Ministry of Defence for drawings and specifications of all defence stores and equipment?
(2 Marks)

Ans. Directorate General of Quality Assurance

(Authority: Sub Para-2 under Para-9 of Appendix 'A' of DSR)

(d) Which office in the Defence Accounts Department deals with Pay and Allowances, Travelling Allowance claims and Fund Accounts of Civilian Staff of Ministry of Defence, the Army Headquarters, Naval Headquarters and the Inter- Services organization at Delhi?
(2 Marks)

Ans. PCDA, New Delhi

(Authority: Appendix 'B' (penultimate para) to the Defence Service Estimates)

7 (a) Whose approval is required for any important change in the duties and functions of the Defence Accounts Department?
(2 Marks)

Ans. The Ministry of Finance

(Authority: Appendix 'B' to the Defence Services Estimates)

(b) Financial Adviser (Defence Services) exercises the powers of Principal Accounting Officer for the Civil Estimates of the Ministry of Defence. Do you agree?
(2 Marks)

Ans. No. Controller General of Defence Accounts is the Principal Accounting Officer for the Civil Estimates of the Ministry of Defence.

(Authority: Sub para-6 of Para 21 of Office Manual Part-I)

(c) (i) Who post - audits the pay, TA bills etc. of PCDA(P) Allahabad?
(1 Mark)
(ii) Which Principal Controller deals with the grant, payment, audit and adjustment of all claims to pension of the Defence Accounts Department?
(1 Mark)

Ans. (i) CDA Patna

(Authority: Para 29 of OM Part-I)

(ii) PCDA(P) Allahabad

(Authority: Para-29 of OM Part-I)

(d) Which Principal Controller/Controller office is responsible for the following ?

- (i) Disbursement of pension sanctioned to the Personnel of the three Services and Defence Accounts Department through the Defence Pension Disbursement Office in Mandi, Himachal Pradesh.

(1 Mark)

Ans. (i) CDA(PD) Meerut

(Authority: 38(b) of OM Part-I)

- (ii) Maintenance of Provident Fund Accounts of GREF Personnel.

(1 Mark)

Ans. (ii) PCDA(Border Roads) New Delhi

(Authority: Para 33(a) of OM Part-I)

- 8 (a) A disabled Defence Service personnel was entertained in Defence Accounts Department at the age of 52 years. Please comment.

(2 Marks)

Ans. The maximum age in the case of disabled Defence Service Personnel is 45 years(50 years in respect of scheduled castes and scheduled tribes). Hence the entertainment is not correct.

(Authority: Note 2 below para 123 OM Part-1)

- (b) Please comment on the following:

- (i) A new recruit to service travelled on LTC to home town on three occasions.

Ans. (i) Allowed

(Authority: Para 152 GIO of OM Part-I)

- (ii) For the purpose of dependency under LTC, what is the monetary ceiling limit?

Ans. (ii) Rs. 3500 and Dearness Relief thereon

(Authority: Note below GIO under Para 152 of OM Part-I)

- (iii) The maximum limit of LND(Leave Not Due) in the entire service of an employee.

Ans. (iii) 360 days

(Authority: GIO No. 3 under Para 275 of OM Part-I)

- (iv) Whether Leave Travel Concession may be availed during the Child Care Leave?

Ans. No

(Authority: GIO No. 8 under Para 270 of OM Part-I)

(Each 1 Mark)

- (c) Please expand the following abbreviations:

- (i) GREF

- (ii) UDRMO

- (iii) GIPI

- (iv) FRMO

(Each 1/2 Mark)

Ans. (i) General Reserve Engineering Force

- (ii) Undisbursed Family Remittance Money Order

- (iii) GREF Imprest and Pay Instructions

- (iv) Free Remittance Money Order

(Authority: Abbreviations, OM-XIII Vol.II)

- 9 (a) How are compilation of expenditure on Local Purchase and other locally controlled heads in respect of Army Eastern Command classified so as to identify them distinctly? Is the procedure different from other Army/A.F./Navy Commands?

(2 Marks)

Ans. A command category Prefix No. "85" is prefixed to the relevant service heads for identification of expenditure pertaining to Army Eastern Command. Similarly, distinct category prefix Nos are used for different Army/IAF/Navy Commands.

Authority: Annexure 'B' of Classification Hand Book(Page-300)

(b) What is the code number allotted to PCDA(Western Command) Chandigarh?

(2 Marks)

Ans. 6

(Authority: Annexure 'A' of Classification Hand Book)

(c) To which service Head is the amount spent on the Army Major works, executed under operational works procedure, compiled?

(2 Marks)

Ans. 01/451/01 Major Head: 2076- Defence Services- Army
Minor Head: 111 - Works

Authority: Classification Hand Book(Page-92)

(d) Procurement of new Airframes and Aero Engines through other sources by Army are booked to which code head?

(2 Marks)

Ans. 01/908/32: Major Head- 4076- Capital Outlay on Defence Services;
Sub Major Head 01- Army;
Minor Head 101- Air Craft and Aero Engines

(Authority: CHB(Page- 260)

10 (a) How are the items of irregularities, considered important enough to be brought to the notice of the Public Accounts Committee, reported by the Controllers?

(2 Marks)

Ans. Through Annual Audit Certificate

(Authority: Para 540 of Defence Audit Code)

(b) How are the cases of losses involving the provision of Govt. Or hired transport to non-entitled personnel dealt with?

(2 Marks)

Ans. Such cases are treated as cash loss and regularized under the orders of the competent financial authority. These cases are also reflected in the consolidated statement of cash losses in the Appropriation Accounts.

(Authority: Note 5 under Para 555 of Defence Audit Code.)

(c) How losses discovered during Stock Taking which are not due to theft, fraud or neglected dealt with?

(2 Marks)

Ans. Such losses are adjusted on stock-taking sheets duly approved by COOs/Commandants/O.Os Ordnance Depots and will also be exhibited in the statement of losses of stores in the Appropriation Accounts

(Authority: Note 7 under Para 559 of Defence Audit Code)

(d) How is the audit of sanction orders issued by Integrated Headquarters of MoD(Army) conducted?

(2 Marks)

Ans. (d) The audit of all sanctions issued by the the IHQ OF MoD(Army), being an authority lower than the Government of India, has to be done by CsDA concerned and such audit must be carried out before audit is conducted on the transactions arising from such sanctions and orders.

(Authority: Para - 25 of Defence Audit Code)

- 11 (a) During audit of a bill, it was found that special sanction of the CFA, as required under rules, has not been furnished. Rather, the CFA has countersigned the bill. Can the bill be admitted in audit ?

(2 Marks)

Ans. yes

(Authority: Note-1 under Para-62 (g) of Defence Audit Code)

- (b) A local Audit officer has proposed one fresh item of cash irregularity for inclusion in the MFAI Report? Which portion of the report will such cases be incorporated?

(2 Marks)

Ans. Section -A of Part-I of the MFAI Report.

(Authority: Para 524 of Defence Audit Code)

- (c) During O & M Inspection of an audit section of a Controller's office, it was that erroneous payments had been admitted in audit due to a wrong interpretation of a financial rule. The issue was referred to HQrs. Office and CGDA has issued orders clarifying the correct interpretation without indicating date of effect of the order. Can the erroneous payments made in the apst be recovered on the basis of CGDA Orders?

(2 Marks)

Ans. No. In such cases, orders of CGDA with the correct interpretation will take effect from the date of issue of the order.

(Authority: Para- 512(a) of Defence Audit Code, Para- 320 of O.M. Part-I, Rule 186 (a) of F.R. Part-I Vol.I)

- (d) A claim based on an Army HQrs. letter for sanction for fresh expenditure having financial bearing has been received in a Controller's office. Can the claim be passed for payment? Please comment.

(2 Marks)

Ans. No. such sanctions should be issued in the form of a Govt. Of India letter or as an Army /Air Force /Navy instruction.

Authority: 1. Rule 55 of FR Part-I Vol-I

2. Para- 26 of Defence Audit Code

- 12 (a) What are the conditions governing authorisation of staff officers by officers by officers possessing financial powers to sign communications and documents of a financial character on his behalf?

(2 Marks)

Ans. (1) The sole responsibility will rest with the officer possessing financial powers.
(2) Name of the officer who is authorized to sign is communicated to the audit officer concerned.
(3) Concurrent authorisation to several officers to the full limits of powers is not made.

(Authority: Rule 65 of FR Part-I Vol.I)

- (b) A sanction letter has been issued by GOC-in-C, HQ ARTRAC from Information and Technology Grant for an Integrated Project in Officers Training Academy, Chennai on 24-12-2012, with the provision that the expenditure would be met from the budget allocation of the Unit for the year 2012-13. Please mention the date on which the sanction would be deemed to have lapsed?

(2 Marks)

Ans. 31st March 2013, i.e. Expiry of the specified financial year.

(Authority: Rule 70 of FR Part-I Vol.I)

- (c) A Commandant of an Army Unit proposes to meet expenditure on provisioning of amenities from the revenues earned from lease rentals of shops. Please comment about its admissibility.

(2 Marks)

Ans. The appropriation of receipt of meet expenditure, except when specially authorised, is strictly prohibited.

(Authority: 14 of FR Part-I, Vol-I)

- (d) A doubt has arisen in a defence establishment regarding interpretation of Govt. of India order involving financial consideration. To whom should the matter be referred?

(2 Marks)

Ans. To the Controller of Defence Accounts

(Authority: Rule 33 of FR Part-I, Vol. I)

- 13 (a) During local audit of an Army Unit, the Local Audit Officer has demanded certain documents, which the C.O. of the Unit has found to be unnecessary. How should the issue be dealt with?

(2 Marks)

Ans. The officer concerned should refer the matter to the CDA concerned and if he concurs with the LAO's demand, the matter should be represented through the Brigadier/Sub Area Commander to the CDA who will forward it to the Area Commander. The commander may refer the matter to the higher authorities, if he is unable to concur with the CDA.

(Authority: Rule 36 of FR Part-I, Vol-I)

- (b) Which one of the several estimates for Defence Services constitute the "Principal Estimate" for the current financial year?

(2 Marks)

Ans. Revised Estimates for the current financial year and Budget Estimates for the ensuing financial year.

(Authority: Note under Rule 83 of FR Part-I, Vol-I)

- (c) Unit 'X' and Unit 'Y' fall under the administrative control of H.Q. Central Command (Army). Savings is anticipated in the allotments made for Sports Activity Grant allotted to Unit 'X' whereas additional funds are required for Unit 'Y' under the same grant. Please explain how the funds should be transferred from Unit 'X' to Unit 'Y'.

(2 Marks)

Ans. H.Q. Central Command (Army) has to withdraw excess funds under Sports Activity Grant from Unit 'X' and re-allot the same to Unit 'Y' as required.

(Authority: Rule 118 (x) of FR Part-I, Vol.-I)

- (d) In a case of Motor Transport (M.T.) accident, the loss was categorised as not due to theft, fraud, or neglect by the Court of Enquiry and the loss statement was written off accordingly by the CFA determined for the category. However, in their verdict on the accident, Motor Accident Claim Tribunal has ruled the case as due to gross negligence of the driver. Please comment as to how the loss statement in this case would be dealt with.

(2 Marks)

Ans. The loss statements already finalized will not be re-opened for regularization of the loss.

(Authority: Rule 160 FR Part-I, Vol-I (Sub Para-3 inserted vide CS No. 9/10/91))

- 14 (a) A bill for payment towards certain services rendered by a contractor has been received in a Controller's office. Though all documents like Vouchers, CRVs, sanction of CFA, availability of funds, etc. were in place, the necessity for the expenditure was found to be over-stated during audit. What should be the correct course of action in this case?

(2 Marks)

Ans. Delay in the payment of money indisputably due by the Govt. is contrary to all rules and budgetary principles and should be avoided. In the instant case, the bill should be passed and an objection should be raised on the necessity of expenditure and the objection pursued through the normal channels.

(Authority: Rule 3 Financial Regulations Part-II)

- (b) Last working day of a particular month happens to be a bank holiday, but the Central Govt. Officers are open. The penultimate day (day before the last working day) of the month happens to be a holiday for the government offices, but the banks are open. In such a scenario, what should be the pay day for the particular month for disbursement of pay and allowances to the employees of the Central Govt.?

(2 Marks)

Ans. Pay day in such a scenario shall be a day on which the office in which disbursement is to be made and the Treasury or in the case of Bank Treasury, the bank are both open for transacting their respective ordinary business so that withdrawal of money and disbursement thereof become practicable on the same day. In this case, the day proceeding the penultimate working day will be the pay day.

(Authority: Note-4 under Rule 14 of FR Part-II)

- (c) In an Army Unit, it was found during the local audit that the funds from sale of lead and empty cases were credited to the Annual Training Grant. Please Comment.

(2 Marks)

Ans. The action is in order. The amount obtained by Units as refunds for sale of lead and empty cases will be credited to their Annual Training Grant.

(Authority: Para-6 of A.I. 26 /79 reproduced as Appendix-I to FR Part-II)

- (d) An Army Officer 'X' was detailed from Headquarters Southern Command to attend training camps and manoeuvres in an Army Unit under the Command in his official capacity for inspection.

(2 Marks)

Ans. No. The TA/DA expenses in such cases are debited to normal heads of accounts and not to Annual Training Grant.

Authority: Para 14(d) read with Note under Para-15 of A.I.26/79 reproduced as Appendix-I to FR Part-II)

- 15 (a) What is the periodicity and schedule as per which accounts for Annual Training Grant are required to be submitted to the Regional CDA for post-audit?

(2 Marks)

Ans. Every officer who receives money from the Annual Training Grant should submit account to the Regional CDA, twice a year. The accounts for the Half Year Ending September and March should be submitted by 15th November 15th May each year.

(Authority: Para 20-21 of A.I. 26/79, Reproduced as Appendix -I to FR Part-II)

- (b) Can wages of individual detailed as "Range Chowkidar" in connection with conduct of training exercises be booked to Annual Training Grant?

(2 Marks)

Ans. yes. Such payments can be made without pre-audit based on the local nerick rates.

(Authority: Para 4 of Appendix 'A' to A.I. 26 of 79 reproduced as Annexure -I to FR Part-II)

- (c) Controllers of Defence Accounts are the Head of the office for the organisation for all purposes. Can they exercise powers of Head of the Department in respect of expenditure on contingent charges?

(2 Marks)

Ans. Yes

(Authority: Para 2-6 Part-I of Appendix 5 to Defence Audit Code)

- (d) Can CGDA on his own motion review the decision of a CDA and over -rule it?

(2 Marks)

Ans. **(Authority: Para-16 of Appendix 3 to Defence Audit Code/Para-20 of OM Part-I.)**

- 16 (a) What is the role Controllers of Defence Accounts in order to help the controlling authorities of defence services to exercise proper control over expenditure against allotments?

(2 Marks)

Ans. In order to help the controlling authorities to exercise proper control over expenditure against allotments, Controllers of Defence Accounts will excepting MES, render to the allottees monthly statements showing the serial numbers of claims admitted in audit and the amounts debited against the allotment by the 25th of the month following that to which they relate.

(Authority: Rule 112 of FR Part-I, Vol.I)

- (b) Who is the pricing authority for loss statement in respect of loss of Supply (ASC) Store in an Army Unit where penal recoveries from individuals are involved?

(2 Marks)

Ans. Losses in respect of which penal recoveries from individuals are involved, will be priced by LAOs/CsDA.

(Authority: 163 of FR Part-I Vol.I)

- (c) Treatment of losses of public money of stores differ according to categorization as whether the same are due to theft, fraud or neglect or not. How does a loss identified as whether due to theft, fraud or neglect or not in the first instance?

(2 Marks)

Ans. All losses, whether of public money or of stores, shall be subjected to a preliminary investigation by the officer in whose charge they were to fix the cause of loss and amount involved .

(Authority: Rule 156 of FR Part-I, Vol.I)

- (d) How can requirement of funds for additional expenditure on new services not contemplated in the original budget for that year and which cannot be met by re-appropriation of savings, be obtained?

(2 Marks)

Ans. For such requirements, a demand for supplementary grants has to be presented to the Parliament for specific sanction.

PAPER-III

DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION -PART-I

DECEMBER,2013

PAPER- III

SUBJECT: ACCOUNTANCY

Time Allowed: 3 Hours

Max.Marks:150

Notes:

- 1 Out of 6 questions should be attempted by the candidates.1 from Section-I, 2 from Section -II out of 4 and 3 from Section -III Out of 5. Question No.1 of Section -I and Question No.6 of Section -III are COMPULSORY.
- 2 Question 1 in Section-I carries 40 marks. Each question in Section -II carries 25 marks. Each question in Section -III carries 20 marks.
- 3 Answers to all part questions should be written in one place only
- 4 Indication of Section should appropriately be made.

Section-I (Compulsory)

1

From the following figures extracted from the books of V. Mallya, you are required to prepare a Trading and Profit & Loss Account for the year ended 31st March, 2013 and a Balance sheet as on that date, after making the necessary adjustments:

Particulars	Rs.
V. Mallya,s Capital Account	25,80,000
V. Mallya,s Drawing Account	4,20,000
Purchase	19,60,000
Freehold	6,00,000
Plant & Machinery	10,00,000
Returns Outwards	70,000
Salaries	4,20,000
Office Expenses	1,25,000
Office Furniture & Fixtures	2,50,000
Discount Accounts(Dr.)	12,000
Sundry Debtors	2,66,000
Loan to D. Dutta @ 15% p.a.	
Balance on 01.04.2012	4,00,000
Cash at Bank	2,66,000
Interest on Loan to D. Dutta	30,000
Bills Payable	50,000
Stock	4,91,750
Wages	6,20,000
Sundry Creditor	4,00,000
Postage & Telegrams	14,000
Insurance charges	32,000
Gas & Fuel	27,000
Bad Debts	6,000
Office Rent	1,26,000

Freight & Duty	90,000
Loose Tools	70,000
Factory lighting	16,000
Provision for Doubtful Debts	8,000
Cash in Hand	36,250

Adjustments

- Stock on 31st March 2013 was valued at Rs. 6,60,000
- Wages Rs. 46,000 and Salaries Rs. 36,000 were outstanding.
- Insurance prepaid was Rs. 8,000
- A new Machine was installed on 31st December, 2012, Costing Rs. 1,40,000, but it was not recorded in the books and no payment was made for it. Wages, Rs. 10,000 paid for its erection, have been debited to Wages Account.
- Loose tools were valued at Rs. 56,000 on 31st March, 2013.
- Depreciate Plant & Machinery by 10% per annum, Furniture & Fixtures by 7.5% per annum, and Freehold Property by 2% per annum.
- Of the sundry Debtors, Rs. 6,000 are bad and should be written off.
- Maintain a provision of 5% on Sundry Debtors for doubtful debts and 2% for discounts on Debtors and a reserve of 2% for discount on Sundry Creditors.
- The Manager is entitled to a commission of 5% of net profits before charging such commission.

(40 Marks)

Ans.	<u>Trial Balance</u>			
	Dr. Balance	Rs.	Cr. Balance	Rs.
	V. Mallya's Drawing A/c	4,20,000	V. Mallya's Capital A/c	25,80,000
	Purchases	19,60,000	Returns Outwards	70,000
	Freehold Property	6,00,000	Bills Payable	50,000
	Plant & Machinery	10,00,000	Sundry Creditors	4,00,000
	Salary	4,20,000	Provision for Doubtful Debts	8,000
	Office Expenses	1,25,000	Interest on loan to D. Dutta	30,000
	Office Furnitures & Fixtures	2,50,000	Sales(Balancing figure)	41,10,000
	Discount A/c	12,000		
	Sundry Debtors	2,66,000		
	Loan to D. Dutta @ 15%	4,00,000		
	Cash at Bank	2,66,000		
	Stock (01.04.2012)	4,91,750		
	Wages	6,20,000		
	Postage & Telegrams	14,000		
	Insurance Charges	32,000		
	Gas & Fuel	27,000		
	Bad & Debts	6,000		
	Office Rent	1,26,000		
	Freight & Duty	90,000		
	Loose Tools	70,000		
	Factory Lighting	16,000		
	Cash in hand	36,250		
		7248000		7248000

Trading & Profit & Loss A/c. for the year ending March 31, 2013

Particulars	Rs. (Dr.)	Particulars	Rs. (Cr.)
To opening stock	4,91,750	By Sales	41,10,000
To Purchase	19,60,000	By closing stock	6,60,000
Less: Return outwards	<u>70,000</u>		
	18,90,000		
To wages	6,20,000		
Add: Outstanding wages	<u>46,000</u>		
	6,66,000		
Less: wages for erection of Machine	<u>10,000</u>		
	6,56,000		
To Gas & Fuel	27,000		
To Freight & Duty	90,000		
To factory lighting	16,000		
To Gross Profit c/d	<u>15,99,250</u>		
	47,70,000		47,70,000
To salaries	4,20,000	By Gross Profit b/d	15,99,250
Add: Outstanding Salaries	<u>36,000</u>	By Interest on loan to D.Dutta	60,000
Postage & Telegram	1,25,000	By Interest on	30,000
		Loan to D.Dutta	30,000
To Insurance Charges	32,000	By Reserve for	8,000
		Discount on Creditors	
Less: Prepaid Insurance	8,000		
	24,000		
To Office Rent	1,26,000		
To Provision for Doubtful Debts Required	13,000		
Add: Bad Debts	<u>12,000</u>		
(6000+6000)	25,000		
Less: Existing Provision	8,000		
	17,000		
To Provision for Discount on Debtors: Required	4,940		
Add: Discount Allowed	12,000		
	16,940		
To Depreciation on :			
Plant & Machinery	1,03,750		
Furniture & Fixture	18,750		
Freehold Property	12,000		
Loose Tools	14,000		
	1,48,500		
To Commission due to Manager	36,990		
To Net Profit transferred to Capital	7,02,820		
	16,67,250		16,67,250

Noted:

- 1 With Rs. 6000 to be written off as additional bad debts, Sundry Debtors are reduced to Rs. 2,60,000 on which Provision for Doubtful Debts will be required to be made @ 5% i.e. Rs. 13,000.
- 2 Provision for Discounts is required at 2% on Sundry Debtors as per following calculation :

Sunday Debtors	2,60,000
Less: Provision for Doubtful Debt	<u>13,000</u>
	2,47,000

2% = Rs.4940/-

- 3 Depreciation on Machinery @ 10% p.a.
 For one year on Rs. 10,00,000 Rs. 1,00,000
 For three months on Rs. 1,50,000 3,750
 (Machinery purchased on 31st Dec. 2012) 1,03,750
- 4 Loose Tools
 Opening Balance Rs. 70,000
 Closing Balance 56,000
 hence Depreciation 14,000
- 5 Loan to D. Dutta is at 15% interest. On Rs. 4,00,000 interest for one year comes to Rs. 60,000. Since only Rs. 30,000 has been actually received Rs. 30,000 is outstanding.
- 6 Profit before Commission comes to Rs. 7,39,810 on which 5% comes to Rs. 36990 (or Rs. 36990.50)

BALANCE SHEET OF V. MALLAYA as on 31st March, 2013

Liabilities		Rs.	Assets		Rs.
			<u>Current Assets</u>		
Sundry Creditors	4,00,000		Cash in hand		36,250
Less: Reserve for Discounts	8,000	3,92,000	Cash at Bank		2,66,000
Bills Payable		50,000	Sundry Debtors	2,60,000	
Creditor for Machinery		1,40,000	Less: Provision for Doubtful Debts	13,000	
Outstanding Expenses				2,47,000	
Wages	46,000		Less: Provision for Discounts	4,940	2,42,060
Salaries	36,000		Loan to D. Dutta @ 15% interest outstanding on above		4,00,000
Commission due to Manager	36,990	1,18,990	Interest outstanding on above		30,000
Capital	25,80,000		Closing stock		6,60,000
Add: Net Profit	<u>7,02,820</u>		Insurance Prepaid		8,000
	32,82,820		<u>Fixed Assets</u>		
Less: Drawings	4,20,000	28,62,820	Freehold Property	6,00,000	
			Less: Depreciation	12,000	5,88,000
			Plant & Machine		
			Balance on 1.4.12	10,00,000	
			Addition during year	1,03,750	10,46,250
			Office furniture & fixtures	2,50,000	
			Less: Depreciation	18,750	2,31,250
			Loose Tools	70,000	
			Less: Depreciation	14,000	56,000
					35,63,810
		35,63,810			

Section-II- Costing

- 2 (a) Different methods of costing are adopted depending on the nature of industry/activity concerned. In this context, explain with suitable examples, the scope of application of the following methods of costing:
- Job Cost
 - Contract or Terminal Cost
 - Process Cost
 - Operating Cost

(16 Marks)

Ans.

- (i) The system of Job Costing is followed in respect of work performed against individual orders from customers, as in a press or motor workshop. In this method, the cost of complying with each order is found out separately.
- (ii) Contract or Terminal Cost is the system followed by firms which devote all their efforts to one or two big contracts in a year. E.g. construction firms.
- (iii) Process Cost means a method followed by concerns where the final product emerges after two or three distinct stages as in case of paper or oil industry. When the cost of each stage is calculated separately, the system is called process costing.
- (iv) Operating Cost means ascertaining the cost of a service rendered (rather than of a product produced). This system is followed by concerns like transport companies, electricity undertaking etc.

- (b) Give three main reasons why profit figure disclosed by financial accounts and cost accounts are different.

Ans.

The following are the main reasons as to why profit disclosed by financial accounts and cost accounts usually differ.

- (i) In financial accounts, actual figures/amounts of expenses are used, whereas in Costing estimates of these expenses are taken into account.
- (ii) There are some items of expenses or losses which are not treated as part of cost of production but are considered in financial account on the other hand, there may be a few items, e.g. rent and proprietor's salary. Which may figure in costing but not in financial accounts.
- (iii) In costing, closing stock of finished goods is always valued at cost of production. In financial accounts, the valuation is on the basis of cost or market price whichever is lower. Again in financial accounts, 'cost' may mean works cost or prime cost and only rarely office cost.

3

The following figures are extracted from the accounts of a manufacturing concern for the month of 4/2013:

Expenditure on	Production Departments			Service Departments	
	A	B	C	Maintenance X	Store Y
Indirect Material(Rs.)	19,000	24,000	4,000	30,000	8,000
Indirect Wages(Rs.)	18,000	22,000	6,000	20,000	13,000
Area(Sq.Ft.)	4,000	4,000	3,000	2,000	1,000
Capital Value of Assets(Rs.)	20,000	24,00,000	16,00,000	12,00,000	8,00,000
Kilowatt Hours	4,000	4,400	1,600	1,500	500
No. of Employees	90	120	30	40	20

Expenditure on:

	Rs.
Power & Lights	1,20,000
Rent & Rates	56,000
Insurance on Assets	20,000
Meal charges	60,000
Depreciation	@ 6% per annum on capital value of assets.

From the above prepare a Departmental Distribution Summary.

Also apportion the total overhead of Service Departments to Production Departments with reference to the following basis of distribution:

Departments	Production Departments			Service Departments	
	A	B	C	Maintenance	Stores
				X	Y
X	40%	30%	20%	-	10%
Y	30%	30%	20%	20%	-

(25 Marks)

Ans.

Departmental Distribution Summary for the Month of April, 2013

Items	Basis of Apportionment	Total	Production Departments			Service Deptts.	
			Rs.	A(Rs.)	B(Rs.)	C(Rs.)	Maint.X(Rs.) Storage(Rs.)
Indirect Material	Allocation	85,000	19,000	24,000	4,000	30,000	8,000
Indirect wages	Allocation	79,000	18,000	22,000	6,000	20,000	13,000
Power & Lights	Killowatt Hours	1,20,000	40,000	44,000	16,000	15,000	5,000
Depreciation Value of Assets (1 Month)		40,000	10,000	12,000	8,000	6,000	4,000
Insurance	Value of Assets	20,000	5,000	6,000	4,000	3,000	2,000
Rent & Rates	Area	56,000	16,000	16,000	12,000	8,000	4,000
Meal charges	No. of Employees	60,000	18,000	24,000	6,000	8,000	4,000
Total Departmental Overhead	4,60,000	1,26,000	1,48,000	1,48,000	56,000	90,000	40,000

Allocation will be as under:

Departments	Production Departments			Service Departments	
	40%	30%	20%	-	10%
X					
Y	30%	30%	20%	20%	-
Total Overheads	Rs.1,26,000	Rs. 1,48,000	Rs.56,000	Rs. 90,000	Rs. 40,000

as Calculated above

Now, if x = Total overhead of Deptt. X

and Y = Total overhead of Deptt. Y

$$\text{then } x = 90,000 + \frac{20}{100} y$$

$$\text{and } y = 40,000 + \frac{10}{100} x$$

Solving for x and y

$$x = 1,00,000$$

$$\text{and } y = 50,000$$

We can now apportion the total overhead thus arrived at on the basis of percentage as given in the table to the Production Departments only as under.

Items	Total	Production Departments		Service Deptts.
		Rs.	A(Rs.)	B(Rs.)
As per Summary	3,30,000	1,26,000	1,48,000	56,000
Deptt. X	90,000	40,000	30,000	20,000
(90% of Rs. 1,00,000)				
Deptt. Y	40,000	15,000	15,000	10,000
(80% of Rs. 50,000)				
Total Overheads	4,60,000	1,81,000	1,93,000	86,000

From the information given below, find out the profits as per costing and financial accounts and then reconcile the results:

	Article-I	Article-II
No. of Units Produced and Sold (Unit)	6,000	4,000
Total Direct Materials	5,40,000	3,60,000
Total Direct Wages	3,00,000	2,40,000
Selling Price per Unit	300	340

Works expenses are charged at 80% of direct wages. Office expenses are charges at 25% of works cost.

Actual works expenses amounted to Rs. 4,50,000 and office expenses Rs. 3,90,000.

Income tax paid amounted to Rs. 2,00,000.

Assume that there were no opening and closing stocks.

Ans.

	Article-I		Article-II	
	Total (Rs.)	Per Unit	Total(Rs.)	Per Unit
Direct Material	5,40,000	90.00	3,60,000	90.00
Direct Wages	3,00,000	50.00	2,40,000	60.00
Prime Cost	8,40,000	140.00	6,00,000	150.00
Work Expenses (80% of Direct wages)	2,40,000	40.00	1,92,000	48.00
Work Cost	10,80,000	180.00	7,92,000	198.00
Office Expenses (25% of Works Cost)	2,70,000	45.00	1,98,000	49.00
Cost of Production	13,50,000	225.00	9,90,000	247.50
Sales	18,00,000	300.00	13,60,000	340.00
Profit	4,50,000	75.00	3,70,000	92.50

Calculation of Profit as per financial Accounting Trading and Profit & Loss A/c for

To Materials (for both items)	9,00,000	By Sales	31,60,000
To wages	5,40,000		
To work Expenses	4,50,000		
To Gross Profit c/d.	<u>12,70,000</u>		
	31,60,000		31,60,000
To office Expenses	3,90,000	By Gross Profit b/d.	12,70,000
To Income Tax Paid	2,00,000		
To Net Profit	<u>6,80,000</u>		
	12,70,000		12,70,000

Reconciliation Statement

Profit as per Cost Accounts	I	4,50,000	
	I	3,70,000	8,20,000
Less: Works Expense under charged			
Actual		4,50,000	
Charged		<u>4,32,000</u>	
		18,000	(-) 18,000
Add: Office Expenses Over charged			
	Actual	3,90,000	

	Charged	<u>4,68,000</u>	
		78,000	(+) 78,000
	Less: Income Tax(not charged)		(-) 2,00,000
	Profit as per financial accounts		6,80,000

- 5 (a) Distinguish the meaning of terms:
"Allocation" "Apportionment" and "Absorption" by giving suitable examples.

(9 Marks)

Ans. **Allocation:-** Some items of overhead cannot be allocated to cost units but can be allocated to cost centres or departments. For example, wages paid to maintenance workers, depreciation, normal idle time etc. can be allocated direct to the maintenance service cost centre. Similarly, indirect material cost can also be allocated to different cost centres according to use by pricing stores requisitions. Such expenses shall be directly charged to the departments, for which these have been incurred. This is called "allocation of overheads."

Apportionment:- Indirect expenses such as rent, electricity charges, telephone charges, telephone charges, GM's salary etc. incurred on entire factory, are apportioned to different cost centres on some suitable basis, e.g. to different cost centres on some suitable basis, e.g.

- (i) According to the capital value of Assets.
- (ii) " departmental wages
- (iii) " Floor area occupied
- (iv) " No. of workers employed
- (v) " Production house of direct labour.

Absorption: of factory overhead refers to charging of the factory overheads of particular production department to various products manufactured or jobs completed or orders expected in that department in such a manner that each unit bears on appropriate portion of its share of overheads. Some of the methods for absorption of these overheads. Some of the methods for absorption of these overheads are:-

- (i) Direct material cost percentage method
- (ii) Direct wages percentage rate method
- (iii) Machine Hour rate method
- (iv) Labour hour rate etc.

The choice of a particular method depends on the circumstances of each individual case and as such can differ from industry to industry and from company to company also.

- (b) A CD- Player manufacturing company finds that while it costs Rs. 18.75 each to make component Z27, when the same is available in the market at Rs. 17.25 each, with an assurance of continued supply. The break down of manufacturing cost is:

Material	Rs. 8.25 each
Labour	Rs. 5.25 each
Other Variables	Rs. 1.50 each
Depreciation and other fixed costs	Rs. 3.75 each
Total Cost	Rs. 18.75 each

Answer the following :

- (i) Should you make or buy?
- (ii) What would be your decision if the supplier offers the component at Rs. 14.75 each?

Ans.

The variable cost of producing component Z 27 is Rs. 15 as per following calculation:

Material	Rs. 8.25
Labour	Rs. 5.25
Other Variable	Rs. 1.50

- (i) Since the depreciation and other fixed costs are sunk costs, the cost that can be saved if it is decided to buy the component instead of making it at a cost of Rs. 15 per unit which is the variable cost. The cost of buying at Rs. 17.25 per unit is more, hence it will be preferable to make the item (unless the capacity released by the decision to buy can be utilised in making some other profitable product).
- (ii) Since the buy rate at Rs. 14.75 per unit is less than the variable cost of making the component at Rs. 15 per unit, it would be preferable to buy.

Section -III (Q.No. 6 Theoretical - Compulsory)

- 6 (a) What are the basic rules of recording transactions ? Explain as to how these rules affect recording of Assets, Liabilities, Expenses and Gains.

(10 Marks)

Ans. (a)

The three basic rules about recording transactions are:-

- (i) Debit the receiver and Credit the giver.
- (ii) Debit what comes in and Credit what goes out.
- (iii) Debit all expenses & losses and credit all incomes and gains.

As per these rules, recording of transactions will be affected as explained below:-

Assets: Increases will be on the debit side and decreases on the Credit side. E.g. when cash is received cash account should be debited and when it is paid, the account should be credited.

Liabilities:- Increases on the Credit side and decreases on the debit side. e.g. addition to capital by the owner is credited to Capital Account; Payment to a Creditor is debited to his account.

Expenses:- Increases on the debit side and decrease on the credit side. When salary is paid, salary account should be debited (Rule iii above).

Gains:- Increases on the Credit side and decreases on the debit side (Rule-iii)

- (b) In Company Accounts, explain the following terms:

- (i) Underwriting
- (ii) Issue of Bonus Shares
- (iii) Rights Issue

(10 Marks)

Ans.

- (i) **Underwriting :-** Means undertaking a responsibility or giving a guarantee that the share or debentures offered to the public will be subscribed for. There are firms which undertake this sort of work. If the shares or debentures are not taken up by the public wholly, the underwriters will have to take them up and pay for them. For this service, they charge a commission which is generally calculated at a specified rate on the issue price of the whole of the shares or debentures underwritten. In case of full subscription by public, commission will still be payable to the underwriting firm.

- (ii) **Issue of Bonus Shares:-** Bonus shares are the shares allotted to the existing share holders without any consideration being received from them. These are issued to capitalise the profits of the Company. The bonus issue can be made only out of free reserves built out of genuine profits or share premium collected in Cash. Reserves created by revaluation of fixed assets cannot be utilised for this purpose.
- (iii) **Rights Issue :-** When a company which has already issued shares wants to make a further issue of shares, it is under a legal obligation to first offer the fresh issue to the existing shareholders (unless the company has resolved otherwise by a special resolution). Such an issue of shares is called Rights issue. The right of the existing shareholders to buy shares from the company is transferable. If the market price of shares is higher than the amount at which the company has offered new shares, the right to buy shares from the company will carry a price (which is called value of right)

- 7 (a) What is a trial balance? Is matching of the debit and credit sides of trial balance conclusive proof of accuracy or correctness? Explain.

(5 Marks)

Ans.

All businesses periodically tabulate the debit and credit balances separately in a statement to see whether the total of debit balances agrees with the total of credit balances or not. Such a statement is known as the Trial Balance.

Trial Balance may be described as a schedule of balances, both debit & credit extracted from all the accounts in the ledger including cash and bank balances taken from the cash book.

Even when both sides of a Trial Balance agree, following types of errors will not be disclosed because they do not upset the equation: Debits = Credits.

- (i) Errors of Omission
- (ii) Errors of Commission
- (iii) Errors of Principle
- (iv) Compensating Errors

In view of these errors which are not disclosed by a trial balance, it can be said that a trial balance is not a conclusive proof of accuracy or correctness.

- (b) How mistakes in the accounting books in the previous year (e.g. 2011-12) are rectified in the current year's (e.g. 2012-13) books? Give journal entries for correcting the following mistakes which occurred in the previous accounting year and calculate the net effect on the final accounts:

- (i) The purchase of an office table costing Rs. 3,000 had been passed through the Purchase Day Book.
- (ii) Rs. 3,750 paid for wages to workmen for making show cases had been charged to Wages Account.
- (iii) A cheque for Rs. 2,000 received from S.K. Patni has been dishonoured and was passed to the debit of Allowances Account.
- (iv) Goods amounting to Rs. 1,000 had been returned by a customer and were taken in stock, but no entry in respect thereof was made in the books.
- (v) Rs. 15,000 paid for the purchase of a motor cycle for Mr. Shrivastava (a Partner) had been charged to Miscellaneous Expenses Account.
- (vi) While carrying forward the total of the Sales Book from one page to the next, the amount was written as Rs. 1,76,558 instead of Rs. 1,67,568.

(b) To rectify mistakes of the previous accounting year a separate account, Profit & Loss Adjustment A/c is opened in the current accounting years' books. All debits & credits in respect of nominal accounts for errors committed in the previous accounting period through that account. The balance of this account is finally transferred to the Capital A/c. This procedure is followed only in

Rectification Entries

(a)	Furniture A/c	(Dr.)	3000	
		To Profit & Loss Adjustment A/c		3000
(b)	Furniture A/c	(Dr.)	3750	
		To Profit & Loss Adjustment A/c		3750
(c)	S.K. Patni	(Dr.)	2000	
		To Profit & Loss Adjustment A/c		2000
(d)	Profit & Loss Adjustment A/c		1000	
		To Customer A/c		1000
(e)	Mr. Shrivastava's Drawing A/c	(Dr.)	15000	
		To Profit & Loss Adjustment A/c		15000
(f)	Profit & Loss Adjustment A/c	(Dr.)	9090	
		To Suspense A/c		9090
	Finally, Profit & Loss Adjustment A/c		13660	
		To Capital A/c		13660

(Net effect of error committed in the previous accounting period in r/o nominal accounts transferred to Capital A/c)

8.	Pass journal entries to rectify the following errors.
(i)	Repairs of a machine amounting to Rs. 17,450 were debited to machinery account.
(ii)	A bill receivable for Rs. 15,000 accepted by Vijay Bros. was recorded in bills payable book.
(iii)	A credit sale of goods-in-trade for Rs. 25,870 to Sanath Kumar was recorded in the sales book as Rs. 28,570.
(iv)	Goods sold to Shyam for Rs. 21,330 were returned by him but no entry was passed in the books
(v)	A contractor's bill for extension of premises amounting to Rs. 57,500 has been debited to building repairs account.
(vi)	Goods costing Rs. 5,400 taken by the proprietor for a birthday gift to his daughter were not recorded in the books of account.
(vii)	A sum of Rs. 13,000 was received from Atmaram, a customer, against the amount previously written off as a bad, he amounts received was credited to Atmaram.
(viii)	Carriage outward Rs. 1,000 posted to carriage inward account.
(ix)	A bill of Rs. 5,000 for old officer furniture sold to Dutta was entered in the sales book. The book value of furniture sold was Rs. 6,000.
(x)	Goods invoiced at Rs. 18,700 to Karan were returned by the customer. The return was recorded in returns outward book as Rs. 17,800

Ans. Particulars

L.F.

Dr.

Cr.

(i)	Repairs A/c	Dr.	17,450	
	To Machinery A/c			17,450
	(Repairs to a machine wrongly debited to Machinery A/c, now rectified)			
(ii)	Bills Receivable A/c	Dr.	15,000	
	Bills Payable A/c	Dr.	15,000	
	To Vijay Bros.			30,000
	(Acceptance received from Vijay Bros. wrongly recorded in Bills Payable Book, error now rectified)			
(iii)	Sales A/c	Dr.	2,700	
	To Sanath Kumar			27,00
	(Credit Sale for Rs. 25870 to Sanath Kumar wrongly recorded in Sales Book as Rs. 28,570; adjustment to rectify the error now made)			
(iv)	Sales Return A/c	Dr.	21,330	
	To Shyam			21,330
	(Sales Return by Shyam not recorded earlier being recorded now)			
(v)	Building A/c	Dr.	57,500	
	To Building Repair A/c			57,500
	(Amt. spent on extension of building debited to building repairs A/c, errors now rectified)			
(vi)	Drawings A/c	Dr.	5,400	
	To Purchases A/c			5,400
	(Goods taken away by Proprietor not recorded earlier now recorded.)			
(vii)	Anand A/c	Dr.	13,000	
	To Bad Debts Recovered A/c			13,000
	(Recovery of a Bad Debt credited to the Payer's A/c error being rectified now)			
(viii)	Carriage outward A/c	Dr.	1,000	
	To Carriage Inward A/c			1,000
	(Carriage Outward wrongly posted to Carriage Inward A/c error being rectified now)			
(ix)	Sales A/c	Dr.	5,000	
	Loss on Sale of Furniture A/c	Dr.	1,000	
	To Furniture A/c			6,000
	(Sales of old furniture recorded in Sales Book; error now rectified. Loss on Sale of furniture also being recorded now)			
(x)	Returns Inward A/c	Dr.	18,700	
	Returns outward A/c	Dr.	17,800	36,500
	To Karan			
	(Goods invoiced at Rs. 18700 returned by Karan, recorded wrongly in return outward book as Rs. 17,800; error being rectified now)			

9. The books of accounts of a trader showed the following figures:

	On 31.03.2012	On 31.03.2013
Furniture, Fixtures and Fittings	26,00,000	23,40,000
Stock	24,50,000	32,00,000
Trade Debtors	12,50,000	??
Cash in Hand and at Bank	11,00,000	??
Trade Creditors	13,50,000	19,00,000
Bill Payable	7,00,000	8,00,000
Outstanding Salaries	1,90,000	2,00,000
An analysis of the cash book revealed the following		
Cash Sales		1,62,00,000
Collection from trade debtors		1,05,80,000
Discount allowed to trade debtors		2,00,000
Cash Purchases		61,50,000
Payments to trade creditors		97,30,000
Discount received from trade creditors		3,20,000

9. Ans.

Trading and Profit & Loss A/c for the year ended 31.03.2013

Dr.

Cr.

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To Opening Stock		24,50,000	By Sales		2,72,00,000
			Cash	1,62,00,000	
			Credit	1,10,00,000	
To Purchase			By closing stock		32,00,000
Cash	61,50,000				
Credit	1,50,00,000	2,11,50,000			
To Gross Profit c/d		68,00,000	By Gross Profit b/d		68,00,000
To salaries		23,70,000	By discount received		3,20,000
To Rent		13,20,000			
To Sundry Trade Exp.		8,10,000			
To Discount allowed		2,00,000			
To Depreciation on Furniture & Fixtured		2,60,000			
To Net Profit transferred to Capital A/c		21,60,000			
		71,20,000			71,20,000

Balance Sheet as on 31.03.2013

Liabilities	Rs.	Assets	Rs.
Capital		Furniture, Fixture & Fittings:	
Balance on		Opening Balance	26,00,000
01.04.2012	51,60,000	Less Depreciation	2,60,000
Less: Drawing	12,00,000		23,40,000
Balance	39,60,000	Stock	32,00,000
Add: Net Profit	21,00,000	Trade Debtors	14,70,000
Trade Creditors	19,00,000	Cash in hand &	20,10,000
Bills Payable	8,00,000	at Bank	
Outstanding Salaries	<u>2,00,000</u>		
	90,20,000		90,20,000

Notes:

(i) Calculation of Credit Purchase

		Bills Payable A/c	
To Bank (Payment)	43,00,000	By Balance b/f.	7,00,000
To Balance c/f.	8,00,000	By Trade Creditors	
		balancing figure	44,00,000
	51,00,000		51,00,000

		Trade Creditors A/c	
To Cash/Bank	97,30,000	By Balance b/f	13,50,000
To Bills Payable A/c	44,00,000	By Credit Purchase	
To Discount received	3,20,000	balancing figure	1,50,00,000
To Balance c/f.	19,00,000		
	1,63,50,000		1,63,50,000

(i) Calculation of Sales:

Credit Purchases	1,50,00,000
Add: Cash Purchase	61,50,000
	2,11,50,000
Add: Opening Stock	<u>24,50,000</u>
Less: Closing Stock	2,36,00,000
Cost of Sales	2,04,00,000

Gross Profit rate is 25% on Sales. It means if sales is Rs. 100, Gross Profit is Rs. 25 & Cost is Rs. 75.

$$\text{Hence, Sales} = \frac{2,04,00,000 \times 100}{75} = 2,72,00,000$$

$$\text{Credit Sales} = 2,72,00,000 - 1,62,00,000 = 1,10,00,000$$

(ii) Calculation of Trade Debtors

To Balance b/f	12,50,000	By Cash/Bank	1,05,80,000
To Credit Sales	1,10,00,000	By Discount Allowed	2,00,000
		By Balance c/f.	
		balancing figure	14,70,000
	1,22,50,000		1,22,50,000

Working Notes:-

Salary Expense for the year:

Salary Paid 23,60,000

Add: Outstanding Salary on 31.03.2013	<u>2,00,000</u>
	25,60,000
Less: Outstanding Salary on 1/4/2012	<u>1,90,000</u>
	<u>23,70,000</u>

(iv) Calculation of Cash in hand & at Bank on 31/3/2013

Cash Book			
To cash in hand & at Bank on 1/4/2012	11,00,000	By Cash Purchase	61,50,000
To Cash Sales	1,62,00,000	By Trade Creditors	97,30,000
To Trade Debtors	1,05,80,000	By Bills Payable	43,00,000
		By Drawings	12,00,000
		By Salaries	23,60,000
		By Rent	13,20,000
		By Sundry Expenses	8,10,000
		By Cash in hand Rat Bank on 31/03/2013	20,10,000
	2,78,80,000		2,78,80,000

(v) **Balance sheet as on 31/3/2012**

Trade Creditors	13,50,000	Furniture Fixtures & Fittings	26,00,000
Bills Payable	7,00,000	Stock	24,50,000
Outstanding Salaries	1,90,000	Trade Debtors	12,50,000
Capital			
Balancing figures	51,60,000	Cash in hand & at Bank	11,00,000
	74,00,000		74,00,000

10

Jain Associate purchased a machine on 1st April, 2009 for Rs. 80,00,000. On 1st October, 2010 another machine was purchased for Rs. 70,00,000. On 1st October, 2011 the first machine was sold for Rs. 40,00,000/. On the same date, another machine was purchased for Rs. 50,00,000. On 1st October, 2012 the second machine was sold for Rs. 36,00,000.

Rate of Depreciation was 10% on original cost annually on 31st March. On 31st March, 2013 the method of charging depreciation was changed to diminishing balance method, the rate being 15%.

Prepare Machine Account for years ending 31st March, 2010, 2011, 2012 and 2013.

(20 Marks)

Ans.

Machine Account

2009

April 1. To Bank/vendor (Purchase of first Machine)	80,00,000	2010	By Depreciation@10% for full year	8,00,000
		March 31	By Balance c/d.	72,00,000
	<u>80,00,000</u>			<u>80,00,000</u>

2010

April 1 To Balance b/d 72,00,000
Oct. 1 To Bank/Vendor 70,00,000
 (Purchase of second Machine)

1,42,00,000**2011**

March 31 By Depreciation 11,50,000
 " (Working Note (i))
 By Balance c/d. 1,30,50,000

1,42,00,000**2011**

April 1 To Balance b/d 1,30,50,000
Oct. 1 To Bank /Vendor 50,00,000

2012

Oct.1 By Depreciation
 (On Rs. 80,00,000 for
 6 Months @ 10% p.a.) 4,00,000
 " By Bank
 (Sale of first Machine) 40,00,000

2012

March 31 By Loss on Sale (ii) 20,00,000
 By Depreciation
 (Working Note (iii)) 9,50,000
 " By Balance c/d 1,07,00,000

1,80,50,000**1,80,50,000****2012**

April 1 To Balance b/d. 1,07,00,000

2012

Oct.1 By Depreciation
 (working Note iv) 4,46,250
 " By Bank
 (Sale of second Machine) 36,00,000
 " By Loss on Sale (iv) 19,03,750

2013

March 31 By Depreciation 7,12,500
 (Working Note (vi))
 " By Balance c/d. 40,37,500

1,07,00,000**1,07,00,000****2013**

April 1 To Balance b/d. 40,37,500

Working Notes:

- (i) Depreciation on Machines for the years ended 31 March, 2011

On first Machine for full year =

8,00,000

On second Machine for 6 months = $70,00,000 \times \frac{10 \times 6}{100 \times 12}$

3,50,000

Rs. 11,50,000

- (ii) Loss on Disposal of first Machine:

Cost Price

80,00,000

Less: Depreciation for 2 years 6 months

@ 10% p.a.

20,00,000

Written Down Value

60,00,000

Sale Proceeds

(-)40,00,000

Loss on Sale

20,00,000

(iii) Depreciation on Machines for the years ended 31 March, 2012	
On second Machine for full year	7,00,000
Depreciation on Machine for the year ended March 31, 2012	
= $50,00,000 \times \frac{10}{100} \times \frac{6}{12}$	<u>2,50,000</u>
	Rs. 9,50,000
(iv) <u>Loss on sale of second Machine</u>	
Cost Price	70,00,000
Less: Depreciation @ 10% p.a. for 1 year 6 months	<u>10,50,000</u>
Written Down Value on 1/4/2012	59,50,000
Less: Depreciation on Rs. 59,50,000 @ 15% p.a.	
for 6 months = $59,50,000 \times \frac{15}{100} \times \frac{6}{12}$	<u>4,46,250</u>
Written Down Value on 1/10/2012	55,03,750
Sale Proceeds	<u>36,00,000</u>
Loss on Sale	19,03,750
(v) Depreciation on Machines for the year ended March, 31, 2013	
Cost Price of Machine still in use	50,00,000
Less: Depreciation @ 10% p.a. for 6 months	<u>2,50,000</u>
Written Down value on 1/4/2012	47,50,000
Less: Depreciation @ 15% p.a. on W.D.V. for 1 year	
= $47,50,000 \times \frac{15}{100}$	<u>7,12,500</u>
	40,37,500

DEFENCE ACCOUNTS DEPARTMENT
S.A.S. EXAMINATION -PART-I
DECEMBER,2013
SUBJECT: PAPER-IV - SERVICE REGULATIONS
(PRACTICAL-WITH BOOKS)

Time Allowed: 3 Hours

Max.Marks:150

Notes:

- 1 Section -I and Section-II are compulsory for all candidates. In Section-III, candidates may opt and attempt any one from Sub-Section-(A), (B), (C) OR (D) for which permission is granted.
- 2 Answers to questions under Sub-Sections of Section-III should be written in separate answer book while answer to Section-I and Section-II shall be written in one answer book only.
- 3 In all, candidates are to attempt 11 questions. 4 questions out of 6 questions from Section-I, 3 questions out of 5 questions from Section-II and and 4 questions out of 6 questions from Section-III.
- 4 Each question in Section-I carries 9 marks and that of each question of Section-II, it is 8 Marks. In Section-II, each question carries 10 marks.
- 5 Reasons must be given in support of the answers. Authority must be quoted in support of the answers.
- 6 Answers to all part questions should be written in one place only.
- 7 Indication of Section/Sub-Section shall appropriately be made.

SECTION-I
[Pay & Allowances (Civil)]
(Common to All)

- 1 (a) A Government employee having date of birth 1st of a month was transferred to pension establishment on the afternoon of the last day of the previous month. Offer your comments.

(2 Marks)

Ans. As per provisions of FRSA Part-I General Rules every government employee will retire on the afternoon of the last day of the month in which attains the age of superannuation i.e. 60 years. However, if a government servant having date of birth 1st of a month shall retire from service on the afternoon of the last day of the preceding month on attaining age of 60 years.

(Authority - FR 56 (a))

- (b) A clerk of a Central Govt. Department, submitted three months notice to the appropriate authority seeking retirement after attaining age of 50 years. Comment on its validity.

(2 Marks)

Ans. It is valid. On attaining age of 50 years a government servant in who is not in Group-'A' or Group-'B' may retire from service by giving notice of not less than 3 months in writing.

(Authority-FR 56(a) (1))

- © A retiring Govt. Officer prefers to relinquish his/her charge on the last day of the month in which his/her date of retirement falls and it happens to be a closed holiday. Is it in order ?

(2 Marks)

Ans. There is no irregularity in it as a government servant shall retire from service with effect from the afternoon of the last day of the month in which date of retirement falls. Even it happens to be a closed holiday.

(Authority- FR 56, Government of India Order 3. Government of India, Ministry of Finance OM No. 19050/8/76-E.IV(B), dated 21st February, 1997.

- (d) Who will bear the liability of pension in respect of Central Govt. Employee proceeding on retirement from a deputation post in a State Government ?

(2 Marks)

Ans. At present allocation of pension contribution between different Ministries/Department of central Govt. and between Central and State Governments has been dispense with. In such cases of deputation from Central Government to State Govt. and vice versa, liability for pension will be born by the parent department.

(Authority: Para 7.7(i) of Appendix 5 to the FRSR Pt. I)

- 2 (a) An official drawing conveyance allowance has used staff car within his local jurisdiction. Is it in order?

(2 Marks)

Ans. A Government Official in receipt of conveyance allowance should not normally use a staff car for journeys within his local jurisdiction. Even if he is permitted by competent authority to use staff car for such journeys recovery should be made from the officer at the prescribed rates.

(Authority: SR 26, Government of India Order(1), MF OM No. F3 (9) -E.II (A)/63, dated 30th September 1963.)

- (b) A TA claim is received in a CDA office claiming taxi fare as mileage allowance for journeys performed between residence and temporary duty point which is within a distance of eight kilometres from the residence. Is the claim admissible in audit. ?

(2 Marks)

Ans. For such journeys mileage allowances not admissible. In such cases only fare for using public conveyance, such as buses, local trains, trams and Fairies reimbursement.

(Authority-SR 46, Government of India Order 6(b))

- © A non-entitled official performed temporary Duty by air in an urgent situation. On what basis his claim is to be regulated ?

(2 Marks)

Ans. A non-entitled officials can travel by air on official duty by air based on approval of administrative secretary, with the condition that the expenditure is kept within allocation for travelling expenses.

(Authority- SR48(B) Government of India Order(4)(a). Ministry of Finance of OM No. 10(4) - E (Cord)/85 dated 8th June, 1988)

- (d) An Officer purchased air ticket from Website of National Carrier instead of from authorized travel agents to travel on temporary duty. What is your reaction as an auditor?

(2 Marks)

Ans. Purchase of Air Tickets directly from national carriers, booking counters/website is also allowed.

(Authority- SR 48(B), Government of India Order(16), 1(II), M.F. OM No.19024/1/2009-E.IV, dated 16th September, 2010.

- 3 (a) An employee of Central Government absented from duty for 25 days without proper sanction. He has 20 days HPL at his credit. How his absence and leave salary will be regulated ?

(2 Marks)

Ans. In this case first 10 days of absence will be debited against his leave account treating it as half pay leave. The period in excess of such leave due will be treated as extra ordinary leave.

(Authority: FRSR -III, Rule 25(1))

- (b) What is time limit to request to conversion of one type of leave into leave of different kind? Can it be claimed as a matter of right?

(2 Marks)

Ans. A government employee can request for conversion of one type of leave into leave of a different kind, within 30 days of joining of duty on expiry of relevant spell of leave availed by him. Such conversion cannot be claimed as a matter of right.

(Authority: FRSR-III, Rule 10(1), Department of Per. & Trg. Notification No. 14015/2/97-Estt.(L) dated 31st December, 1997.)

- © What are the limitations for availing Child Care Leave?

(3 Marks)

Ans. Following limitations have been prescribed for availing Child Care Leave by women employees

- (i) ChildCare Leave cannot be granted in more than in 3 spells in a calendar year.
- (ii) Child Care Leave may not be granted for less than 15 days.
- (iii) It should not be sanctioned during probation period.
- (iv) LTC cannot be availed during the Child Care Leave.
- (v) It can be granted for upto 2 children of below 18 years of age.

(Authority: FRSR -III, Rule 43-C)

- (d) How many days Special Casual Leave in a calendar year can be granted to a differently - abled Central Government Employees to attend disability related training at National/State level agencies?

(2 Marks)

Ans. A special casuals leave not more than 10 days in a calendar year can be granted to attend disability related training at national/state level by the differently abled central government employee.

(Authority: DOP & T OM No. 28016/02/2007-Estt(A) Dated 14.11.2007)

- 4 (a) An employee resides in house owned by his mother. Will he get HRA?

(2 Marks)

Ans. If a Government Servant resides in a house owned by his mother is also eligible for House Rent Allowance, at his place of posting.

(Authority- FRSR-IV, Ch. 12, General Rules & Orders, 7(i), General Rules from 1st Sept. 2008. M.F. OM No. 2(13)/2008-E.II(B), dated 29th August 2008.

- (b) Is Grade Pay taken into account for grant of HRA

Ans. Yes grade pay is taken into account for grant of HRA.

(Authority: FRSR IV, Ch. 12(ii), 3 , HRA General Rules & Orders, M.F. OM No. 2(13)/2008-E.II(B) dated 29th August, 2008)

- © Mr. A resides at a place other than that of duty and commutes daily. His place of residence falls in lower category. How HRA will regulated in his case?

(2 Marks)

Ans. In such case the rate of HRA will be regulated as per class of place of duty.

(Authority: FRSR IV, General Rules & Orders, Para 3(b)(i)

- (d) Who verifies the eligibility of HRA in the case of Non- Gazetted Officers and endorsement to this effect is made on the bill? Quote relevant OM of Ministry of Finance ?

(3 Marks)

Ans. The Drawing and Disbursing Officer shall endorse a certificate on the bill by stating that the eligibility of HRA has been verified with reference to para-3 of Govt. of India, Ministry of Finance OM No. 2(37)-E.II(B)/64 dated 27th November, 1965.

(Authority: FRSR IV, General Rules & Orders, Para 8 ©(i)

- 5 (a) Is LTC available during Child Care Leave?

(2 Marks)

Ans. LTC is not available during Child Care Leave as CCL is granted for the specific purpose of taking care of a minor child for rearing and for looking after any other needs of the child.

(Authority: CCS(LTC) Rules, 1988 Rule-7 Government of India's Decision 16-A, DoPT OM No. 13018/1/2010-Estt.(Leave) dated 30th December, 2010)

- (b) Can LTC be availed during the weekend holidays without any leave ?

(2 Marks)

Ans. When a Government servant under takes journey during the weekend holidays without any leave, he is not entitled to LTC.

(Authority: CCS(LTC) Rules, 1988 Rule-7 Government of India's Decision 16.)

- © Can an Officer travel by private airlines to Srinagar to avail LTC ?

(3 Marks)

Ans. A Government Officer can travel by Private Airlines to Srinagar to avail LTC.

(Authority: DOP&T OM No. 31011/2/2003-Estt.(A)-IV dated 18th June, 2010)

- (d) An employee is entitled to travel by train in I Class. He travels by longer route involving 1,100 kilometers covering the initial 800 kilometers by II Class and remaining 300 kilometers by I Class where as distance by shortest route is 1,000 kilometers. Please work out admissible mileage.

(2 Marks)

- Ans.** (i) The claim will be regulated as under:-
 (i) Mileage for which II Class Fare will be admissible -
Distance actually travelled by II Class X Total distance by the shortest route
 Total Distance by the longer route
 $= \frac{800 \times 1,000}{1,100} = 273$ (should be 727) miles (roundly)
- (ii) Mileage for which I Class fare will be admissible:-
 (i) Distance actually travelled by I Class X Total distance by the shortest route
 Total Distance by the longer route
 $= \frac{300 \times 1,000}{1,100} = 273$ (should be 273) miles (roundly)

- 6** (a) What is the date up to which interest on outstanding principal amounts of HBA can be charged in the case of retirement of an employee of Central Government ?

(2 Marks)

- Ans.** When the outstanding balance of house building advance and interest thereon is to be liquidated through adjustment either than gratuity/capital DCRG in the case of retirement, no interest should be recovered on the principal amount of outstanding advance beyond the date of retirement.

(Authority: HBA Rules, Rule 8, G.I.D. Para-2, OM No. 10/15/59-H-III, dated 23rd July, 1962 and 15th February, 1965)

- (b) What is quantum of incentive on interest on HBA for promoting small family norms?

(2 Marks)

- Ans.** The quantum of rebate on interest on HB for promoting small family norms which one and half percent less than the normal rate of interest.

(Authority: HBA Rules, Rule 6, G.I.O. 3)

- © Can House Building Advance be sanctioned in the case of purchase of house from a private individual?

(2 Marks)

- Ans.** The House is to be purchased from a private individual house building advance cannot be sanctioned as private parties do not include private individuals.

(Authority: G.I.D. 4-A, Below Rule-3 of HBA Rules)

- (d) List out the conditions for Second mortgage for enlargement of house constructed with HBA.

(3 Marks)

- Ans.** **Conditions for second mortgage:-**

- (i) Funds for additional constructions will be found from the officers own resources and this does not in any way affect his/her repaying capacity.
- (ii) Two years should have elapsed after completion of the house for which the loan was granted for which an attested copy of the completion certificate from the local body should be produced.
- (iii) Certified copy of the approved plan is furnished.
- (iv) Certificate from qualified Engineer that the foundation laid is capable to taking additional load of first/subsequent floors.

- (v) Proof/declaration from the applicant that he has the resources to bear the cost of additional construction.
- (vi) Total amount of House Building Advance sanctioned by the Government and the loan raised by the Government servants from outside institutions taken together, shall not exceed the prescribed cost ceiling limit as applicable at the time of seeking permission for creation of second mortgage.

(Authority: G.I.O. 13, Below Rule 3 of HBA Rules)

SECTION -II PROVIDENT FUND AND PENSION (Common to All)

- 1 (a) How the amount of family pension will be determined where service records are incomplete ?

(3 Marks)

Ans. For determining the amount of family pension the head of office will carry out the following steps:

- (i) If the service of the deceased govt. servant is more than one year but less than 7 years the service and emoluments for the last years of the service shall be verified and accepted by the Head of Office. And the amount of family pension will be determined under sub-rule-2 and 2-a for Rule -54 of CCS (Pension) Rules, 1964.
- (ii) In the case the deceased govt. servant serve for than 7 years the last 7 years service and emoluments for the last year shall be verified.
- (iii) The service rendered by deceased govt. servant at the time of death is more than 7 years and the service of last seven years is not capable to be verified and accepted at the Head of Office but the service rendered during the last year is cable to being verified and accepted the Head of office pending verification of cable to being verified and accepted the Head of Office pending verification of service of seven years shall calculate in accordance with the provisions of sub rule-2 and 2 a for Rule 54.
- (iv) The service the last seven years shall be verified and accepted within the next two months and the amount of family pension at the enhance rate and the period of which is payable shall be determines in accordance with provision of sub-rule 3 of Rules 54.
- (v) Determination of amount of family pension in accordance with the provisions of sub-clauses I, II and III shall be done to being one month of the receipt of intimation of the date death.

(Authority: Rule 79 of CCS (Pension) Rules.)

- (b) What are the procedures followed by a CDA as head of office for sanction and drawl of provisional family pension?

(3 Marks)

Ans. For drawl of provisional family pension the Head of Office shall adopted the following procedure:

- (i) He shall issue sanction later in favour of claimant with the account officer concern indicating the amount of provisions family pension.
- (ii) He will be indicated the amount recoverable out the gratuity
- (iii) He wil be drawl the amount of the provisions family pension and amount of gratuity after deducting dues mentioned in the sanction later.

(Authority: Rule 80-A. Sub rule 1 of CCS(Pension) Rules.)

- (v) Proof/declaration from the applicant that he has the resources to bear the cost of additional construction.
- (vi) Total amount of House Building Advance sanctioned by the Government and the loan raised by the Government servants from outside institutions taken together, shall not exceed the prescribed cost ceiling limit as applicable at the time of seeking permission for creation of second mortgage.

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(Authority: Rule 80-A. Sub rule 1 of CCS(Pension) Rules.)

© Is there any income limit for grant of family pension to the widow of a civilian employee?

(2 Marks)

Ans. There is no income limit for grant of family pension to the widow of a deceased employee as a widow of a deceased is not treated as a dependant.

(Authority: CCS Pension Rules, Rule 54 & 81)

2 (a) What are the classes of pension available to Central Govt. Servant?

(2 Marks)

Ans. Following classes of pension are available to civil govt. servants:

- (i) Superannuation pension
- (ii) Retiring pension
- (iii) Invalid Pension
- (iv) Compensation Pension
- (v) Compulsory Retirement Pension
- (vi) Compensate Allowance

(Authority: Rule 35, 36, 37, 38, 39, 40 and 41 of CCS(Pension) Rules.

(b) Explain the following in brief:

- (i) Compassionate allowance
- (ii) Invalid pension

(2+2 = 4 Marks)

Ans. (i) **Compassionate allowance** in the case of dismissal/removal of a government servant from service, in deserving case competent authority may sensation a Compassionate allowance not exceeding two thrid of pension or gratuity or both. We should have been admissible to him, if he had retired on compensation pension.

(Authority: Rule 41, Sub-rule 1 of CCS(Pension) Rules

- (ii) **Invalid Pension:** If a Govt. Servant retires from service due to any bodily or mental infirmity which permanently incapacitates him for the service may be granted invalid pension.

(Authority: Rule 38, Sub-rule 1 of CCS (Pension) Rules.

© When interest is payable on delayed payment of gratuity ?

(2 Marks)

Ans. If the payment of gratuity be authorised after the date when its payment becomes due and it is clearly established that the delay in payment was attributable to administrative lapse interest shall be paid at such at rate as may be prescribed and in accordance with the instructions issued time to time.

(Authority: Rule 68, Sub rule 1 of CCS(Pension) Rules)

3 (a) In what cases dearness Relief on Army Pension/Family Pension is admissible to a re-employed /employed pensioner?

(4 Marks)

Ans.

If an Army pensioner is re-employed under the central/state govt. or a corporation/company/Autonomous Body, Bank under them in India or abroad including permanent absorption in such corporation/company /Autonomous/bank, he shall not be eligible to draw DR on pension during the period of such re-employment. However the payment of DR shall be allowed to re-employed Armed Forces Pensioner in the of NCO/PBOR where entire amount of pension was ignored in the fixation of pay on re-employment and the pay of the re-employed pensioner was/is fixed at the minimum of the pay scale of the post in which he has been employed after discharge from Armed forces.

The payment of DR on family pension to employed family pensioner shall remain admissible during the period of employment.

Authority: Pen. Regns. Army, Pt.II, Regn. 83(a), © & (d)

- (b) Is Dearness Relief admissible on additional pension to old Defence pensioners?

(2 Marks)

Ans. Yes, Dearness relief is admissible on additional pension payable to old defence pensioner.

**Authority: Para-14 of MoD letter No. 17(4)/2008(2)/D(Pen Policy)
Dated 12.11.2008**

- © What is the base year for admissibility of Dearness Relief on Defence Pension?

(2 Marks)

Ans. Base Year 1982= 100 ie beyond average AICPI 536 is taken for admissibility of Dearness Relief.

**(Authority: Department of Pension and pensioners Welfare office
memorandum No. 42/2/2008-P&PW(G) dated 12.09.2008 and MOD Letter No.
17(4)/2008(2)/D(Pen Policy)**

- 4 (a) What is additional pension/family payable to an old Army pensioner? At what ages of pensioner/family pensioner it is payable and at what rates ?

(4 Marks)

Ans. In addition to pension/family pension admissible in accordance with Regn. 1, Pension Regulation Army, Pt.II after completion of eighty years of age or above, additional pension shall be payable to the family pensioner/retired Army pensioner in the following manner:

From 80 years of age to less than 85 years -	20% of basic pension
From 85 years of age to less than 90 years-	30% of basic pension
From 90 years of age to less than 95 Years-	40% of basic pension
From 95 years of age to less than 100 years -	50% of basic pension
100 years or more	100% of basic pension

Authority: Para 10 & 11.5 of Government of India, Ministry of Defence, Department of Ex-servicemen welfare Order No. 17(4) /2008(2)/D(Pen/Policy) Dated 12.11.2008)

- (b) What do you understand by minimum and maximum pension?

(2 Marks)

Ans. If the amount of any monthly pension viz retiring pension/service pension/invalid pension/special pension/family pension works out to less than Rs. 3500/ p.m. it shall be stepped up to Rs. 3500/- and authorized for payment at this rate. There will be maximum ceiling on the amount of service pension/invalid pension/special pension and ordinary family pension up to 50% and 30% respectively of the highest pay i.e. Rs. 90,000 w.e.f. 01.01.2006

**Authority: Para 13 of MoD letter No. 17(4)/2008(2) D(Pen/Policy)
dated 12.11.2008)**

© Who shall do the rounding off of pensionary awards?
(2 Marks)

Ans. Pension sanctioning authority will do the following off of amount of various pensionary awards to the next higher rupee.

**(Authority: Para -12, MoD letter No. 17(4)/2008(2) D(Pen/Policy)
dated 12.11.2008)**

5 (a) When subscription in respect of superannuating subscriber to the General Provident Fund(GPF) is to be discontinued?
(2 Marks)

Ans. Subscription in respect of a Govt. employee due to supernnate will be stopped three months before supernuation i.e. during the last 3 months of service.

(Authority: GID(1) below Rule 7 of GPF(CS) Rules.)

(b) What are the prescribed rates of subscription ?
(2 Marks)

Ans. Subscription should not be less than 6% of subscriber's emoluments and not more than his total emoluments. If a subscriber was contributing to CPF at higher rate of 8½ prior to joining GPF his minimum rate of subscription will that of CPF.

(Authority: GPF Rules, Rule 8(1) (b) &©

© Can a subscriber seek advance from his GPF balance for the purpose of education?
(2 Marks)

Ans. A GPF subscriber can seek advance out of his balance in his accounts for the purpose to meet expenditure of higher education, including where necessary, cost of travelling of the subscriber and members of his family or any person actually dependent on him in the following case-

(i) foreducation outside India for academic, technical, professional or vocational beyond the High School stage.

(ii) for any medical, engineering or other technical, or specialized course in India beyond the High School stage provided that the course of study is not less than three years.

(Authority: GPF Rules, Rule 12(1) (b) (i) & (ii)

(d) What category of Govt. employees are covered under Contribution Provident Rules and what ate other conditions of eligibility?
(2 Marks)

Ans. Every non pensionable Government servant belonging to any of the servicesunder the control of the President who has been admitted before these Rules came into force to the benefits of the contributory Provident Fund(India) after these rules come in to force or may be admitted by Government to the fund after these rules come in to force. Every Govt. servant to whom these rules apply shall be subscriber to this Fund.

(Authority: CPF Rules, Rule 4 (1) & (2)

SECTION -III - Optional
Sub- Section(A) - Army

1 (a) When pay commences of an officer on 1st Commission?

(2 Marks)

Ans. Pay of a commissioned officer commences from the date on which he is granted a regular commission on successful completion of training in the NDA and or IMA/OTA. MNS officers receive their pay on from the date of joining for duty.

(Authority: P&A Regs.(Officers) Army, Rule 1 & 2.

(b) How stipend to a gentleman cadet under training is regulated?

(2 Marks)

Ans. All Gentlemen Cadets receive a fixed stipend during training after passing out of NDA as pay in pay band plus Grade Pay. The stipend is converted to pay for all purposes on successful completion of training and thereupon on such conversions, the allowances admissible will be paid along with arrears on. However the period of training will be treated as commissioned service.

Authority: SAI 2/S/08.

© In what circumstances the pay and allowances of an Army Officer will be discontinued?

(3 Marks)

Ans. The pay and allowances will discontinue in the undermentioned circumstances:-

- (i) On the after the death of an officer;
- (ii) on the day from which an officer retires or resigns;
- (iii) during any absence from duty without leave;
- (iv) from the day following that on which the decision is communicated to an officer, who is cashiered, dismissed, removed from service, suspended for absence without leave, or whose commission is cancelled; and
- (v) from the date an officer is transferred to the reserve.

Authority: P&A Regs.(Officers) Army,Rule-10

(d) State reasons of forfeiture of pay and allowances of a commissioned Army Officer?

(3 Marks)

Ans. A commissioned officer will forfeit his pay and allowances (i) for day he is custody or under suspension for an offence for which he is afterwards convicted by a criminal court or a court martial or by an officer exercising authority under Section 83 or 84 of the army Act 1950. (ii) as ordered by a court martial or an officer exercising authority under section 83/84 of army Act. (iii) as ordered by Central Government based on court of inquiry constituted by COAS in this behalf, to have deserted, remain in enemy hand, or in any manner added the enemy or failed to rejoin duty when it was possible to do this.

Authority: P & A Regs.(Officers) Army, Rule 13.

2 (a) Which part of service will not be counted as qualifying service for increments to a regular commissioned Army Officer?

(2 Marks)

Ans. Pre-commissioned service as a JCO or in the ranks does not reckon for increments of pay based on length of service, except in case where an antedate of commission for the purpose of pay has been allowed.

Authority: P & A Regs.(Officers) Army, Rule 35

- (b) An Army Officer leaves a High Altitude Area on temporary duty for a period of 10 days to a non qualifying area. Will he get High Altitude Allowance during this period?

(2 Marks)

Ans.

Yes, the officer will continue to get High Altitude allowance during Temporary duty up to a maximum period of 14 days.

©

Does the PCDA(O) maintains the pay accounts of an Army Officer posted to Indian High Commission, Dhaka?

(2 Marks)

Ans.

The PCDA(O) will only nominally maintain Pay accounts of officers posted/attached to the Indian High Comissions to issue Pay slips to the Officer and to the High Commissions.

(Authority: OM, Pt. IX Para-222)

Can Special Force Allowance to the officers of Para Commando be treated as pay for the purpose of calculating the Dearness Allowance?

(2 Marks)

Ans.

Special for Allowance will not be treated as pay.

(Authority: P& A Regs. (Officers) Army, Rule 115.)

€

Is Monetary Allowance payable to recipients of pre-independence gallantry decorations.?

(2 Marks)

Ans.

Yes, monetary allowance is payable to all recipients of pre-independence gallantry decorations.

(Authority: P&A Regs. Rule 339A)

3

- (a) Write types of Leave available to Army Recruits

(2 Marks)

Ans.

Following types of leaves will be available to a Army recruits-

- (i) Casual Leave (ii) Annual Leave (iii) Sick Leave.

Authority: Rule 3 (iii) of Leave Rules, Vol.-I Army.

(b)

Who is competent to regularize overstayal of casual leave in respect of a Commissioned Officer?

(2 Marks)

Ans.

Overstayal of casual leave by an officer will be regularized by the Branch / Directorate at Army HQrs. Which administers the arms/services to which the individual belongs, provided the overstayal does not exceed the maximum amount of such leave admissible in a year.

(Authority: Rule 6(b) of Leave Rules, Vol.I Army)

©

In the case of recall from leave, will the travel time from leave station to duty station be treated as having been spent on duty?

(2 Marks)

Ans.

In the case of recall from leave, the travel time taken from leave station to duty station will be treated as having been spent on duty .

(Authority: Rule 9 (i) of Leave Rules, Vol.-I -Army)

(d)

A soldiers has not performed actual duty in a year but he spent some period on Sick List Concession. Will annual leave be admissible to him?

(2 Marks)

Ans.

The period spent by an individual on the Sick List Concession would be treated as actual performance of duty. Hence he will be entitled to annual leave.

(Authority: Rule 14(i) Leave Rules, Vol.I -Army)

€ Can an Army personnel rejoin his duty during currency of annual leave?

(2 Marks)

Ans. An individual on sanctioned annual leave cannot rejoin his duty during the currency of annual leave until he has received permission to do so from the authority competent to sanction such leave.

(Authority: Rule 14(i) Leave Rules, Vol.I -Army)

4 Write Notes on admissibility of the following to regular Commissioned Officer of Indian Army:

- (i) Furlough
- (ii) Sick List Concession
- (iii) Leave Pending retirement
- (iv) Study Leave to RVC Officers

(2½ + 2½ + 2½ + 2½ = 10 Marks)

Ans. (i) **Furlough:-** Furlough is a type of leave admissible to army officers/BPORs. It is for two months in every three calendar years of service. It is not accumulative. It can be availed at any time after the commencement of the 3 years cycle. It may be availed of in instalments within each cycle of three years. It can be combined with annual leave. If so combined annual leave must be taken first. Furlough earned in a cycle of 3 years will not be combined with furlough of the following cycle of 3 years.

(Authority: Rule 19(a),(b),© and (d) , Leave Rules Vol.I -Army)

(ii) **Sick List Concession:** If an officer falls sick while on duty or on casual leave taken by himself would be retained on the sick list for a period of 30 days or less, the period would be treated as on duty if it stood by itself unconnected with any kind of sick leave provided the sickness is due to causes beyond the individual's control. This concession is not admissible if period of sickness exceeds 30 days.

(Authority: Rule 21, Leave Rules, Vol.-I Army.)

(iii) **Leave Pending Retirement-** An officer can opt. for leave for retirement for (i) a period of six months which may include any annual leave or furlough to his credit.(ii) four months full pay and allowances which will include annual leave due for the year in which he proceeds on the leave pending retirement.

(Authority: Rule-23 Leave Rules, Vol.I Army)

(iv) **Study Leave to TVC Officers-** It will be admissible only for DRVS approved courses of PG study at recognized institutions or study associated with PG work.

(Authority: Rule 29, Leave Rules, Vol.I Army)

5 (a) How annual leave and sick leave will be regulated in respect of re-employed retired regular officer?

(2 Marks)

Ans. 30 days annual leave in a calendar year will be admissible. Sick leave at the rate of one month every year of the period of re-employed will be admissible for which individual is engaged initially or on extension. Sick List concession will not be admissible.

(Authority: Rule -64, Leave Rules, Vol.I - Army)

(b) What are the conditions for grant of casual and annual leaves to the army personnel when sent abroad on courses of instructions?

(2 Marks)

Ans. Casual Leave- it should not have the effect of extending the period of deputation.
Annual Leave- It may be sanctioned to coincide with breaks in courses of instructions.

(Authority: Rule-71, Leave Rules, Vol.-I Army)

© If a Soldier participate in a national level sporting event in his personal capacity, can he be granted special causal leave?

(2 Marks)

Ans. Army personnel participating in sporting even of national importance in his personal capacity will not get special leave.

(Authority: Rule 72)

(d) An Army Officer requested for grant of special casual leave to attend as invitee to a meeting of a National Level Scientific Institution. Can he be granted such leave?

(2 marks)

Ans. An Army Officer who are invitees, members, official delegates of scientific Association like Indian Science congress Association, National Institute of Science of India and similar institutes or are required to read papers at conference may be granted special casual leave subject to exigencies of service.

(Authority: Rule -75, Leave Rules, Vol.I -Army)

€ How many days special causal leave can be granted to a personnel who has undergone sterilization operation under "Family Planning Scheme"?

(2 Marks)

Ans. Special casual leave not exceeding 6 working days for undergoing sterilization operation.

(Authority: Rule -73, Leave Rules, Vol.I - Army)

6 (a) What you will ensure while auditing DCRG claims of a PBOR of Army?

(4 Marks)

Ans. Following points will be ensured in audit of DCRG claim of a PBOR a certificate of correctness has been furnished by RO. The claim is supported by IAFY1948-A. Rules and conditions governing grant of DCRG have fulfilled. Proper sanctions exists. Amount passed will be noted in the sheet Roll and credited into the IRLA.

(Authority: OM Part-X, 1992 Ed. Para-282(iv) & (v))

(b) Who sends the PLI schedules to PAO (Ors)?

(2 Marks)

Ans. In the case of Military personnel, Director, PLI, Kolkata prepares PLI schedules in duplicate indicating particulars of the insurance and the recoverable amounts from each individual and sends to PAO(Ors) concerned on 10th April, July and Oct. every year.

(Authority: OM Part - X 1992 Ed. Para-148)

© What will be ensured by CC Section in the PAO(Ors) on receipt of PLI schedules from Ledger Groups?

(4 Marks)

Ans. CC Section will ensure that (i) all recoveries have been effected correctly in all cases where necessary. (ii) necessary amendments to the schedules have been properly done due to new admission, discontinuance and other reasons. (iii) no names have been omitted by the Director, PLI Kolkata (iv) The recoveries appearing in the quarterly abstract of receipts and charges invariably agrees with the totals of the advances schedules relating to the quarter.

(Authority: OM Part-X, Para-148(i) to (iv))

SECTION -III -OPTIONAL

Sub- Section (B) - AIR FORCE

1 (a) What are the conditions, when the Parachute Pay is admissible (3 Marks)

Ans. While employed as and borne against the authorized established of Parachute Jump Instructors, a qualified officer of 'Ground Duty Branches(except Technical, Medical and Meteorological)' will be entitled, in addition to the pay and allowance applicable to his rank and Branch to a parachute pay.

(Authority: Rule 165 Pay & Allowance Regulations for the Indian Air Force)

(b) Explain the condition under which the Parachute Pay can be ceased. (4 Marks)

Ans. The parachute pay can be ceased after 91 days when it becomes apparent that the officer will not again be employed on parachute Jump Instructor's duties due to injuries sustained in the course of his flying and parachute jump instructor's duties.

Authority: Rule 166(i) and (b) there under of Pay & Allowances Regulations for the Indian Air Force)

© Parachute Pay has been allowed to the officer during his absence due to TD by CO of the unit. Comment. (3 Marks)

Ans. The action of CO is in order since the parachute pay may be paid during period of any authorized absence, including absence on account of temporary duty.

(Authority: Rule 169 Pay & Allowances Regulations for the Indian Air Force)

2 (a) What are the pay and allowances admissible to an airman undergoing training as Flt. Cdt. ? (5 Marks)

Ans. An Airman, while undergoing training as a flight cadet, will draw pay and allowances (except clothing allowance) appropriate to his substantive rank.

(Authority: Rule 233 Pay & Allowance Regulations for the Indian Air Force)

(b) Can a Master Warrant Officer officiate in the vacancy of a Fg. Officer, who goes on a course of instructions of 90 days? If yes, what will be the entitlement of the Master Warrant Officer?

(5 Marks)

Ans. No, a MWO is not entitled to draw acting allowance since the vacancy has been arise due to the Fg. Officer has gone on a course of instructions.

(Authority: Rule 274 Pay & Allowances Regulations for the Indian Air Force)

3 (a) An Air Force Officer has gone to abroad on study leave. Is the entitled for Dearness Allowance? (4 Marks)

Ans. No. An officer is not entitled to draw Dearness Allowance when he has gone to abroad on study leave.

(Authority: Rule 93 Pay & Allowances Regulations for the Indian Air Force)

(b) What is the age entitlement for the grant of disturbance allowance to the Air Force Officer?

(3 Marks)

Ans. An officer must be over 25 years of age.

(Authority: Rule Pay & Allowances Regulations for the Indian Air Force)

© Explain the term 'Single Officer for grant of disturbance allowance.

(3 Marks)

Ans. The term 'Single officer' will include a widower, a widow, a divorced officer and a judicially separated officer without a dependent legitimate child or children or step child or step children or legally adopted child or children and a married officer not maintaining his divorced wife.

Authority: Rule 105(b) Pay & Allowances Regulations for the Indian Air Force)

- 4 (a) A Sqn Ldr was on pre- sanctioned leave for 30 days starting from 03-04-2013. But he has reported for duty on 12-05-2013. Will his pay be admissible for the overstayed period when the overstay of the leave was not sanctioned by the competent authority?

(4 Marks)

Ans. No. A Sqn Ldr. is not admissible for pay for the overstayed period of leave since the leave is not sanctioned by the competent authority.

(Authority: Rule 6(a) Leave Rules)

- (b) Wg Cdr Vikas Kumar has availed overstayed leave for more than 30 days due to flood. Whose sanction is required to regularize the overstayed leave?

(3 Marks)

Ans. The sanction of Govt. of India is required for overstayed of leave beyond 30 days. In such cases the period of overstayed will be regularized at the discretion of Govt. by grant of leave without pay.

(Authority: Rule-6 (d) Leave Rules)

- © Can Annual Leave be taken in instalments within the same year?

(3 marks)

Ans. Annual leave may be taken in instalments within the same year.

(Authority: Rule-9© Leave Rules)

- 5 (a) Flt. Lt. Manoj has applied for 20 days Casual Leave in one instalment. Can it be sanctioned ?

(2½ Marks)

Ans. The 20 days casual leave in one instalment can be sanctioned at the discretion of the leave sanctioning authority.

(Authority: Rule 18(b) Leave Rules as amended vide Air HQrs./23970/leave/PP&R-1/408/F/D(Air-III) dated 08.08.2008)

- (b) Fg. Officer Chaushan was granted permanent commission on probation after completing a course of training as a cadet and posted to a unit has applied for 30 days annual leave. Who will sanction the leave to the officer?

(2½ Marks)

Ans. The CO of the Training Institute will sanction the leave.

(Authority: Note under Rule 19 Leave Rules)

- © Fg. Officer Sinha was granted commission in IAF on 22.01.2013. Specify the date from which the cycle of furlough leave will start.

(2½ Marks)

Ans. The cycle of furlough leave will start from 01.01.2013

(Authority: Rule-10 (a) Leave Rules)

- (d) Can Furlough leave be sanctioned with Annual Leave and upto what quantum?

(2½ Marks)

Ans. Furlough leave may be sanctioned by itself in continuation of annual leave. The quantum of leave will be up to two months for every calendar year.

(Authority: Rule 20(a) Leave Rules)

- 6 (a) Sgt Ramesh has proceeded on leave second time in 2013 on Annual Leave w.e.f. 03.06.2013 for 15 days. He has to perform the journey for more than 2 days each way. Can his additional leave be admissible second time during the same year. ?

(4 Marks)

s. No, Sgt Ramesh is not entitled to additional leave second time during the same year.

(Authority: Rule-39© Leave Rules)

(b) Cpl Sonu has applied for Annual Leave after completion of his service in the IAF for only 3 months including service as Airman under training. Can the Annual Leave be sanctioned to him?

(3 Marks)

Ans. Cpl. Sonu can not be granted Annual Leave in the first year of engagement before completion of 6 months service.

Authority: Rule-39(g) Leave Rules)

© WO Singh was on sick leave during 30-12-2011 to 15-01-2012. After completion of sick leave he has been sanctioned 30 days Annual Leave for the year 2012 starting from 16-01-2012. Is this action in order?

(3 Marks)

Ans. The action is not in order. The sick leave granted for 01.01.2012 to 15.01.2012 will be debited from his annual leave. Hence W.O. Singh is entitled for only 15 days annual leave.

(Authority: Rule 40 (g) Leave Rules)

SECTION-III - OPTIONAL

Sub-Section© - NAVY

1 (a) Who is the authority empowered to relax any provisions of P & A Regulations of NAVY ? Please mention the subjective conditions.

(4 Marks)

Ans. Govt. of India

* For reasons to be recorded in writing relax all or any of the provisions in cse of any person or class of persons.

* Provided that no relaxation shall be made under this regulation so as, on the whole, to be less favourable to any person or class of persons.

(Authority: Reg No. 264)

(b) What are the conditions for advance pay in respect of MCPO, granted honorary Commission?

(6 Marks)

Ans. As admissible for the commissioned officers of the Navy.

* Advance of Pay admissible shall be reduced by the amount, if any outstanding under previous advance.

* Advances to be drawn prior to departure from old station on transfer.

* When proceeding on annual leave or combined leave for the annual leave portion of the leave

* When proceeding on duty or deputation out of India

* On transfer from one ship or appointment to another necessitating change of station.

(Authority: Reg No. 272 with 228 and 229)

2 (a) To whom, the submarine pay is admissible ?

(4 Marks)

Ans. Admissible to officers qualified for service in submarine and appointed as part crew or spare crew. It shall also be admissible to those officers who are otherwise qualified for submarine service and hold appointments which require them as post of their normal duties to go to sea in Submarine from time to time.

(Authority: Reg. No. 105 A , P & A Regulations (Navy) Part-I)

(b) What are the conditions of submarine day ?

(4 Marks)

Ans. * Submarine pay is not admissible in addition to submarine allowance.
* Not admissible to medically unfit for service in submarine for a period exceeding 3 months.
* Not admissible to those fail to maintain requisite standards of efficiency for submarine services as determined by CNS.
* In transverse of Submarine Services appointed

(Authority: Reg. No. 105 A , P & A Regulations (Navy) Part-I)

© What is the rate of submarine pay in respect of a Captain with three years of service ?

(2 Marks)

Ans. Rs. 10,500/- per month as per the M.O.D. letter dated 04.11.2008

(Authority: MoD letter No. 1/54/2008/D(Pay)Services/dt. 04.11.2008 and 1/55/2008/D Pay dated 04.11.2008)

3 (a) Mr. 'X', a Naval Civilian Employee with a grade pay of Rs. 4200/- visited Sikkim along with family by air during the block year 2010-11, in the four year block of 2011-13, by converting home town LTC. Again he visited Guwahati by air by availing All India LTC in the year 2013. Payment authority intimated him that LTC for Guwahati is not admissible. Comment.

(5 Marks)

Ans. *As per clarification of govt. of India, dept. of Personnel and Training, a Govt. servant can visit North Eastern Region / Jammu and Kashmir by conversion of onces home town LTC.

* As per the LTC rules, one can visit any place within India availing all India LTC.

* Accordingly, the intimation by the Payment authority is not correct. Officer is entitled for both the claims and both of them are admissible.

(Authority: GID No. 15 under Rule 12 of CCS(LTC) Rules)

(b) Mr. 'Y' a Naval Civilian Officer is working a NAD, Visakhapatnam. His spouse is residing at Mumbai and availed All India LTC as under:

Onward Journey - Mumbai to Visakhapatnam

Return Journey - Visakhapatnam to Mumbai

Regulate the LTC Claim please.

(5 Marks)

Ans. As per LTC rules, LTC claim, anywhere in India, should be from HQrs. of the officer working. In the instant case, HQrs. for officer is Vishakhapatnam. However spouse has commenced LTC, anywhere in India, from Mumbai and hence the claim is not in order.

(Authority: GID No. 7 under Rule 4 of CCS(LTC) Rules)

4 (a) Define conveyance as per travel regulations?

(2 Marks)

Ans. The term conveyance means conveyance at public expense by Sea, rail, road or air unless otherwise stated.

(Authority: Rule 143(i), Tavel Regulations)

- (b) Service personnel participating in the sports events organised by Sports Control Board claimed Travelling allowance and daily allowance for the period of Journey and halt at the outstation. Comment.

(4 Marks)

Ans. Service personnel participating in the sports events organised by Sports events organised by Sports Control Board are eligible for travel by AC-II/AC-III/1st Class/AC Chair Car/Sleeper Class as per entitlement. However travel by air or A.C. First class is not admissible. Travel on warrant only. Daily allowance for the period of journey and halt at the out station will not be admissible.

(Authority: Rule-142 Travel Regulations)

- © X' Commodore was entitled for availing A.C. Taxi on tour, prior to implementation of VI CPC. After VI CPC, only officers having grade pay of Rs. 10,000/- are entitled. Commodore's grade pay is Rs. 8900/-. However Commodore 'X' was continuing to avail AC Taxi even after VI CPC. Comment.

(4 Marks)

Ans. As per clarification of GoI, MoD letter No. 12630/Mov/C/3737/D(Mov)/08 dated 29.12.2008 the service officers who were entitled to AC Taxi on tour prior to implementation of VI CPC will continue to draw the higher entitlement as an existing travel entitlement shall not be lowered. Hence in the instant case commodore is entitled to use AC Taxi, on tour.

Authority: GoI, MoD letter No. 12630/Mov/c/3737/D(Mov)/08 dated 29.12.2008)

- 5 (a) What is Child Care Leave? State the conditions to be fulfilled for sanction of Child Care Leave.

(7 Marks)

Ans. Women employees having minor children may be granted child care leave. The maximum period of entitlement is 730 days during entire service for taking care upto two children.

Conditions:

- (i) Requires prior sanction
- (ii) Intervening holidays will count as int he case of Earned Leave.
- (iii) In case of disabled/mentally challenge of children age upto 22 years.
- (iv) Not to be granted more than three spells in a calendar year.
- (v) Not to be granted less than 15 days
- (vi) Not to be granted during probation except certain extreme situations. In such cases minimum leave only be sanctioned.
- (vii) LTC cannot be availed during this leave.

(Authority: Rule-43C, Leave Rules)

- (b) Mr. 'A' a Naval Civilian employee proceeded on 9 days earned leave from 11.03.2013 to 19.03.2013. Sought extension for leave for three more days from 20.03.2013 to 22.03.2013 due to emergency with request to suffix 23.03.2013 and 24.03.2013 being Saturday and Sunday. While regulating, his office not allowed suffixing, stating that suffix is allowed only for sanctioned leave but not for regularisation of leave.

(3 Marks)

Ans. The action of the office is not in order. The employee is eligible to suffix Saturday and Sunday with leave period, irrespective whether, it is pre- sanctioned or post sanctioned.

(Authority: Rule 22, Leave Rules(FRSR Part-III)

- 6 (a) Lt 'X' was relieved from duties afternoon of 06-10-2012 and rejoined on afternoon of 05-11-2012. When the leave gets commenced and terminated in the above situation.

(2.5 Marks)

Ans. Leave shall commence on the same day if relieved in the forenoon and from the following day if relieved in the after noon.
Leave will terminate on the day preceding that of rejoining if an individual joins in the forenoon, or on the date of rejoining if he joins in the afternoon. Accordingly leave commences from 07.10.2012 and terminates on 05.11.2012.

(Authority: Para - 5405, 5406, INBR 53/70 No. (Spl.) 3/84)

- (b) Sailor 'Y' serving at Andaman and Nicobar Islands. State when his leave commences and terminates, if he proceeds on leave to mainland?

(2.5 Marks)

Ans. For sailors serving in Andaman and Nicobar islands, their leave will commence from the date of their disembarkation on the mainland and will end on the date they are required to report shore establishment prior to proceeding to Andaman and Nicobar Islands.

(Authority: Para 5406(b) INBR 53/70)

- © Sailor 'Z' on completion of leave permitted to rejoin duty at station other than his permanent duty station by Commanding Officer. Comment.

(2.5 Marks)

Ans. Sailors serving in the ships and establishment may at the discretion of commanding officers be permitted to proceed on or rejoining duty from leave at stations other than their permanent duty stations in which they are serving, provided it results in savings to the state.

(Authority: Para-5414, INBR 53/70)

- (d) From which year the three cycle for grant of furlough will commence in respect of Short Service Commissioned Officers.

(2.5 Marks)

Ans. For the purpose of grant of Furlough, the three years cycle shall be from the year in which a person is granted commission.

(Authority: Para-5460, INBR 53/70)

SECTION -III- OPTIONAL
Sub-Section(D) - FACTORY

- 1 Write Short Notes on any four of the following :

- (a) Extracts and Classes of Extracts

Ans. (i) Class I for Army Orders and miscellaneous services like repairs for Navy and Air Force.
(ii) Class II for payment services
(iii) Class-III for inter- factory services
(iv) Class-IV for stock (Internal to Factory other than capital)
(v) Class V for capital services

(Authority: Para - 604, 606 OM Part-VI, Vol-II)

- (b) Accounting of Development Charges

Ans.

All Development Warrants will be issued to the shops against "60" series of work order specially allotted for the purpose. The work order code allotted for a particular store will remain the same when regular production is undertaken.

Development Expenditure may be divided into three broad stages viz.

- (i) Manufacture of a pilot batch
- (ii) Establishment of manufacture on batch /bulk production basis.
- (iii) Final establishment of manufacture by standardisation.

Separate warrants will be issued by Management for each stage of Development. After pricing of warrants, the amount will be transferred to the sub-turn work order by credit to the development work order.

The net expenditure incurred in stages(i) and (ii) after taking credit for the value of successful production as stated above will be absorbed in the cost of production for the store ensuring that the whole expenditure is absorbed in seven years.

The amount of development charges remaining unabsorbed against the development series of work orders at the close of the year, will be carried forward in the accounts as "Unfinished Semi" for absorption in future production.

(Authority: Item No. 7 of Appx 'A' to OM-Part-VI, Vol-II)

© Capitalisation of Repairs involving Replacement

Ans.

Expenditure under this category can partially be capitalized provided the following conditions are fulfilled:-

- (a) the result of the repair including the replacement, is an increase in productivity not merely in quality but in quantity as well.
- (b) the expenditure to be capitalised is more than Rs. 1000 in labour and material.
- (c) the amount referred to in (b) above represents more than 5 percent of the original cost of the machine.

The amount to be capitalized is the difference between the cost of new and improved part and the original cost of the new part which is replaced.

The expenditure should initially be booked to work order 02/00041/00 and the portion to be capitalised will be subsequently transferred to work order 04/00007/00 and capitalised in the usual manner.

Authority: Item No. 2 of Appx. 'A' to OM Part-VI, Vol-II)

- (d) Hospital Diet Bills

Ans.

Four classes of diets as for non-combatants are issued at the prescribed scales to patients admitted into the Factory Hospitals. These four classes of diet are (1) high protein diets (2) fluid diets (3) ordinary diets and (4) subsistence diets. Dry rations and where possible fresh rations should be procured through the Army Supply Depot. As it will not be possible to get articles for hospitals diet through the Army Supply Corps, the General Managers of Factories may resort to local purchase as per normal rules governing the procurement of stores and payment made by Accounts Office in strict conformity with the procedure for the audit of local purchase bills.

Local audit in respect of hospital diet and ration accounts will be conducted as in Military Hospital and Para-31 B Section 1 Chapter-VI of Army Local Audit Manual Part-I. Excess issues either in commodity or quality of diets over the authorised scales should be placed under objection. It should be ensured, that all accounting documents etc. prescribed : are properly maintained by the hospital authorities. Any irregularity detected in this respect should be reported to the management and to the CIA(Fys.) Main Office.

(Authority: Para- 914, 915, 916, OM Part-VI, Vol-II)

€ Accounting of Spare Parts of Machine

Ans.

Spare may be divided into three categories:-

- (a) Spare ordered separately for the plant and machines
- (b) Spare ordered as extra with the plant or the machines
- (i) Separately or (ii) added to the value of the plant or the machines.
- (c) Spare, which under the manufactures practice is usually supplied with the machine but not separately their value being apparently included in the cost of these plant or the machines.

Following procedure is followed in Accounting of Spares:

- (i) Spares should be taken to Stock Charge.
- (ii) If the cost is initially met from the Capital grant, then the total amount should first be posted in the Block Register and simultaneously adjusted as transfer from Capital to Stock.
- (iii) The spare will be entered in the Priced stores with value based on the relevant 'S' series vouchers. In those cases where the values are included in the value of the machines, some assessed values should be given to the spares with corresponding reduction of the capital value of plant or machines.

(Authority: Para-752 OM Part-VI, Vol-II)

(f) War Insurance Charges

The Ordnance Factories are normally designed, equipped and staffed in such a way so as to enable them to rapidly expand in war time to produce an output enormously greater than normally required. War requirement/or installed capacity is generally computed as the maximum capacity of the plant on the basis of two shifts of 10 hours each per day for 25 days per month in the case of batch operation plants and three shifts of 8 hours each per day for 22 days per month in respect of continuous process plants. The normal capacity of a factory is based on the Datum load, which is 45% /40% each of the items of production at peak load for general Engineering factories/process factories. Thus under the normal circumstances the fixed overheads incurred will be for the war requirement whereas the capacity utilize will not.

(Authority: Para-531, 532 OM Part-VI, Vol-I)

(2½ + 2½ + 2½ + 2½ = 10 Marks)

- (a) Under what conditions are GMs empowered to authorize Advance Payments in procurement cases? What are the powers of DGOF for authorizing Advance Payments?

(5 Marks)

Ans.

Advance payment may be authorised by the G.Ms. In the following cases:

- (i) 100% advance payment to private Oil Companies for purchase of oil and lubricants where these are not available with M/s Indian Oil Co. or these are proprietary articles of private Oil Company.
- (ii) 100% Spot Payment against proof of inspection upto Rs. 5 lakhs in each case.
- (iii) Advance payment to Contractors where " Competetitive condition do not exist or goods are in short supply or monopoly supply.

Powers of DGOF for authorizing Advance payments are:-

- (i) **Canalized items**

Full powers for 100% payment against proof of inspection and despatch that the Firm would, bear the cost of rejected materials including transportation charges.

- (ii) **Steel items to the Main Producers**

100% payment within 14 days of the presentation of the bill duly supported by proof of inspection and despatch.

- (iii) **Steel items to the Steel Authority of India Limited Stock Yards**

Upto 105 per cent of the contract value subject to subsequent adjustment after inspection at the stock Yards.

(Authority: Para - 382, 381 OM Part-VI , Vol-I)

- (b) What conditions govern the entitlement of Leave on Full Pay admissible to Piece Workers ? How is Leave on full pay and Leave on half pay calculated in their case?

(5 Marks)

Ans.

Leave on full pay is admissible under Leave 1954 as follows:-

Length of total service	Amount of leave in a Calendar Year
(a) Less than one year service	No leave
(b) 1 to 10 years continuous service	17 days
(c) Above 10 to 20 years continuous service	22 days
(d) More than 20 years continuous service	27 days

Calculation of leave on Full pay

Calculation of leave pay will be made in the same way as is done in respect of duty pay viz.

Leave Pay can be illustrated as: $P/(N-S)$ in the case of piece worker when the leave is granted under Departmental Rules (Where P is the rate of pay, N the number of days in month, and S the number of Sundays falling in the month). Pay should be taken as pay on the date preceding that on which leave Commences.

Calculation of leave under Factories Act should be made with reference to Section 80 of the Factories Act. According to this, a worker granted leave under Section 79 of the Factories Act shall be paid at a rate equal to the daily average of his total full time earnings of immediate preceding month, for the day in which he worked.

During the leave on half pay, an employee will be paid leave salary at half the rate of pay drawn immediately before proceeding on leave.

This can be illustrated as under : $P/2$

N-S

(Authority: Para -171, 182,184 OM Part-VI, Vol-I)

- 3 (a) What is overtime? How is it classified? How is OT calculated in case of workers and how is it regulated as per Factories Act?

(6 Marks)

Ans.

Any work done under proper orders outside the norms working hours or on a Sunday or a paid holiday will be treated as overtime.

Overtime can be classified as Systematic or Casual. Any overtime worked by a shop or a Section as a whole irrespective of the period involved or over-time worked by any individual exceeding 14 calendar days (including Sundays and gazetted holidays) at a time is classified as systematic overtime. Overtime worked by individual members of a shop or section for a period not exceeding 14 consecutive calendar days will be classified as casual overtime unless it is sanctioned by the DGOF in which case it is to be treated as systematic overtime.

Payment of overtime under Departmental Rules will arise when a workman works beyond the working hours of Ordnance/Ordnance Equipment Factories which has been fixed at 44¾ hours per week i.e 8 hours on all week days and 4¾ hours on Saturdays.

Payment under Section 59 of the Factories Act, 1948 arises for work done beyond 9 hours day or 48 hours in a week. The total of the overtime hours worked in a week should be divided into overtime hours under factories Act and departmental overtime.

In all cases where overtime is admissible to a worker both under the provisions of the Factories Act and under Departmental rules, the overtime will be calculated as under:-

(i) For work in excess of normal working hours and upto 9 hours on any working day or 48 hours in a week, overtime will be paid at the rates prescribed in the Departmental Rules.

(ii) For work in excess of 9 hours on any day or 48 hours in a week , overtime will be paid at the rates prescribed in the Factories Act.

Both for computing actual work performed and the normal working hours for purpose of Departmental rules, lunch break and periods of rest will be excluded. Similarly, for purpose of calculation under 'Factories Act' periods of lunch break and rest will be excluded for computing actual work performed. The number of hours for which Saturday bonus is paid without actual work being performed will not reckon for the purpose of computing normal working hours.

(Authority: Para-187 to 194 OM Part-VI, Vol-I)

- (b) From the data given below calculate the OT hours admissible to worker on (i) Weekly basis (ii) Daily basis. What quantum will he actually get?

	P	M	T	W	Th	F	Sat.
Normal Attend	H	P	P	P	P	P	P
OT	-	8	8	8	8	8	5

Ans.

Normal Attendance = (8 hrs X 5) + 4¾ hrs = 44¾ hrs.

OT on Weekdays = 8X5 = 40 parts

Total OT = (15 mins X 40) + (15 mins X 5) = 11¼ hrs.

Total Attendance including OT = 56 hrs

i. OT on weekly basis = Work performed beyond 48 hours in a week

OT on Weekly basis = 56-48 = 8 hours

ii. OT on Daily basis = Work performed beyond 9 hours a day

OT on Daily basis = 1 hours daily on weekdays and Nil on Saturday

OT on daily basis = 5 hours

Since OT on weekly basis is more beneficial to the worker, hence as per the Factory Act, the same i.e. 8 hours should be allowed to the worker.

(Authority: Para - 187 to 194 OM Part- VI, Vol-I)

4

What are unorthodox balances and how do they arise in the ledger? In the following example indicate whether there is any incidence of unorthodox balance ? If yes, explain the reason of the same and show how it will be rectified?

Quantity					Value				
Vr. No.	O.B.	Rt.	Issue	C.B.	Rate(Per Unit)	O.B.	Rt.	Issue	C.B.
Rt. Vr.									
No. X	-	500	-	500	2.00	-	1000	-	1000
D/NY	500	-	200	300	-	1000	-	400	600
D/N Z	300	-	100	200	-	600	-	2000	(-)1400

(10 Marks)

Ans.

Unorthodox Balances are balances of following nature which arise in the ledger:

- | | |
|----------------------|-------------|
| (i) Plus Quantity | Minus Value |
| (ii) Plus Quantity | Nil Value |
| (iii) Nil Quantity | Plus Value |
| (iv) Nil Quantity | Minus Value |
| (v) Minus Quantity | Plus Value |
| (vi) Minus Quantity | Minus Value |
| (vii) Minus Quantity | Nil Value |

These balances arise in the ledger as:

(i) Stores documents are not promptly priced and posted chronologically in the ledger. Priority also not given to the posting of receipt documents in the chronological order over the issue documents.

(ii) Monthly Average Ledger Rates are not worked out every month.

(iii) Receipt adjustments including counter adjustments are not countered by adjustment of sine where necessary.

(iv) Prompt action is not taken to obtain the wanting receipt documents.

In the given ledger entries (-) 1400 represents unorthodox balance which has arisen since D/N Z has been wrongly priced @ Rs. 20.00 each instead of Rs. 2.00.

To rectify the error an adjustment voucher say M is prepared and posted in the ledger to make the value balance correct:

Quantity						Value			
Vr. No.	OB	Rt.	Issue	CB	Rate	OB	Rt.	Issue	CB
Rt. Vr.									
No. X	--	500	--	500	2.00	--	1000	--	1000
D/N Y	500	--	200	300	--	1000	--	400	600
D/N Z	300	--	100	200	--	600	--	2000	(-) 1400
Adj Vr.									
M	200	--	200	--	--	(-) 1400	--	(-)1800	400

(Authority: Para 425, 426, 427 OM Part-VI, Vol-I)

- 5 (a) Define Standard Estimates. How are Estimates priced ? Are Standard Estimates necessary for all works carried out in the Factory?

(5 Marks)

Ans. Standard Estimates or rate forms of labour and material are maintained for all the important standard items of manufacture in each factory. These estimates are prepared by the factory after proper time and motion studies and with due allowance for wastage and rejections affording credit for any standard recoveries etc. The percentages of rejections are indicated as 'minimum and 'maximum' percentage.

On receipt of these estimates in Accounts Office for pricing and post audit the 'Labour Section' will verify the labour operations and rates with reference to original sheets of piece work rates, viz. data cards, operations sheets, rate forms etc. as the case may be and levy the D.A. at constant D.A. percentage of the Section. Similarly, the material portion will also be verified by the Material Section. Thereafter, this section will price the materials with the latest monthly average rate or in the absence, with estimates or approximate rates. Finally, 'Costing Section' will levy variable and 'fixed' overheads at the annual budgeted rate. A Summary of the value under 'Labour' together with appropriate levy of Dearness Allowance percentage , materials, variable and fixed overheads will be exhibited on the front page showing the minimum and maximum rate of the estimates with reference to minimum and maximum percentage of rejection.

- (b) From the data given below calculate the estimated price per unit of a store:

Qty. Manufactured	13 Units
Labour Hours	2132.27 hours
Labour Rate	109.89 per hour
Est. Material	273071.36
V.O.H.	83%
F.O.H.	266%

(5 Marks)

Ans.

Labour Hours = 2132.27 hrs. Labour Rate = Rs. 109.89/hr.

Total value of Labour = 2132.27 X 109.89 = 234315.15

Est. Material = Rs. 273071.36

VOH = 83% FOH = 266%

VOH = 83% of Rs. 234315.15 and FOH = 266% of Rs. 234315.15

VOH = Rs. 194481.57 and FOH = Rs. 623278.30

Therefore, Estimated Price = Labour + Material + VOH + FOH

= 234315.15 + 273071.36 + 194481.57 + 623278.30

(All in Rs.)

= Rs. 1325146.38

Est. Price per Unit = Rs. 1325146.38/13 units = Rs. 1,01,934.34

(Authority: Paras 601, 603 OM Part-VI, Vol.II)

6

What are the pre- conditions of pricing of Receipt Vouchers in the Factory? How are Receipt Vouchers pertaining to (i) Local Purchase (ii) Production of own Factory and (iii) Ferrous and Non- Ferous Scrap, priced by the Accounts Office?

(3+2+2+3 = 10 Marks)

Ans.

For proper and quick pricing of Receipt Voucher, it is necessary that Supply Orders, ATS, Priced copies of inter Factory Vouchers paid bills, paid Vouchers/Invoices received from various sources etc. are properly arranged and kept. When a voucher is priced with reference to paid vouchers/priced copies of vouchers received from AO of consignee Factories/Formation, the pricing is viewed as final. In cases where these documents are not available, it is necessary to price the receipt vouchers with reference to the rates in the relevant supply orders, acceptance or tenders, last available rate, rate in the priced vocabulary of Ordnance Stores. Such vouchers are treated as " Provisionally Priced Vouchers". The difference between the value provisionally taken and corrected value is adjusted by making out an adjustment voucher. Consecutive Nos are allotted for Adjustment Vouchers from a Register, where in the serial No. brief particular and amount are recorded.

Method of Pricing Receipt Vouchers

(i) **Local Purchase Stores**

The Receipt Vouchers should be priced by the Accounts Office with reference to the rates quoted on the Supply order including Sales Tax, Excise Duty etc. but excluding Railway Freight/Transportation charges, if any.

(ii) **Production of own Factory**

The receipts under this category (with the exception noted below) should be valued at the actual cost of production as shown in cost cards. In cases where complete costs are not available in time, the vouchers will be priced provisionally at estimated rates noted in the cost cards and modified to the extent necessary with reference to any changes brought to light since the estimation of aforesaid rate.

- (iii) There are two categories of scrap ferrous and non-ferrous scraps. Value of non-ferrous scraps is periodically revised with reference to the orders issued by OFB. Ferrous scraps are also required to be valued based on instructions issued by OFB. The rate quoted on the priced copy of the vouchers received from the Accounts Officers may be different from the rate at which the scraps are revalued by the Accounts Office. The difference is adjustment by means of an adjustment vouchers and booked to Code 27 Adjustment of the P.S.A. Such adjustments are kept out of Production Account. Nonferrous scraps are grouped in 27 grades according to the composition. For the purpose of revaluation of the scrap, the revaluation of virgin metals like zinc, copper etc. will be made based on the rates given in " Eastern Metal Market Review". If the price as on the date notified by the OFB for revaluation is not available, the price as on the nearest date available should be taken. For purposes of pricing, the scraps are divided into a week. The total of the overtime hours worked in a week should be divided into overtime hours under factories Act and departmental overtime.

(Authority: Para 409 (A), 409(B)(i), 409(E) and 409(L) OM Part-VI Vol-I)