

Defence Accounts Department
S.A.S. Examination – Part II

May, 2004

Paper V – Precis Writing and Letter Drafting

Time Allowed: 3 Hours

Total Marks : 150

Note:-

- (1) Question No.1 is COMPULSORY. Answer any TWO of the other three questions.
(2) In Question No.1, 15 marks are assigned for the title and summary of points and 35 marks for the précis proper.
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Q.1. Prepare a précis of the letters marked I to V below and also write down summary of points for briefing your Jt. CDA. Also suggest a suitable title. **(50 Marks)**

I

No.8(3)/2001/D(Pay/Services)
Government of India
Ministry of Defence
New Delhi, the 27th December, 2001

To

The Chief of Army Staff
The Chief of Air Staff
The Chief of Naval Staff

Sub: OP PARAKRAM-Concessions to Armed Forces Officers, Personnel Below Officer Rank and NCsE.

Sir,

I am directed to convey the sanction of the President to the grant of following concessions to Armed Forces Officers, Personnel Below Officer Rank, NCsE (including personnel of the Army Postal Service, DSC) who have been deployed/mobilized on OP PARAKRAM.

- (a) Field Service Concessions as per Annexure 'A' of this Ministry's letter No.A/02854/AG/PS-3(A)/97-S/D(Pay/Services), dated 25th January, 1964 and corresponding orders for Air Force and Naval Personnel and Field Area Allowance at the rates promulgated vide Min. of Defence letter No.1(26)/97/XX/D(Pay/Services) 29th February, 2000.
- (b) Liberalised Pensionary Awards subject to the conditions laid down in Para-1 of this Ministry's letter No.200847/Pen-C/71 dated 24th February, 1972, letter No. 1(5)/87/D(Pen/Services) dated 30th October, 1987 and letter No.1(2)/97/D(Pen-C) dated 31st January, 2001 as amended from time to time. Death and disability cases during and after mobilization will be treated as category D and E as given vide para 4.1 of Ministry of Defence letter No.1(2)/97/D(Pen-C) dated 31st January, 2001.

- (c) Ex-gratia awards as per this Ministry's letter No.20(1)/98/D(Pay/Services) dated 22nd September, 1998 as amended vide letter No.20(1)/98/D(Pay/Services) dated 12th April, 1999 and No.20(1)/98/D(Pay/Services) dated 3rd August, 1999.
- (d) The units/formations which have been deployed for this operation will be notified by the respective Headquarters Command and intimated to the CGDA, Director of Audit, CsDA and all concerned along with the date of such deployment.

2. The units/formations deployed in for this operation will adopt War System of Accounting as laid down in this Ministry's letter No.A/16346/4/AG/PS-3(d) (Pay/Services) dated 11th May, 1977 as amended from time to time for the duration of the operation. Only those static establishments/installations that are on War Establishment, if deployed in support of the above operation, will be covered under the provisions of War System of Accounting.

3. The above concessions will be valid wef 19th December, 2001 for a period of three months or till the termination of the Operation, whichever is earlier and cover all troops deployed/mobilized for the operation irrespective of the geographical area of the deployment.

4. Troops deployed on LC/LAC/IB will continue to be entitled to the grant of Highly Active Field Area Allowance (HAFAA) instead of Field Area Allowance in terms of Ministry of Defence letter No.1(26)/97/XX/D(Pay/Services) dated 29th February, 2000 as amended from time to time, read with letter No.8(3)/2000/D(Pay/Services) dated 24th May, 2001 as amended.

5. The concessions under OP Rakshak introduced vide Ministry of Defence letter No.8(1)/90/D(Pay/Services) dated 7th May, 1990 and Air HQ/S 24016/41/1/PP & R-1/2389/S/D (Pay/Services) dated 5th June, 1990 and those under OP PARAKRAM being promulgated under this letter would not be admissible concurrently.

6. This issues with the concurrence of Finance Division of this Ministry vide their U.O. No.1325-AG(PA) dated 27th December, 2001.

Your faithfully,
Sd/-
Director (AG)

Copy to:
As per standard distribution list.

II

No.8(3)/2002/D(Pay/Services)
Government of India
Ministry of Defence
New Delhi, the 5th July, 2002

CORRIGENDUM

Subject: OP Parakram – Concessions to Armed Forces Officers, PBORs and NCs(E).

This Ministry's letter No.8(3)/2001/D(Pay/Services) dated 27th December, 2001 on the above subject is amended as follows:-

Para 2 may be substituted as under:

The Units/formations deployed/mobilized for this operation will adopt War System of Accounting as laid down in this Ministry's letters No.A/16346/4/AG/PS-3(D)/480 dated 11th May, 1977, No.Air HQ/25616/137/D Accts./PC2/2417/D(Air-IV) dated 2nd August, 1976 and Chapter 42 of IAP 1501 as amended from time to time for the duration of the operation. Similarly, the Ships/Submarines and Units deployed in this operation will also adopt War Accounting System as laid down in Appendix IX of INBR 12 as amended from time to time. For the Army only those static establishments/Installations that are on war establishment, if deployed/mobilized in support of the above operations will be covered under the provisions of War System of Accounting. For the Air Force, List of the units authorized for adoption of war system of accounting will be notified by the AOC-in-C, Command. The War/Simplified System of Accounting will be applicable for the duration of the operation.

2. In para 3

FOR 19 December, 2001

READ 14 December, 2001

3. In first line of para 4

FOR Troops

READ Armed Forces Personnel

4. This Issues with the concurrence of Finance Division of this Ministry vide UO No.675-AG/PA dated 2.7.2002.

Sd/-
Under Secretary to the Government of India

To

The Chief of Army Staff
The Chief of Air Staff
The Chief of Naval Staff

Copy to: As per standard distribution

III

Addl. Directorate General of
Personnel Services
Adjutant General's Branch,
Army Headquarters
DHQ PO, New Delhi-110 011
13 Feb 2003

B/25531/5/AG/PS-3(A)

Headquarters
Southern Command 'A'
Eastern Command 'A'
Western Command 'A'
Northern Command 'A'
ARTRAC, Shimla

GRANT OF FIELD SERVICE CONCESSIONS TO TROOPS DEPLOYED ON OP PARAKRAM

1. Reference Min. of Defence letters No.8(3)/2001/D(Pay/Services) dated 27th December, 2001.
2. It is learnt that personnel of units mobilized for OP Parakram but not actually moved have been included in the quarterly Corps Notification in some cases thereby entitling them to Field Area Allowance and other field service concessions. This is an incorrect practice and will be viewed seriously by audit authorities. Part II order entitling all ranks the Field Area Allowance can be published only in respect of those personnel who have physically moved out of their existing stations. Inclusion of non-entitled personnel is against the spirit of Govt orders and will invite audit observations. This will also be against the larger interests of the Service in further processing of cases regarding various benefits to our personnel.
3. Commands HQ are requested to ensure that only those units/fmns which were/are actually deployed and moved out of their permanent locations are included in the Corps Notifications for entitlement of SCCIA.

Sd/-
Director PS-3
For Adjutant General

Copy to: All lines Dtes

IV

No.8(3)/2001/D(Pay/Services)
Government of India
Ministry of Defence
New Delhi, the 23rd June, 2003

To

The Chief of Army Staff

The Chief of Air Staff

The Chief of Naval Staff

Subject: Extension of concessions to Armed Forces Officer & Personnel Below Officer Rant and NCs(E) with reference to Government's letter No.8(3)/2001/D(Pay/ser) dated 27th December, 2001.

Sir,

I am directed to refer to this Ministry's letter No.8(3)/2001/D(Pay/Services) dated 26th March, 2003 on the above subject and to convey the sanction of the President to the continued grant of concessions mentioned in this Ministry's above mentioned letter for a further period of three months beyond 18th June, 2003 or until further orders.

2. This issues with the concurrence of Finance Division of this Ministry vide their ID No.650/AG/PA dated 23rd June, 2003.

Yours faithfully,
Sd/-

Under Secretary to the Government of India

Copy to:

CGDA, New Delhi

Director (Fin/AG)

CDA(O) Pune

CDA(Navy), Mumbai

PCDA(Western Command), Chandigarh

Dy. CDA(AF), Subroto Park, New Delhi

PCDA(Northern Command), Jammu

PCDA(Central Command), Lucknow

CDA, Patna C

DGA(DS), New Delhi

CDA(P) Allahabad

CDA(AF), West Blk, RKPuram, New Delhi

CDA Chennai

CDA Guwahati

CDA Bangalore

CDA Jabalpur

DA(Army), Meerut Cantt.

PCDA(Southern Command), Pune

CDA, Secunderabad

Director of Accounts (Postal), APS Accounts Section, Nagpur

ARMY HEADQUARTERS – AG/PS-3(A)

NAVAL HEADQUARTERS – DPA

AIR HEADQUARTERS – PP & R

CDA(HQ), New Delhi

Director, AG/Org.3, West Block-3, R.K.Puram, New Delhi

Asstt. Director (D), 010 Director ARO, DG of Security, Cabinet Secretariat, East Block-S, R.K.Puram, New Delhi.

No.B/25531/5/AG/PS-3(a)

10 Nov. 03

ADJUTANT GENERAL'S BRANCH
PS-3(A)
DRAFT PARAGRAPH OF THE C & AG FOR THE YEAR ENDING 31 MAR 01

1. Reference your ID No.16(2)/2003/D(Pay/Services) dated 3 Sep 2003.
2. The Draft Audit Para No.DP-145/2002-03(47/2002-03) has been analysed in terms of the documents indicated therein. Army HQ have the following observations on the contents of the DAP:
 - (a) In terms of MOD letter dated 27 Dec 01 all the troops deployed/mobilized for OP PARAKRAM will be entitled to various Field Service Concessions listed in the Govt letter irrespective of the geographical area of deployment.
 - (b) Mobilisation implies moves of units and/or personnel thereof under OP PARAKRAM that involves physical movement from their existing locations. Personnel involved in such a mobilization will be entitled to FSC for the period they remain mobilized.
 - (c) Deployment implies change in the state of readiness of the personnel and/or units from peace time mode to operation mode. It may or may not involve movement away from their existing locations. All units/personnel so deployed will be entitled to FSC for the period they remain deployed.
 - (d) Army HQ letter B/25531/5/AG/PS-3(a) dated 13 Feb 2003 has emphasized the mobilization aspect relating to movement out of their permanent location. The letter has not adequately clarified the deployment aspect which has led to some doubts and the DAP under consideration.
3. Action taken in respect of the 05 units listed in the Draft Audit Para, is as under:
 - (a) GE(A) Barmer is under the control of HQ Southern Command. They have intimated that the Unit was not mobilized in OP PARAKRAM and hence they have cancelled the Part-II Orders and have initiated action for recovery of Field Area Allowances paid.
 - (b) The other four Units are under the control of HQ Western Command. They have intimated that Part-II orders of only those fmns/units mobilized/deployed for OP PARAKRAM as per Govt. of India letter dated 27 Dec 01 have been published. They have also intimated that orders have been issued authorizing payment of Composite Field Area Allowance only up to 18 Dec 02. Beyond this date Units have been directed to publish Part II orders only in respect of personnel deployed in de-mining operations. In respect of Static Fmns/Units the Command orders stipulate that the strength of the

detachments was to be authenticated by the Cos. Orders have already been issued for cancellation of any Part II orders in respect of other personnel if published.

4. MOD are requested to take necessary action and send a suitable reply to the DGADS regarding the Draft Audit Para.

5. This has the approval of ADG PS.

Sd/-
Director PS-3

Dir (AG). MOD

ANSWER:

Title – “Grant of various concessions to units/personnel deployed on OP Parakram”

Summary of Points

1. A letter issued by Ministry of Defence on 27.12.2001 sanctioning various Concessions to Armed Forces officers, PBORs, NCsE, etc. who have been deployed/mobilized on OP Parakram, valid for 3 months or till the termination of the Operation, w.e.f. 19.12.2001.
2. A corrigendum to the MoD letter dated 27.12.2001 substituting para 2 of the letter and preponing the effective date of the order from 19 December 2001 to 14 December, 2001, etc was issued by MoD on 5.7.2002.
3. AG's Branch, Army HQ issued a letter to all Command HQs to ensure that only those Troops of units/frms which are actually deployed in OP Parakram and have moved out of their permanent locations, are included for Field Service Concessions.
4. Extension of grant of concession for a further period of 3 months beyond 18.6.03 or until further orders, sanction letter issued by MoD on 23.6.03.
5. Draft reply on Draft Paragraph of the C&AG for the year ending 31 Mar 01 intimating their views and Action taken by AG's Branch to Ministry of Defence for taking necessary action/sending a suitable reply to DGADS.

Precis

Govt. of India, Ministry of Defence vide their letter dated 27.12.2001 conveyed the sanction of the President for the grant of (a) Field Service Concessions, (b) Liberlised Pensionary Awards, and (c) Ex-gratia awards, admissible according to the corresponding orders and rates promulgated for Army, Navy & Air Force, to Armed Forces Officers, Personnel Below Officer Rant, NCsE (including personnel of the Army Postal Service, DSC), who have been deployment.

Vide para 2 of the said letter, it was stated that these units/frmnns deployed for this operation would adopt War System of Accounting as per prevailing orders. The validity of the above concessions was for a period of three months w.e.f 19.12.2001 or till the termination of the Operation, whichever is earlier and covered all troops mobilized for the operation irrespective of the geographical area of the deployment. Further, Troops (amended to read as Armed Forces personnel, vide letter dated 5.7.2002) deployed on LC/LAC/IB would continue to be entitled to the grant of Highly Active Field Area Allowance (HAFAA) instead of Field Area Allowance. The concessions under OP Rakshak AND OP Parakram being promulgated would not be admissible concurrently.

Para 2 of above letter was amended stating the units/frmnns deployed/mobilized for this operation will adopt War System of Accounting as laid down in Ministry's order dated 11.5.77, 2.8.76 and Chapter 42 of IAP 1501 for the duration of the operation. For the Air Force, list of units authorized for adoption of war system of accounting will be notified by the AOC-in-C Command, The effective date for the admissibility of the concessions was also amended from 19.12.01 to 14.12.01. Army HQ, vide their letter dt. 13.2.2003 addressed to all Command HQrs. Clarified that it is incorrect that if the troops are being made entitled for Field Area Allowance and other Field Service Concessions only when they are mobilized for OP Parakram but not actually moved for the same such instances would be viewed seriously by Audit authorities. Command HQrs were requested to ensure that only those units/frmnns which were actually deployed and moved out of their permanent locations were included. Continuance of concessions, in response to MoD letter dt. 26.3.03, for a further period of 3 months beyond 18.6.03 or until further orders, was granted vide GOI letter dt. 23.6.03.

AG's Branch with the approval of ADG PS, have analysed the Draft Audit Para and conveyed Army HQ's views that (a) all the troops deployed/mobilized for OP Parakram are entitled to various FSC irrespective of the geographical area of deployment, (b) Personnel involved in mobilization i.e. physical movement from their existing locations, are entitled to FSC for the period they remain mobilized, (c) Deployment implies change in the state of readiness of the personnel and/or Nitis from peace to operations mode and may not involve movement away from their existing locations, entitling them to FSC for the period of deployment, (d) Deployment aspect is not adequately clear in the Govt. letter, Further, Action taken in respect of 5 units listed in the Draft Audit Para, has been intimated by Army HQ stating that one Unit under the control of HQ Southern Command was not mobilized in, OP Parakram and therefore, action to recover Field Area Allowance paid, has been initiated. Regarding the other four Units under the control of HQ Western Command, it is stated that orders have been issued authorizing payment of Composite Field Area Allowance only upto 18.12.2002. Beyond this date, Units/personnel deployed in demining operations are to be authorized. In respect of Static frmnns/units, strength of the detachments was to be authenticated by the COs. For others, orders have been issued for cancellation of any Part-II order, if published. Army HQ have requested MoD to take necessary action/send a suitable reply to DGADS regarding the Draft Audit Para.

Q.2 Draft a DO letter from your Controller to Pr. Controller of Accounts (Fys), Kolkata highlighting the following observations for taking up with DGOF for him to initiate corrective action in order to ensure optimal utilization of stores.

It was observed during the internal audit of store accounts of HVF, Avadi that 32 items of stores valuing Rs.6.15 crores, procured for Vijayanta/BLT, Kartik/VRP etc. equipment, have not been utilised for considerable period, with last dates of transaction ranging between 23.9.1986 and 10.11.1998. These items of stores were ultimately declared as not required for production purposes. The items could neither be transferred to sister factories for gainful utilization nor disposed off by public auction/sale even after a lapse of more than 5 to 15 years. As a result, the same are lying in the factory as blocked inventory without any prospect of gainful utilization.

Similarly, 21 items of stores valuing Rs.3.19 crores, have been declared as serviceable for utilization, although most of these items have not been gainfully utilized in production since long, with last transaction dates ranging between 1.5.1990 and 5.7.2000. These items are, thus, lying as blocked inventory and are reflected as non-moving item of stores in the books of accounts of HVF, Avadi.

(50 Marks)

ANSWER:

**XYZ
C.D.A.**

DO No. _____
Office of the Controller of Defence Accounts

Dated: May, 2004

Dear Sir,

I would like to draw your kind attention towards abnormal delay in utilization/disposal of the stores held by Ordnance Factories for a long period. Some instances have come to notice during the internal audit of stores accounts of HVF, Avadi. For example, 32 items of stores amounting Rs. 6.15 crores, were procured for Vijayanta/BLT, Kartik/VRP, etc. between the year 1986 to 1998 but even after a lapse of more than 5-15 years, these items of stores could not be utilized and ultimately declared as not required for production purposes. Similarly, 21 items of stores valuing Rs.3.19 crores, declared as serviceable for utilization, have not been utilized gainfully since long, say 4-5 years, and are lying as non-moving item of stores in the books of HVF, Avadi. HVF, Avadi, have not taken any action to transfer these stores to sister factories for gainful utilization or dispose off by public auction/sale.

2. It is worth mentioning here that holding of blocked inventory is in no way useful because it may lead to deterioration in the condition of stores as well as involve expenditure on maintenance and care and custody. For this, Ordnance Factories Board is required to take immediate action for prompt utilization of serviceable stores or early disposal of the unwanted stores.

3. In order to ensure optimal utilization of stores, it is requested that the matter may kindly be taken up with DGOF for taking corrective action at their end.

With regards.

Yours sincerely,

(XYZ)

Sh. ABC
Pr. Controller of Accounts (Fys)
Kolkata.

Q.3 During the course of audit of final bills amounting to Rs.136.54 lakhs (Rs.78.07 lakhs and 58.47 lakhs) of conservancy charges for conservancy services rendered by Cantonment Board to the Station HQs Kirkee and Ammunition Factory Kirkee, it was noticed that the full cost of usage of vehicles was charged to Station HQs Kirkee as well as Ammunition Factory Kirkee though the same vehicles were used for both the units. It was suggested by the Local Audit Officer that since the same vehicles were used for both the units, proportionate cost should be charged.

Draft a report from JCDA(SC) to Station HQs Kirkee and Ammunition Factory to consider the above quoted Financial advice for acceptance so that greater economy can be achieved in public expenditure.

(50 Marks)

ANSWER:

No. _____

Office of the JCDA(SC)

Dated: 24.03.2004

To

1. The OC
Station HQ, Kirkee
2. The O i/c
Ammunition Factory, Kirkee

Subject: Financial Advice on Conservancy Services

It has been observed, during the course of audit of final bills of conservancy charges for conservancy services rendered by Cantonment Board to the Station HQ Kirkee and Ammunition Factory, Kirkee, by the Local Audit Officer that the vehicles have been in user of the two above stated Units and the full cost of usage of the vehicles is being charged to both the Units. This has been considered irregular and it has been suggested by the LAO that proportionate cost of usage of the vehicles should be charged from the Units by which the vehicles are used. It is therefore, requested that the abovesaid financial advice may be accepted to achieve greater economy in public expenditure.

Sd/-
JCDA(SC)

Q.4 You have been posted as SO to a newly established IFA office of SNC where you have reported for duty along with your IFA on the same day. Please draft a letter to the HQrs office requesting for manpower, office furniture, etc. on one hand and about the local CDA office which would provide the accounting and payment cover to you, on the other. Please bring out these and all other relevant requirements which need to be in place for efficient functioning of your office.

(50 Marks)

ANSWER:

No. _____

Office of the IFA(SNC)

Dated: .03.2004

To

HQ SNC

Subject: New Establishment of IFA office.

It may be mentioned that a new IFA office has just been established under the organization of HQ SNC. The IFA alongwith the undersigned, have reported for duty today, i.e. 24.3.2004(FN) and have been taken on the strength with immediate effect.

2. Since, this office is newly established, no proper facility/manpower/ furniture, etc. are available in the office. To execute the office functioning and work, the following staff is required at the earliest:

| | | | |
|--------|--------------------------|---|-----|
| (i) | Dy. IFA, an IDAS Officer | - | One |
| (ii) | Sr. Accts Officer | - | One |
| (iii) | Accounts Officer | - | One |
| (iv) | AAO/SO(A) | - | Two |
| (v) | Sr.Auditor/Auditor | - | Two |
| (vi) | Steno Typist(PA) | - | One |
| (vii) | LDC | - | One |
| (viii) | Peon | - | One |

3. In addition, for the above stated officers/staff, office furniture and fixtures are required to be provided to the office. The detailed requirement will be communicated after due assessment and posting of the officers/staff. Office inventory for personal use of officers and stationary articles normally required in the offices may also kindly be provided at an early date. A detailed list of such item is attached herewith.

4. Further, it is also requested that for providing the accounting and payment cover, this office is required to be attached with a local CDA office to facilitate healthy functioning of the IFA office.

5. In addition, budgetary allocations for setting up other infrastructure and for purchase of office equipment like Fax, Photocopiers, Computers, etc may also be given. The IFA may also be given Head of Deptt/Head of office powers alongwith suitable amount of office contingency.

Sd/-
SO

DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION -PART-II

MAY, 2004

PAPER-VI-BOOK KEEPING WITH ELEMENTS OF COST ACCOUNTING

TIME ALLOWED: 3 HOURS

TOTAL MARKS: 150

NOTES:- Only FIVE questions should be attempted- ONE from Section 'A' and not more than TWO each from Section 'B' and Section 'C'. Question in Section 'A' is COMPULSORY and carries 50 marks. Other questions carry 25 marks each.

Section-'A'

Question-1. On March 31, 2004 the Trial Balance of the ideal Theatre owned by A. Showman was as follows:-

| | Dr. Rs. | Cr. Rs. |
|---|--------------------|--------------------|
| A. Showman-Capital | | 55,000 |
| Drawings | 10,000 | |
| Leasehold Premises-Cost | 22,000 | |
| Theatre Fixtures, Fittings and Furniture-Cost | 15,000 | |
| Buffet Stock March 31,2003 | 1,500 | |
| Buffet Purchases | 14,000 | |
| Buffet Wages | 15,000 | |
| Buffet Takings | - | 38,000 |
| Wardrobe | 20,000 | - |
| Wardrobe Sundry Sales and Hire | - | 6,000 |
| Bank | 19,000 | |
| Cash in hand | 6,000 | |
| Staff Wages- not apportioned to productions | 18,000 | |
| Income-tax Deductions | | 400 |
| General Office Expenses and Insurance | 5,000 | |
| Ground Rent, Rates and Water | 2,500 | |
| Programme Printing | 6,500 | |
| Programme Advertising | | 3,000 |
| Programme Sales | | 16,000 |
| Loans to Players | 2,000 | |
| Expenditure on Forthcoming Productions | 7,500 | |
| Repairs and Renewals | 1,800 | |
| Royalties and performing Rights | 2,000 | |
| Tickets, Vouchers, etc. | 200 | |

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Profit transferred to Profit & Loss Account | 5,600 | 9,500 | | |
| | 18,300 | 40,000 | 18,300 | 40,000 |

**GENERAL PROFIT & LOSS ACCOUNT OF MR. SHOWMAN OF THE YEAR
ENDING 31ST MARCH, 2004**

| | <u>Rs</u> | <u>Rs</u> | | <u>Rs</u> | <u>Rs</u> |
|--|-----------|---------------|---|-----------|---------------|
| To Staff Wages | 18,000 | | By Balance b/d(Weekly theatre) | | 36,700 |
| Less: Charged to Programme | 6,000 | 12,000 | | | |
| To General Office Expenses | | 5,000 | By Profit-Programme | 5,600 | |
| To Ground Rent | | 2,500 | Buffet | 9,500 | 15,100 |
| To Repairs | | 1,800 | By Wardrobe sales & hire | | 6,000 |
| To Royalties | 2,000 | | By Cloak Room Receipts | | 1,800 |
| Less: Royalties prepaid | 800 | 1,200 | By Broadcasting | | 100 |
| To Tickets, vouchers etc; | 200 | | By Unpresented Vouchers not to be presented in future | | 3,000 |
| Add: Tickets outstanding | | | | | |
| | 400 | 600 | | | |
| To Depreciation on Wardrobe | | 10,000 | | | |
| To Depreciation on: Lease hold premises | 2,000 | | | | |
| Furniture | 5,000 | 7,000 | | | |
| To Audit Fee outstanding | | 2,000 | | | |
| To provision for Doubtful Debts required | | 1,000 | | | |
| To Profit transferred to Capital Account | | 19,600 | | | |
| | | 62,700 | | | 62,700 |

BALANCE SHEET OF Mr. A SHOWMAN AS ON 31st March, 2004

| <u>Liabilities</u> | <u>Rs</u> | <u>Rs</u> | <u>Assets</u> | <u>Rs</u> | <u>Rs</u> |
|--|-----------|---------------|--|-----------|---------------|
| Income Tax Deductions | | 400 | Cash in hand | | 6,000 |
| Unpresented vouchers | 11,000 | | Cash at Bank | | 19,000 |
| Less: Written off | 3,000 | 8,000 | Buffer Stock | | 2,000 |
| | | | Royalties prepaid | | 800 |
| Programme Advertising | | | Expenses on Future | | |
| Received in advance | | 700 | Productions | | 7,500 |
| Programme Printing | | | Loans to Players | 2,000 | |
| Outstanding | | 200 | Less: Provision for bad & doubtful loans | 1,000 | 1,000 |
| Printing of Tickets & Vouchers outstanding | | 400 | Fixed Assets: | | |
| Audit Fee outstanding | | 2,000 | | | |
| | | 11,700 | Wardrobe | 20,000 | |
| | | | Less: Depreciation | 10,000 | 10,000 |
| Capital | 55,000 | | | | |
| Add: Net Profit for year | 19,600 | | Theatre Fixtures | 15,000 | |
| Less: Drawing during the year | 10,000 | 64,600 | Less: Depreciation | 5,000 | 10,000 |
| | | | | | |
| | | | Lease hold Premises | 22,000 | |
| | | | Less: Depreciation | 2,000 | 20,000 |
| | | 76,300 | | | 76,300 |

SECTION-B

Question-1

According to the Cash book of Ajay there was a favourable balance of Rs. 1,200 on June 30, 2002 in his business Bank Account. However, according to his Bank Statement the account was overdrawn.

On investigation it is found that:

- (i) The receipts column of the Cash Book has been overcasted by Rs. 1,100.
- (j)
- (ii) Cheques drawn and entered in the Cash Book in June, 2002 amounting to Rs.1,670 were not presented until July, 2002
- (iii) Discount received from a supplier of Rs.100 had been included with the cheque entered in the Bank Column of the Cash Book in April, 2002
- (iv) An account of Rs.750 paid directly into Ajay's account by a customer was not entered in the Cash Book.
- (v) A cheque payment of Rs.1,230 in April, 2002 had been entered in the Cash Book as Rs.1,320.
- (vi) The bank had charged the business account with a cheque for Rs.2,200 in February 2002, which should have been passed through Ajay's private account.
- (vii) Bank charges of Rs.80 on December 31, 2001 and Rs.100 on June 30, 2002 had not yet been entered in the Cash Book.
- (viii) Cheque to the value of Rs. 3780 received from customers were recorded in the Cash Book on June 28, 2002 but not entered by the bank until July 2, 2002.

You are required to make appropriate adjustment in the Cash Book as at June 30, 2002 and prepare a statement reconciling the adjustment Cash Book balance with the balance shown by the Bank Statement.

(25 Marks)

Ans.

In the Books of Ajay BANK RECONCILIATION STATEMENT

As on June 30, 2002(Without adjustment in Cash Book)

| | Particulars | Rs. | Rs. |
|-------|---|-------|------|
| | Balance as per the Cash Book(Cr.) | | 1200 |
| (ii) | Cheque drawn but yet to presented | 1,670 | |
| (iii) | Discount received wrongly posted to the | 100 | |

| | | | |
|---|---|-------|--------------|
| | bank column of the Cash Book | | |
| (iv) | Direct deposit by customer into the Bank not yet entered in the Cash Book | 750 | |
| (v) | Cheque payment of Rs.1,230 wrongly posted to the Cash Book as Rs.1,320 | 90 | 2610 |
| | | | 3810 |
| Less | | | |
| (i) | Receipt column of the Cash Book has been overcast | 1,100 | |
| (vi) | Bank had charged the business account instead of private account | 2,200 | |
| (vii) | Bank charges not entered in the Cash Book(80+100) | 180 | |
| (viii) | Cheque deposited but not yet posted to the Cash Book | 3,780 | 7,260 |
| Bank overdraft as per the Pass Book(Dr.) | | | 3,450 |

(b) For preparation of the Bank Reconciliation Statement after adjustment of Cash Book, a Cash Book(Amended) (with Bank Column only) is drawn up, and (i) errors in the Cash Book and (ii) item not posted in the Cash Book are entered into it.

- (i) there is an excess debit in the Cash Book and hence Rs.1,100 is to be credited to the Cash Book.
- (ii) Rs.1,670 has already been entered in the Cash Book and hence no adjustment is needed in the Cash Book.
- (iii) Rs.100 has been wrongly credited to Cash Book and hence Cash Book is to be debited by Rs.100.
- (iv) Cash Book is to be debited with Rs.750 and customer is to be credited with Rs. 750, since it has not been entered in the Cash Book.
- (v) Cash Book is to be debited by Rs.90 since the error is on the payment side of the Cash Book.
- (vi) No adjustment is needed in the Cash Book since there is an error of Pass Book.
- (vii) Bank Charges Account and Cash Book are to be debited and credited respectively with Rs.180, since these have not been entered in the Cash Book.
- (viii) No adjustment is required for Rs.3,780 in the Cash Book since it is already entered in the Cash Book.

Thus the solution will be as follows:

In the Books of Ajay
CASH BOOK (AMENDED)
(BANK COLUMN ONLY)

| Dr. | | | | | | | Cr. |
|----------|-------------------------------------|------|--------------|----------|-----------------------|------|--------------|
| Date | Particulars | L.F. | Rs. | Date | Particulars | L.F. | Rs. |
| 2002 | | | | 2002 | | | |
| June, 30 | To Balance b/d | | 1,200 | June,30 | By Bank Charges A/c | | 180 |
| June, 30 | To Customer A/c (Direct deposit) | | 750 | June, 30 | By Error(Overcasting) | | 1,100 |
| June, 30 | To Discount Received A/c | | 100 | June, 30 | By Balance c/d | | 800 |
| June, 30 | To Errors | | 90 | | | | |
| | | | 2,140 | | | | 2,140 |

BANK RECONCILIATION STATEMENT
As on June 30, 2002

| Particulars | Rs. | Rs. |
|--|-------|--------------|
| Bank balance according to the amended Cash Book | | 860 |
| Add: (i) Cheque drawn but yet to be presented | | 1670 |
| | | 2,530 |
| Less: (vi) Bank Charges business account instead of X's Personal A/c | 2,200 | |
| (viii) Cheque received but not yet recorded | 3,780 | 5980 |
| Bank overdraft according to the Pass Book | | 3,450 |

Question-2:

Correct the following errors found in the books in Mr. Dutt the trial Balance was out by Rs.493. excess credit. The difference has been posted to Suspense Account:

(25 Marks)

- (i) An amount of Rs.100 was received from D. Das on 31st December, 2000, but had been entered in the Cash Book on 4th January, 2001.
- (ii) The total of Returns Inward Book for December had been cast by Rs.100 short.
- (iii) The purchase of an office table costing Rs.300 had been passed through the Purchases Day Book.
- (iv) Rs.375 paid for Wages to workmen for making showcases had been charged to Wages Account.

- (v) A purchase of Rs.67 had been posted to the creditor's account as Rs.60.
- (vi) A cheque for Rs.200 received from P.C. Joshi had been dishonoured and was passed to the debit of " Allowances Account".
- (vii) Rs.1,000 paid for the purchase of a motor cycle for Mr. Dutt had been charged to Miscellaneous expenses Account".
- (viii) Goods amounting to Rs.100 had been returned by a customer and were taken into stock, but no entry in respect thereof was made in the books.
- (ix) A sale of Rs.200 to Singhi & Co. was wrongly credited to their account.

Ans.-2

- (i) The following entry should be passed on 31 December, 2000:

RECTIFYING JOURNAL ENTRIES

| Errors | Particulars | L.F. | Rs. Dr. | Rs. Cr. |
|--------|---|------|---------|---------|
| (i) | Bank ...Dr. To D. Das (Being the amount received) | | 100 | 100 |

The entry already passed in the Cash Book on 4th January, 2001 will be reversed by entering on the credit side of the Cash Book: " By D. Dass (to reverse entry wrongly passed on 4th January) Rs. 100"

| Errors | Particulars | L.F. | Dr. Rs. | Cr. Rs. |
|--------|--|------|---------|---------|
| (ii) | Returns Inward A/c ...Dr To Suspense A/c (Being the mistake in totalling the Returns Inward Book corrected) | | 100 | 100 |
| (iii) | Furniture A/c ...Dr To Purchase A/c (Being the rectification of mistake by which purchase of furniture was entered in Purchases Book and hence debited to Purchases Account) | | 300 | 300 |
| (iv) | Furniture A/c ...Dr To Wages A/c (Being the wages paid to workmen for making showcases which should be capitalised and not charged to Wages Account) | | 375 | 375 |

| | | | | |
|--------|---|--|-------|-------|
| (v) | Suspense A/c ...Dr To Creditor's (Personal) A/c (Being the mistake in crediting the Creditor's Account less by Rs. 7 now corrected) | | 7 | 7 |
| (vi) | P.C. Joshi ...Dr To Allowances A/c (Being the cheque of P.C. Joshi dishonoured previously debited to Allowances Account) | | 200 | 200 |
| (vii) | Drawings A/c ...Dr To Miscellaneous Expenses A/c (Being the motor cycle purchased for Mr. Dutt debited to his Drawings Account instead of Miscellaneous Expenses Account as previously done by mistake) | | 1,000 | 1,000 |
| (viii) | Returns Inward A/c ...Dr To Suspense A/c (Being the returns by not previously recorded) | | 100 | 100 |
| (ix) | Singhi & Co. A/c ...Dr To Suspense A/c (Being the correction of the mistake by which the Amount of Singhi & Co. was credited by Rs.200 instead of being debited) | | 400 | 400 |

SUSPENSE ACCOUNT

| Dr. | | | Cr. | | |
|------------|--------------------------------|------------|------------|-----------------------|------------|
| Date | Particulars | Rs. | Date | Particulars | Rs. |
| 2000 | | | 2000 | | |
| Dec 31 | To Difference in Trial Balance | 493 | Dec. 31 | By returns Inward A/c | 100 |
| Dec 31 | To Creditor's A/c | 7 | Dec. 31 | By Singhi & Co. | 400 |
| | | 500 | | | 500 |

Question-3:

A company purchased a second hand machine on 1st January, 1995 for Rs.37000 and immediately spent Rs.2,000 on its repairs and Rs.1,000 on its erection. On 1st July, 1996, it purchased another machine for Rs.10,000. On 1st July 1997, it sold off the first machine for Rs.25,000 and bought another for Rs.30,000. Depreciation was provided on the machinery at the rate of 10% per annum on the original cost annually on 31st December. With effect from 1st January, 1998 the company changed the method of providing depreciation and adopted the written-down-value method rate of depreciation being 15% per annum.

Prepare Machinery Account for years (From 1995 to 1998)

(25 Marks)

Ans. 3

MACHINERY ACCOUNT

| Date | Particulars | Rs. | Date | Particulars | Rs. |
|-------------|-----------------------|---------------|-------------|--|---------------|
| 1995 | | | 1995 | | |
| Jan. 1 | To Bank (cash) | 37,000 | Dec. 31 | By Depreciation (10% of Rs. 4,000) | 4,000 |
| Jan. 1 | To Bank(repairs) | 2,000 | | | |
| Jan. 1 | To Bank(installation) | 1,000 | Dec. 31 | By Balance c/d | 36,000 |
| | | 40,000 | | | 40,000 |
| 1996 | | | 1996 | | |
| Jan. 1 | To Balance b/d | 36,000 | Dec.31 | By Depreciation (10%) (4,000+500) | 4,500 |
| July | To Bank | 10,000 | Dec. 31 | By Balanced c/d (32,000+9,500) | 41500 |
| | | 46,000 | | | 46,000 |
| 1997 | | | 1997 | | |
| Jan. 1 | To Balance b/d | 41,500 | July 1 | By Depreciation | 2,000 |
| July 1 | To Bank | 30,000 | July 1 | By Bank | 25,000 |
| | | | July 1 | By Profit & Loss A/c(Loss) | 5,000 |
| | | | Dec. 31 | By Depreciation (10%) (1,000+1,500) | 2,500 |
| | | | Dec. 31 | By Balance c/d (8,500+28,500) | 37,000 |
| | | 71,500 | | | 71,500 |
| 1998 | | | Dec. 31 | By Depreciation (15%) (1,275+4,275) | 5,550 |
| | | | Dec. 31 | By Balance c/d (7,225 +24,225) | 31,450 |
| Jan. 1 | By Balance b/d | 37,000 | | | |

37,000

1999 **37,000**

Jan. 1 To Balance b/d 31,450

Question-4:

The following account of receipts and payments has been drawn up from the cash book of Delhi Cricket Club for the year ended 31st December, 2003:-

(25 Marks)

Ans. 4

RECEIPT AND PAYMENTS ACCOUNT

Receipts

| Dr. | Rs. |
|-----------------------------|---------------|
| To Balance brought forward | 500 |
| To Gate receipts | 3,500 |
| To Entertainment Tax fees | 500 |
| To Subscriptions: | |
| Playing members last year | 400 |
| Playing members this year | 6,000 |
| Hon. Members last year | 200 |
| Hon. Members this year | 1,000 |
| Hon. Members next year | 300 |
| To Dividend from investment | 25 |
| | 12,425 |

Payments

| Cr. | Rs. |
|--|---------------|
| By rent | 1,200 |
| By Municipal Tax | 480 |
| By printing | 800 |
| By Wages | 1,200 |
| By Repairs to pavilion | 210 |
| By Stationery and Postages | 280 |
| By Matting wicket and accessories | 220 |
| By Extension of pavilion and seating accommodation | 1,960 |
| By Players' Traveling Expenses | 500 |
| By Bat, Ball etc. | 450 |
| By Balance | 5,125 |
| | 12,425 |

An examination of the invoices, vouchers and other records discloses the following information:

Rent has only been paid for the three quarters ended 30th September, 2003. Municipal Tax has been paid in advance to the extent of Rs.120. There is Rs.180 owing for wages and umpires fees, and an account for Rs.50 in connection with Bats, Balls, etc. is still outstanding. Playing member's subscriptions are in arrear for the year to the extent of Rs.300 and the amount still owing by Hon. Members is Rs.500.

Make out an Income and Expenditure Account for the year ended 31st December, 2003.

INCOME & EXPENDITURE ACCOUNT

Dr.

Cr.

| Expenditure | Rs. | Rs. | Income | Rs. | Rs. |
|--------------------------------------|------------|---------------|--------------------|------------|---------------|
| To Rent | 1,200 | 1,600 | By Gate Receipts | | 3,500 |
| Add: Outstanding | 400 | | | | |
| To Municipal Tax | 480 | | By Dividend from | | 25 |
| Less: Prepaid | 120 | 360 | Investments | | |
| To Printing | | 800 | By Subscription of | 6000 | 63,00 |
| | | | Playing members | 300 | |
| | | | Add: Outstanding | | |
| To Wages | 1,200 | | | | |
| Add: Outstanding | 180 | 1,380 | | | |
| To Repairs to Pavilion | | 210 | By subscription of | 1000 | 1500 |
| | | | Honorary members | 500 | |
| | | | Add: Outstanding | | |
| To Stationery and Postage | | 280 | | | |
| To Player's Travelling Expenses | | 500 | | | |
| To Matting wicket and Accessories | | 220 | | | |
| To Bats, Balls etc. | 450 | 500 | | | |
| Add: Outstanding | 50 | | | | |
| To Excess of Income over expenditure | | 5,475 | | | |
| | | 11,325 | | | 11,325 |

SECTION-'C'

Question:-1

X Co. Ltd. had absorbed overheads by means of a blanket rate based on direct labour hours. As from 1st January, 1996, it decides to adopt separate rates for the three main activities- storekeeping and material handling, machining and assembly. The estimates of costs and absorption rates for selling and distribution costs remain unchanged:-

Overhead absorption rates are-

Prior to 1st January, 1996

Production overhead- Re. 0.50 per direct labour hour

Selling and distribution overhead- 25% of production cost

From 1st January, 1996

Production overhead

Storekeeping and material handling - 10% of direct material cost

Machining - Re 0.75 per machine-hour

Assembly - Re 0.30 per labour-hour

Selling and distribution overhead- 25% of production cost

Direct costs of job 101 have been

| | Rs. |
|-------------------------------|------------|
| Direct material cost | 90 |
| Direct wages | |
| Machining 200 hrs. @ Re. 0.60 | 120 |
| Assembly 100 hrs. @ Re 0.40 | 40 |
| | 250 |

Contract price of the Job is Rs.525 and it requires 180 machine-hours to complete.

Show the Job cost sheet for Job 101-

(25 Marks)

- (a) As it would appear if the job had been completed prior to 1st January, 1996.

Ans.(a)

| JOB COST SHEET | | |
|---|-----------------|---------------------------------|
| | | Job. no. 101 |
| Date started 10.12.1995 | | Date finished 12.12.1995 |
| | | Amount |
| | | Rs. |
| Direct material cost | | 90 |
| Direct wages | | |
| Machining | 200 hrs. | 120 |
| Assembly | 100 hrs. | 40 |
| | 300 hrs. | 250 |
| | | |
| Production overhead: | 300 hrs: @ 0.50 | 150 |
| | | |
| Production cost | | 400 |
| Selling and distribution overhead 25% of Rs.400 | | 100 |
| | | |
| | | |
| Total cost | | 500 |
| Profit | | 25 |
| Selling price | | 525 |

(b) SOLUTION

| | | | |
|--|-----|-------------------------|--------------|
| | | | Job. No. 101 |
| JOB COST SHEET | | | |
| Date started-10.1.1996 | | Date finished 12.1.1996 | |
| | Rs. | Rs. | |
| Direct material cost | 90 | | |
| Storekeeping and handling 10% of Rs.90 | 9 | | |
| | | | 99 |
| Machining | | | |
| Direct wages – 200 hrs. @ Re. 0.60 | 120 | | |
| Overhead - 180 hrs. @ Re. 0.75 | 135 | | |
| | | | 255 |
| Assembly | | | |
| Direct wages | 40 | | |
| Overhead | 30 | | |
| | | | 70 |
| Production cost | | | |
| Selling and distribution overhead 25% of Rs. 424 | | | 106 |
| | | | |

| | | |
|---------------|--|-----|
| Total cost | | 530 |
| Loss | | 5 |
| | | |
| Selling Price | | 525 |

Question-2:

From the following information during a period, prepare Process Cost Account for Process I by average method:-

(25 Marks)

| | | |
|--------------------------|--------------|--------|
| Opening stock | 20,000 units | |
| | | Rs. |
| | Material | 4,500 |
| | Wages | 1,300 |
| | Overhead | 800 |
| Units introduced: | 80,000 units | |
| | Material | 18,500 |
| | Wages | 9,200 |
| | Overhead | 6,200 |

During the period 60,000 units were completed and transferred to Process II.

| | | |
|-----------------------|--------------------|----------------------|
| Closing stock: | 40,000 units | Degree of completion |
| | Material | 100% |
| | Wages and overhead | 25% |

Ans. 2.

The process cost sheet under average cost method and process cost account follows:

| PROCESS COST SHEET | | | | | | | Period |
|------------------------------------|--------|----------------|--------|--------------------------|-----|--------|--------|
| (Average Method) | | | | | | | |
| Process I | | | | | | | |
| Opening: 20,000 units | | | | | | | |
| Introduced: 80,000 units | | | | | | | |
| STATEMENT OF EQUIVALENT PRODUCTION | | | | | | | |
| Input | | Output | | Equivalent production | | | |
| Items | Units | Items | Units | Material Lab. & overhead | | | |
| | | | | Units | % | Units | % |
| Opening W.I.P | 20,000 | Opening W.I.P. | 20,000 | 20,000 | 100 | 20,000 | 100 |
| | | (Costs also | 40,000 | 40,000 | 100 | 40,000 | 100 |
| Introduced | 80,000 | added) | 60,000 | 60,000 | 100 | 60,000 | |

| | | | | | | | |
|--------------|----------------|--|-----------------|-----------------|--|---------------|----|
| | | Introduced and completed Transfer to Pr. II Closing W.I.P. | 40,000 | 40,000 | | 10,000 | 25 |
| Total | 1,00,00 | | 1,00,000 | 1,00,000 | | 70,000 | |
| | | | | | | | |

STATEMENT OF AVERAGE COST FOR EACH ELEMENT

| Elements | Opening cost | Cost put in | Total Cost | Equivalent production | Cost per unit |
|----------|--------------|-------------|------------|-----------------------|---------------|
| | Rs. | Rs. | Rs. | Units | Rs. |
| Material | 4,500 | 18,500 | 23,000 | 1,00,000 | 0.23 |
| Wages | 1,300 | 9,200 | 10,500 | 70,000 | 0.15 |
| Overhead | 800 | 6,200 | 7,000 | 70,000 | 0.10 |
| Total | 6,600 | 33,900 | 40,500 | | 0.48 |
| | | | | | |

STATEMENT OF APOINTMENT OF COST

| Items | Elements | Equivalent production | Cost per Unit | Cost | Total cost |
|-------------------------------------|----------|-----------------------|---------------|--------|---------------|
| Completed and transferred | | Units | Rs. | Rs. | Rs. |
| | Material | 60,000 | 0.23 | 13,800 | |
| | Wages | 60,000 | 0.15 | 9,000 | |
| | Overhead | 60,000 | 0.10 | 6,000 | 28,800 |
| Closing Stock | Material | 40,000 | 0.23 | 9,200 | |
| | Wages | 10,000 | 0.15 | 1,500 | |
| | Overhead | 10,000 | 0.10 | 1,000 | 11,700 |
| Total cost during the period | | | | | 40,500 |

| Dr. | PROCESS I ACCOUNT | | Cr. |
|---------------|-------------------|---------------------------|---------------|
| | Rs. | | |
| Opening stock | 6,600 | Completed and transferred | 28,800 |
| Materials | 18,500 | Closing stock | 11,700 |
| Wages | 9,200 | | |
| Overhead | 6,200 | | |
| | 40,500 | | 40,500 |

Question-3

From the following information compute the works cost of production, cost of goods sold, cost of inventories and the profit, with and without interest as an item of cost:

(25 Marks)

| | Rs. |
|------------------------------|----------------------------|
| Direct material | 20,000 |
| Direct labour | 15,000 |
| Factory overheads | 25,000 |
| Production -complete | 25,000 |
| Production-Work in progress | 10,000 units(50% complete) |
| Articles sold | 20,000 units |
| Sale price | 50,000 |
| Interest on capital employed | 6,000(notional charge) |

Ans.3

DEPRECIATION AND INTEREST ON CAPITAL

Solution: (a) When interest is not charged to costs;

| | Rs. | Units produced |
|-------------------------|--------|---|
| Direct material | 20,000 | 25,000+50% of 10,000 = 25,000+5,000 = 30,000 |
| Direct labour | 15,000 | |
| Factory overhead | 25,000 | |
| Work Cost | 60,000 | |

| | | |
|-------------------------------|---|--------|
| Works cost of completed units | = | 50,000 |
| Work in – Progress | = | 10,000 |
| Cost of goods sold | = | 40,000 |
| “ finished stock | = | 10,000 |

So, gross profit = Rs.50,000 – Rs.40,000 = Rs.10,000(Realised)

(b) When notional interest is charged:

| | |
|--|-----------------|
| Total factory cost of production | 66,000 |
| Works cost of completed unit | 55,000 |
| Work-in-progress | 11,000 |
| Finished stock | 11,000 |
| Cost of goods sold | 44,000 |
| Gross profit Rs.50,000-Rs. 44,000 | Rs.6,000 |

(But at the end of the period, the interest applicable to goods sold, that is, Rs. 4,000 is credited to the costing profit and loss account.)

So, the profit is still Rs.10,000.

The inventories may be shown as under:

| | Rs. |
|--------------------------------------|---------------|
| Finished stock | 11,000 |
| Less: unrealized(notional) interest | 1,000 |
| | 10,000 |
| Work- in- progress | 11,000 |
| Less: unrealized(notional) interest | 1,000 |
| | 10,000 |

Question-4:

The tool room of a factory makes and repairs tools and gauges for all departments including general maintenance and repair department. The expenses of the tool room during a four-weekly period are Rs.360 and in addition the tool room received the benefit of 10% of the total services of the general maintenance and repair section. The expenses allocated to general maintenance and repair department during the period were Rs.2,370 excluding 5% of the total services of the tool room.

Calculate the cost of each service department and state the amount to be apportioned to production departments on account of both services.

(25 Marks)

Ans.4

Solution: Let x = total cost of tool room services

$$= \text{Rs.}360 + 1/10(\text{Rs.}2,370 + 1/20x)$$

$$\text{or, } 199/200x = 597 \text{ or, } x = \text{Rs.}600$$

So, Tool room cost = Rs.600, and general maintenance and repair department cost = $2,370 + 1/20(600) = \text{Rs.}2,400$.

The total position would be as follows:

| Department | Total Rs. | Charged to production Rs. | Inter-service Rs. |
|--------------------------------|--------------|---------------------------------|----------------------|
| Tool room service | 600 | 570 | 30 |
| General maintenance and repair | 2,400 | 2160 | 240 |
| Total | 3,000 | 2,730 | 270 |

**Defence Accounts Department
S.A.S. Examination – Part II**

May, 2004

REGULATIONS - Paper VII – PRACTICAL

Time Allowed: 3 Hours

Total Marks : 100

Note:-

- (1) Only TWELVE questions should be attempted – EIGHT from Section I and FOUR from Sections II, III, IV or V as the case may be as specified in Note (2).
 - (2) Candidates permitted to answer questions from Factories, Air Force and Navy portions should answer any FOUR alternative questions from Sections III, IV or V respectively. The remaining candidates should answer any FOUR alternative question from Section II.
 - (3) Each question in Section I carries 8 marks. Questions in Sections II, III, IV and V carry 9 marks each.
 - (4) Reasons must be given in support of the answers and wherever applicable, authority must be quoted in support of the answers.
-

**SECTION I
(Common to ALL CANDIDATES)**

Q.1. (a) Can outstanding licence fee be recovered by PCDA(Pensions) without the consent of the pensioner, if intimated six months after the retirement **(4 Marks)**

(b) Is interest payable on delayed payment of gratuity **(4 Marks)**

Ans: (a) Yes, it can be recovered from the Dearness Relief.
(Rule 72(b)(6) CCS Pension Regulation Rules)

(b) Yes provided the delay is on account of administrative lapses and not or the part of the pensioner.
(Rule 68(1) ibid)

Q. 2 (a) Is Income tax payable on gratuity **(4 Marks)**

(b) From which date and time does superannuation become effective? Are there any exceptions to this rule? When does a person relinquish charge if his date of superannuation happens to be a holiday?

Ans: (a) No Income Tax is payable. **(4 Marks)**

(Rule 50(3) ibid)

- (b) Retirement becomes effective from the afternoon of the last date of the month, except in case of an employee whose date of birth is the first of the following month in which case he shall retire on the afternoon of the last date of the preceding month.

(Rule 35(I) ibid)

Q.3. (a) A person is removed from service for gross misconduct. The nature of misconduct is such that an inference can be drawn that he was dishonest during his service. Can he be granted Compassionate Allowance on grounds of poverty?

(4 Marks)

- (b) What is meant by the expression “maximum family pension”?

(4 Marks)

Ans: (a) There can be seldom be any justification for grant of Compassionate Allowance as poverty is not the consideration in such cases.

(GOI decision under Rule 41 ibid)

- (b) The expression “maximum Family pension” should be understood to mean not only the amount of family pension payable in each case but the maximum family pension admissible under the rules.

(GOI decision under Rule 49 ibid)

Q.4 (a) Does the Government have an absolute right to prematurely retire from service a Govt. servant before the normal date of retirement after he completes a specific length of service

(4 Marks)

- (b) Does the Govt. servant have similar reciprocal rights?

(4 Marks)

Ans: (a) Yes, if the power is exercised in public interest and the laid down procedure is followed.

(Rule 48 ibid & Rule 56(j) ibid)

- (b) Yes, the relevant rules confer reciprocal rights on the employees to seek voluntary retirement after completing certain number of years of service.

(Rule 48&48-A ibid)

Q.5. (a) Would a fresh sanction be necessary to a GOI sanction dated 28.11.03 if only a small part of the expenditure on works is incurred by 01.06.04?

(4 Marks)

- (b) A work is abandoned due to defective design. How will it be dealt with?

(4 Marks)

Ans: (a) No item of expenditure on supervision can be excluded on the plea that it

involved little or no supervision

(Para 310 RMES)

- (b) The GE can issue stores only in public interest for which he must seek the prior approval of the Accepting Officer and the consent of the contractor regarding the rates to be charged. This will be followed by suitable amendment to the contract.

(Para 446 RMES)

Q.6. (a) How serious is the non-adjustment of TBOs in the same financial year? What is the impact of the same on the budget?

(4 Marks)

- (b) A tender received by the Engineering authority is the lowest but contains certain freak rates. Is he bound to reject the same?

(4 Marks)

Ans: (a) This head must close to NIL balance at the end of the financial year. Non adjustment of TBOs leads to a situation where the expenditure remains outside the budget on account of the originating GE having taken the credit without the responding GE accepting the debit for the stores received by him.

(Para 84 OM Pt. VIII)

- (b) The GE has the option to accept or reject the same. In the latter case he must consult the CDA.

(Rule 475 RMES)

Q.7. (a) A bill for Rs.40,000 prepared by the SDO in order to help the contractor who is illiterate is accepted and passed by the AAO(GE). Comment

(4 Marks)

- (b) CE Command calls for cost plus tenders. Comment.

(4 Marks)

Ans: (a) Only bills below Rs.40000/- can be occasionally be prepared by the MES authorities but under the orders of the GE. Hence AAO should not have accepted the bill for payment.

(Para 406 ibid)

- (b) Special tenders such as those of cost plus type, require the prior sanction of the E in C.

(Para 432 ibid)

Q.8. (a) Can receipts and recoveries be utilized to meet the excess expenditure under other grants?

(4 Marks)

- (b) When a staff officer is authorized to sign financial documents on his behalf by the

CFA? Is it incumbent for the CFA to sanction each item of expenditure personally?

(4 Marks)

- Ans:**
- (a) No as re-appropriation is permitted between 'expenditure heads' only.
 - (b) No, it is not necessary for the CFA to sign all sanction personally. However responsibility will be his whenever he authorizes any staff officer to sign financial documents on his behalf.

(Para 65 ibid)

- Q.9.**
- (a) Miss "Y" is transferred from Patna to Bombay and is relieved of her duties on 26.2.04. She joins her new office on 09 March. She complains to CDA that she is aggrieved as she has not been granted her normal increment on the due date i.e. 1.3.04. Comment

(4 Marks)

- (b) How will traveling allowance be regulated in respect of an officer who intends to reside permanently outside India after retirement?

(4 Marks)

- Ans:**
- (a) He is entitled to financial benefit by way of increment from the date she joins duty and not during joining period.

(Rule 26(12) (12) FR&SR Pt.I)

- (b) In such a case travel concession will be admissible upto the railway station nearest to the port of embarkation. In case, the person wishes to travel by air, the concession allowance by road/rail will be admissible upto the airport of empanelment for himself and family and upto the port of dispatch for his personal affects.

(Rule 147(1)(2iv))

- Q.10.**
- (a) The allotment of residential accommodation is cancelled by Director of Estates to an officer who sublets part of his accommodation for use as Computer Training Centre for the benefit of the children of the area. Comment.

(4 Marks)

- (b) Is CCA and HRA payable to government servant who proceeds on leave for 8 months during his training abroad?

(4 Marks)

- Ans:**
- (a) The action is justified as not only was it sublet but it was being used for a purpose other than it was meant.

(Rule 317-B SR(FR&SR Pt.-I)

- (b) CCA or HRA is admissible beyond six months in such cases irrespective of the fact the leave falls within the first six months of the training or immediately after

the completion of the training abroad.

(Rule 6(e)-FR&SR Pt.-V)

Q.11. (a) When can paternity leave be granted to a Govt. employee? Is this leave debited to his account?

(4 Marks)

(b) Can GPF balance be paid to the family of a person who goes missing?

(4 Marks)

Ans: (a) Paternity leave can be granted to a Govt. employee during the confinement of his wife for a period of 15 days. This leave is not debited to the leave account.

(Rule 44(5) (b)FR7SR Pt.III)

(b) Yes. It may be paid to the family as per nomination provided they lodge an FIR with the police to trace the missing employee and obtain a report from the police he is not traceable. Prior to payment an indemnity bond will be taken from the nominee/ dependents that in case he appears it would be adjusted against his dues.

(Rule 11, GID(7), GPF Rules)

Q.12. (a) How is the period of suspension treated, if the Government servant dies during suspension?

(4 Marks)

(b) A person who had earlier taken an advance from GPF for his son's education takes another advance for betrothal of his daughter. From which month will the recovery of the advance be effected?

(4 Marks)

Ans: (a) The period is treated as duty for all purposes. His retirement/leave encashment benefits are admitted under normal rules.

(FR 54-B(2))

(b) When amount is consolidated then recovery of previous advance will continue till next month and the recovery for consolidated amount will commence thereafter.

(Rule 12, GID(10) GPF)

SECTION II

(For candidates other than those from PC of A(Fys), PCDA(Navy) and PCDA(AF) Organisation)

Q.1. (a) Can a JCO continue to draw Parachute Allowance when he is unable to complete his annual refresher course?
(3 Marks)

(b) Can a JCO be granted an advance of pay while proceeding on leave if his account is in debit?
(3 Marks)

(c) Can a PBOR be granted a higher rate of ration allowance on the grounds that his duty hours conflict with the ration drawing hours ?
(3 Marks)

Ans: (a) Yes provided (a) exemption is given by the Brigade Commander and (b) he completes his refresher for the previous year within 91 days of the close of the financial year.
(Rule 85 P&A Regulations (ORs))

(b) He can be paid an advance but the same should be restricted to 1/3 of the entitlement.
(Rule 318 (ix)(2) P&A(ORs))

(c) No, a higher rate of ration allowance cannot be granted on these grounds.
(Note below Rule 172(c)(i) P&A(ORs))

Q.2. (a) An officer who is on a course of instruction applies for a motor car advance. His request is turned down. Give reasons in support.
(3 Marks)

(b) Can a portion of the P&A of an officer be recovered to make good the loss of Regimental property?
(3 Marks)

(c) CDA discontinues remittance of family allotment to an officer who is reported as prisoner-of-war. Is it in order?
(3 Marks)

Ans: (a) Under no circumstances is MCA to be granted to an officer who is on training or likely to proceed on training.
(Rule 424 P&A(ORs))

(b) Loss of Regimental property may be recovered under the orders of the Central

Govt. if it is established, after due investigation, the same was caused due to negligence or by the wrongful act of the officer.

- (c) The action of CDA is not in order since family allotment has to be continued during this period when the officer is entitled to full pay and allowances.

(Note under Rule 55 P&A Regulations (Officers) Army))

- Q.3.** (a) An officer sent on deputation to UK applies to CDA(O) for advance of three months salary for initial rental payment to his landlord. Comment.

(3 Marks)

- (b) How would the payment of (i) wine included in the mess bill and (ii) wages of the private servant of Maj. 'X' be regulated if he is in custody and his entire P&A have been withheld?

(3 Marks)

- (c) Captain 'X' has been granted 10 days special casual leave to participate in a sporting event in his personal capacity. Comment.

(3 Marks)

- Ans:** (a) An officer sent on deputation to UK is entitled to draw an advance upto maximum of two months salary for this purpose.

(Rule 470 P&A Regulations (Army))

- (b) The CDA will only pay the messing charges at the rate paid by the other officers of the unit/formation but wine bill (which may form part of the mess bill) and wages of his private servant will not be paid.

(Rule 538&539 P&A(Army))

- (c) Since the Captain is participating in the sporting event in his personal capacity grant of special casual leave of 20 days is not in order.

(Rule 76(c) Leave Rules Army)

- Q.4.** (a) How will the P&A of a PBOR be regulated in case the individual is promoted to a substantive rank in a vacancy caused by reduction as a result of Court-martial proceedings, which are later annulled?

(3 Marks)

- (b) Can good service pay be forfeited for lack of Zeal?

(3 Marks)

(c) Is outfit allowance admissible to a honorary commissioned JCO while on leave pending retirement?

(3 Marks)

- Ans:** (a) The individual so promoted will retain a paid supernumerary rank until absorbed. He will be absorbed in the first vacancy.

(Para 48 P&A Regs-ORs)

(b) Yes good service pay can be forfeited for lack of Zeal.
(Para 76 P&A Regs-ORs)

(c) Yes. The JCO is permitted outfit allowance even during leave pending retirement.
(Note under Rule 172 P&A Regs-ORs)

Q.5. (a) What are the conditions governing the payment of CILQ to a Havildar posted in a concessional area when his family is residing at a station other than his old duty station?
(3 Marks)

(b) Can a ex-other rank lay a claim to previous service on re-enrolment ?
(3 Marks)

(c) Is expatriation allowance admissible while on leave prior to joining duty ex India ?
(3 Marks)

Ans: (a) Yes. CILQ at appropriate rates provided the Havildar is 25 years of age and provided he is within the authorized married establishment
(Para 284(b) P&A Regs-ORs)

(b) Yes, he can claim the benefit of his entire service between the time of his last engagement provided the interval between his discharge and re-enrolment does not exceed one year and provided he has refunded the gratuity drawn by him and he is not in receipt of any pension.
(Para 24(a) P&A Regs-ORs)

(c) No as this allowance is admissible only on joining duty ex-India.
(Rule 154 P&A Regs-ORs)

Q.6. (a) An officer is admitted to hospital on 10.11.2003 and discharged on 15.1.2004. The entire period is treated as sick leave. Comment
(3 Marks)

(b) Can officiating arrangements be made when an officer proceeds on annual leave ?
(3 Marks)

(c) Can the officer be granted Siachen Allowance in addition to existing field service concessions ?
(3 Marks)

Ans: (a) The entire period spent in MH will be treated as on duty. Hence treating the period from 10.11.2003 to 15.1.2004 as sick leave is not in order
(Rule 35(a) Leave Rules Army VolI)

(b) Officiating arrangements are not permissible when an officer proceeds on annual leave.
(Rule 56 P&A(Officers))

- (c) Yes Siachen Allowance is payable in addition to field service concessions.
(Rule 184-A(ii) P&A(Officers))

SECTION III

(Factories Portion)

- Q.1.** (a) Identify and explain three distinct classification particulars contained in the following description code appearing in a punching medium prepared by a Factory Accounts Office: **(6 Marks)**

001101
01/804/01

- (b) Name the compendium containing details of work orders common to all factories. By whom is it issued? What is meant by “work orders under 02 series”? **(3 Marks)**

- Ans:** (a) The system of codification adopted for Ordnance Factories organization is a detailed one. In the given code,

001101
01/804/01

There are six figures (digits) at the top and seven at the bottom. The first three digits at the top indicate the unit of Control Code, i.e. 101 stands for Ammunition Factory, Kirkee.

At the bottom is the expenditure code head – 01/804/01, meaning Pay & Allowances Head.

(Authority: Para 39, Chapter III, OM Pt. VI, Vol.-I, Page-19)

- (b) The compendium containing details of work orders common to all factories is called the Syllabus of Work Orders Part-I. This is issued by the PCA(Fys) and maintained/ reprinted by PR section of PCA(Fys).

Work Orders under 02 series relate to variable changes (indirect expenditure) as listed in the Syllabus of Work Orders Part I.

(Authority: Para 39, Chapter III, OM Pt. VI, Vol.-I, Page-21 and Para 997, Chapter VIII, OM Pt.VI, Vol.III, Page-12)

- Q.2.** (a) What do you understand by the term “time wages of an industrial worker”? How are these calculated in case of day workers? **(4 Marks)**

- (b) “A piece worker is not entitled to separate payment for closed holidays”. Is the statement correct? Give reasons for your answer. **(3 Marks)**

- (c) What happens when the piece work earnings of an IE actually fall below his basic time wages for the relevant period?

(2 Marks)

- Ans:** (a) The term “time wages” means the duty pay at basic monthly rate of an industrial worker. This is also called notional time wages in case of piece workers. As day workers are required to be paid on the basis of attendance/time without regard to output, they will actually receive this element of wages.

Time wages in respect of any industrial worker will be calculated by multiplying the number of days worked by him by his daily rate of pay. In the case of day the number of day workers governed by the Payment of Wages Act 1936 the pay for a day is worked out as:

$$1/N-(S+H) \times \text{Basic monthly pay}$$

where, N = Number of days in a month

S = Number of Sundays in a month

And H = Number of closed paid holidays in that month

No separate payment for any closed holiday is made. For the purpose of calculating duty pay due for broken period of a month, this formula should be multiplied by the number of days actually worked, i.e. excluding Sundays and paid holidays. In the case of those not governed by the Payment of Wages Act 1936, the daily pay should be calculated as $1/N$ as in the case of regular establishment.

(Authority: Para 147, 147(a), Chapter V, OM Pt. VI, Vol.-I, Page-38-39)

- (b) The statement is not correct, because piece workers are eligible for payment of closed/paid holidays separately in addition to their piece work earnings. In their case, the formula for daily pay is $1/(N-S) \times \text{Basic monthly pay}$.

(Authority: Para 147(b), Chapter V, OM Pt. VI, Vol.-I, Page-40)

- (c) When the piece work earnings of an IE actually fall below his basic time wages for the relevant period, the difference will be payable to him as **Guarantee Pay**. If, however, it is found that a piece worker consistently stands in need of the guaranteed minimum, the reasons for the same shall be investigated and if the need arose due to his inefficiency, the question of taking necessary action on this ground would be considered by the competent authority.

(Authority: Para 154, Chapter V, OM Pt. VI, Vol.-I, Page-42)

- Q.3.** (a) Indicate the vouchers used for accounting the following types of receipt in a factory:

- (i) Receipts from surplus found at stock taking.
- (ii) Transfers from stockpile/capital
- (iii) Receipts from factory's own manufacture

(3 Marks)

- (b) Factory X initiates a proposal for purchase of a certain material of strategic nature to build up reserve for use in production in case of any failure in supplies. The expenditure is proposed to be met from funds available under stores purchase head. Is the proposal in order? Give reason for your answer.

(3 Marks)

- (c) Briefly indicate the methods of pricing receipt vouchers in the following cases:

- (i) Local purchase of stores
- (ii) Receipts from production of own factory
- (iii) Receipts by return of surplus materials from shops

(3 Marks)

Ans: (a) (i) Surplus Voucher in Form IAF(Fac)-45 is made out for receipts from surplus found at stock taking.

(ii) Transfer Vouchers on IAFZ-2076 are made out for accounting transfers from stockpile/capital and are allotted receipt voucher no. in stock series.

(iii) The Inspection note made out is used as both issue voucher and receipt voucher in case of receipts from factories own manufacture.

(Authority: Para 407(b), (c) and (d), Chapter VI, OM Pt. VI, Vol.-I, Page-105)

- (b) The proposal to meet the expenditure from funds available under stores purchase head (under Revenue Grant) is not in order. The material in question falls in the defined category of stockpile stores for which purchases are to be made from Capital Grant of the factory.

(Authority: Para 337, Chapter VI, OM Pt. VI, Vol.-I, Page-88)

- (c) (i) Local purchase of stores: Receipts vouchers should be priced by the Accounts Office with reference to the rates quoted on the Supply Order including ST, ED etc. but excluding railway freight/transportation charges, if any.

(ii) Receipts from production of own factory: In general the receipts (with the exception noted below) should be valued/priced at the actual cost of production as per cost cards. In cases where complete costs are not available in time, the vouchers will be priced provisionally at estimated rates noted in previous cost cards and modified to the extent necessary with reference to subsequent changes, if nay, since previous estimation.

Note - Vouchers in respect of timber, leather and other items made for stock, the production cost of which cannot be ascertained till the end of the year will be priced at predetermined standard production rates to be fixed in consultation with the GM.

(iii) Receipts by return of surplus materials from shops: These will be priced at the ledger rate.

(Authority: Para 409(B), (E) & (H), Chapter VI, OM Pt. VI, Vol.-I, Page-106)

Q.4. (a) Indicate with reasons whether the following actions are correct or otherwise:

- (i) An amount of Rs.4,500 spent on general shop labour is booked to '01' series of work order.
- (ii) Certain charges on care custody and handling of stores are booked against '02' series of work order.
- (iii) Repair and maintenance charges of electrical installation are booked to '02' series of work order.

(3 Marks)

(b) Name the specific documents which constitute authority for undertaking work in an ordnance factory for the following specified purposes:

- (i) Issue to Army
- (ii) Inter-factory requirements
- (iii) Minor internal services
- (iv) Manufacture for stock

(2 Marks)

(c) A worker meets with an unfortunate accident resulting in personal injury while engaged in an odd job assigned by his Foreman beyond his normal terms of employment. Is he entitled to any compensation?

(2 Marks)

(d) Identify the documents through which drawl and return of components held on production charge to and from assembly work orders are authorized and accounted.

(2 Marks)

Ans: (a) (i) The action is not correct because expenditure on general shop labour is a variable overhead and should be booked to '02' series of work order.

(ii) Correct. Charges in connection with care, custody and handling of stores represent variable overheads to be booked to '02' series of work order.

(iii) In correct. Cost of repair and maintenance of electrical installations is treated as fixed overhead, to be booked to '01' series of work orders.

(Authority: Para 529 &530, Chapter VII, OM Pt. VI, Vol.-I, Page-142)

(b) The following documents will constitute authority for undertaking work in an ordnance factory for the given purposes:

(i) Issue to Army – Class I Extract issued by DGOF/OFB.

(ii) Inter-factory requirements – Class III Extract issued by DGOF/OFB.

(iii) Minor internal services – Supplementary Work Order Draft (SWOD) issued by the GM.

(iv) Manufacture for stock – Class IV Extract issued by DGOF.

**(Authority: (i) Para 45(a) & (c), Chapter III, OM Pt. VI, Vol.-I, Page-20
(ii) Para 606, Chapter VIII, OM Pt. VI, Vol.-II, Page-4
(iii) Para 6, Factory Accounting Rules, Page-4)**

(c) Yes. In the given case the worker is entitled to compensation under the Workmen's Compensation Act, 1923, which provides for such compensation in respect of an accident suffered in course of a job entrusted to the worker by his superior officer even if it is not a job falling under his normal terms of employment.

(Authority: Para 247, Chapter V, OM Pt. VI, Vol.-I, Page-60)

(d) Drawal and return of components held on production charge (i.e. in the 'Except System') to and from assembly work orders are authorized and accounted through Red Demand and Notes IAFO – 1895 and Red Return Notes IAFO-1895-A respectively.

(Authority: Para 649, Chapter VIII, OM Pt. VI, Vol.-II, Page-17)

Q.5. (a) State whether the following are true or false, giving reasons for your answer:

(i) Administrative Office Block inside the factory perimeter walls is classified as Non-Industrial Building.

(ii) Incinerators (used for burning industrial waste are classified as machinery.

(iii) Distribution fuse boards for production shops are classified as building items.

(3 x 2 = 6 Marks)

(b) The original cost of a machine 'X' purchased in 1995 was Rs.30 lakh. Additional modifications costing Rs.1,20,000 in labour and material were carried out in 2003 to increase its level of productivity. State with reasons whether or not the expenditure should be capitalized.

(3 Marks)

Ans: (a) (i) False. Buildings within the factory perimeter walls, whether used for production purpose or otherwise, are classified as Industrial Buildings.

(Authority: Para 732(a), Chapter IX, OM Pt. VI, Vol.-II, Page-42)

(ii) False. Incinerators fall under "Other Items" head.

(Authority: Para 732(a), Chapter IX, OM Pt. VI, Vol.-II, Page-42)

(iii) True. Distribution fuse boards in various shops are treated as Building items.

(Authority: Para 735(B), Chapter IX, OM Pt. VI, Vol.-II, Page-42)

- (b) Original cost of the Machine 'X' = Rs.30 lakh
Cost of additional modifications = Rs.1,20,000/- = 4% of the original cost.

As the amount is less than 5% of the original cost, it should/need not be capitalized as per the criteria for capitalizing expenditure.

(Authority: Item 1, Appendix-A to OM Pt. VI, Vol.-II, Page-156)

- Q.6.** (a) Indicate the journal entries (with contra-entry, if required) and explanatory notes made for posting the following items in the Principal Ledger :-

(i) Amount of customs duty not paid in the current year but carried forward for payment in the ensuing year, as per details of Statement of Assets and Liabilities for the current year.

(2 Marks)

(ii) Stores received from other factories during the year, as per Priced Store Account.

(4 Marks)

(iii) Payments made during the year, as per Cash Compilation, for local purchase of stores.

(2 Marks)

- (b) Complete the sentence:

(1 Mark)

“Before finalizing the Annual Accounts in a Factory Accounts Office, agreement has to be secured between the closing value balance of stock as per Store Accounts with

Ans:

- (a) The requisite journal entries with explanatory notes etc. are shown below:

PRINCIPAL LEDGER – EXPLANATORY NOTES

| Heads in the Principal Ledger | Journal Entries | Source from which figures are taken | Remarks |
|---|--|---|---------|
| (i) <u>Customs Duty Account</u> <u>Debit Items</u> To Outstanding Liabilities A/c:- Customs duty not paid in the current year but carried forward for payment in the ensuing year | Dr. Customs Duty A/c Cr. O/s Liabilities A/c. | Details of Statement of Assets and Liabilities for the current year | |

| | | | |
|---|--|--|--|
| (ii) <u>Stores supplied by other fys Account</u> <u>Credit Items</u> (A) By stores A/c:- Stores received from other factories during the year | Dr. Stores A/c Cr. Stores supplied by other fys. A/c | Priced Stores A/c | Contra entry to debit item (B) to stores A/c. |
| <u>Stores Account</u> <u>Debit Items</u> (B) To Stores supplied by other fys A/c:- Stores received from other factories during the year | Dr. Stores A/c Cr. Stores supplied by other fys. A/c | Priced Stores A/c | Contra entry to credit item (A) to stores supplied by other fys A/c. |
| (iii) <u>Stores Cash Purchase A/c</u> <u>Debit Items</u> To Capital Outlay A/c:- Payments made during the year for purchase of stores (LP) | Dr. Stores Cash Purchase A/c Head (LP) Cr. Capital Outlay A/c | Cash Compilation Head (LP Code No....) | |

(Authority: Relevant Items under Sl. Nos. I,II & III of Annexure ‘B’, Page 100, 102 & 103, OM Pt. VI, Vol.-II)

(b) The sentence is completed as under:-

Before finalizing the Annual Accounts in a Factory Accounts Office, agreement has to be secured between the closing value balance of stock as per Store Accounts with the total of the extracted value balances as per Priced Store Ledger as on 31st March.

(Authority: Para 851(i), Chapter IX, OM Pt. VI, Vol.-II, Page-137)

SECTION IV (Air Force Portion)

Q.1. (a) An AF Officer was on sick leave for 6 months which included 1 month balance of annual leave of that year. How his pay & allowances are regulated?

(3 Marks)

(b) Cpt. Raju wanted to avail his 60 days annual leave to visit his home town which involves a journey of 3 days each way. What is the total leave admissible to him?

(3 Marks)

(c) Sqn. Ldr. Siddhu who was ordered pre-mature voluntary retirement on disciplinary grounds, was allowed annual leave due by the AOC-in-C command. Comment.

(3 Marks)

Ans: (a) The officer is entitled for full P&A for the first five months of sick leave period and he will be paid at furlough rate for the 6th month.

(Authority: Rule 11(iv) & 214(b) of P&A Reg.)

(b) The journey time exceeding 2 days each way is to be granted in addition to the leave entitlement. Therefore, Cpt. Raju is entitled to 62 days leave.

(Authority: Rule 39(c) of Leave rules)

(c) In such cases Air HQrs is only authorized to sanction such leave. The sanction accorded by AOC-in-C is not in order.

(Authority: Rule 24 reconstructed vide 24/vii/73 of Leave Rules)

Q.2. Comment on the following :

(a) Comp. (local) allowance was admitted to an AF Officer while he was on temporary duty for 4 months.

(3 Marks)

(b) Wg.Cdr.Babu while on deputation to the U.S.A. on a course of instruction for 14 months has claimed dearness allowance as he was not allowed to take his family at Govt. cost.

(3 Marks)

(c) Hill Comp. allowance claimed by Sqn.Ldr.Ravi was rejected stating that his wife who is employed in one of the departments under GOI is in receipt of the same allowance.

(3 Marks)

Ans: (a) Comp.(local) allowance may be continued upto 3 months during the ty. Duty period. The allowance granted beyond 3 months is not in orders hence recoverable.

(Authority: Rule 78(b) of P&A Reg.)

- (b) Yes, since the officer was not allowed to take his family at Govt. cost he is entitled to dearness allowance even beyond 12 months. The claim is in order.

(Authority: Rule 96 exception)

- (c) No, the officer is entitled to Hill Compensatory Allowance even though his wife is drawing the same allowance. Hence rejection of the claim is not in order.

(Authority: Rule 84)

- Q.3.** (a) Wg.Cdr.Naveen was appointed as officiating O.C. from 1.1.2003 to 31.7.2003 in the absence of regular incumbent Gr.Capt.Jyoti on temporary duty. Is it correct?

(3 Marks)

- (b) CCA was admitted to Sqn.Ldr.Saini during his sick leave of 9 months as he was suffering from T.B. based on the POR published by the unit authorities. Is it correct?

(3 Marks)

- (c) A gentle-man Cadet Sharma was paid CCA during the last 6 months of pre-commission training. Is it correct?

(3 Marks)

- Ans:** (a) No, officiating arrangement can be made only for a maximum period of 6 months. Appointments of Wg.Cdr as officiating O.C. for 7 months is not in order.

(Authority: Rule 65 as suggested by CS No.807/1/93)

- (b) The grant of CCA beyond 8 months shall be decided on merits by the Govt. Hence the sanction by unit authorities is not in order.

(Authority: Rule 78 note)

- (c) Yes, the authorization of CCA during last 6 months of pre-commission training is in order.

(Authority: Rule 71 as inserted by CS No.584/vii/72)

- Q.4.** (a) A qualification for which an officer is being paid qualification pay is deleted from the list of eligible qualifications. How his qualification pay is regulated?

(3 Marks)

- (b) Air Commodore Mathews claimed separation allowance (Peace) while staying in an officer's mess on his posting to a station, pending allotment of family accommodation. Comment.

(3 Marks)

- (c) What are the conditions to be fulfilled for appointing a W.O. in an officer's vacancy?

(3 Marks)

- Ans:** (a) The qualification pay has to be ceased from the date of issue of orders and no

protection of such qualification pay will be admissible thereafter.

(Authority: Rule 175(4) P&A Regn. AF)

- (b) Air Comdr Mathews above are entitled to separation allowance applicable to peace areas during their stay in officer's mess pending allotment of accommodation.

(Authority: Govt. of India MoD No.1(1)/83-VIII/D(Pay/Ser) dt. 8.2.1983)

- (c) The following conditions are to be met to appoint a W.O in an officer's vacancy.

- (i) The vacancy is of Fly.Lt. or Flying officer.
- (ii) In a vacancy arising as a result of shortage of officers but not caused by leave, ty. Duty etc.
- (iii) The W.O should have served minimum of 3 years as W.O.
- (iv) An appointment of MWO is not established in the section concerned.

(Authority: Rule 275(b) P&A Regn. AF)

- Q.5.** (a) Previous reckonable service of an airman who was awarded a punishment summarily by the C.O. under section 82 of AF Act, 1950, was forfeited for increment. Comment.

(3 Marks)

- (b) High altitude/uncongenial climate allowance was continued to an airman who was away from the eligible area for 20 days on temporary duty. Comment.

(3 Marks)

- (c) A Sikh airman undergoing sentence of imprisonment in a Military prison was granted hair cleaning allowance. Comment.

(3 Marks)

- Ans:** (a) No, this punishment will not involve any forfeiture of previous reckonable service.

(Authority: Rule 235 note-1 P&A Regn. AF)

- (b) No, since the airman is absent from the eligible area for more than 14 days, though on Ty. Duty, he is not eligible for HAUCA.

(Authority: Rule 338 Exception)

- (c) No, the sikh airman imprisoned in Military prison will be provided the hair cleaning material in kind. The authorized amount will be drawn by the Commandant of Mil. Prison for purchase of hair cleaning material for issue. Hence the grant of hair cleaning allowance is irregular.

(Authority: Note 2 of Rule 336 P&A Regn. AF)

- Q.6.** (a) Mess maintenance allowance was claimed based on the authorized strength of the formation.

(3 Marks)

- (b) A W.O. was permitted to stay in a house owned by his wife. Is he entitled to CILQ?

(3 Marks)

- (c) Though single Govt. accommodation is available, a single M.W.O. wanted to make his own arrangements for living out. Can he be permitted?

(3 Marks)

Ans: (a) MMA is admissible monthly based on the posted strength of the formation concerned and dining members attached and not based on the authorized strength.

(Authority: Rule 636 CS No.637/1/75 P&A Regn. AF)

- (b) Yes, he is entitled to CILQ based on the rental value agreement made by the local/municipal authorities. If the accommodation occupied is more than the entitlement, the rental value for this purpose will be worked out on proportionate basis.

(Authority: Rule 448 CS No.547/I/71 P&A Regn. AF)

- (c) Yes, he can be permitted to make his own arrangement but he is entitled to CILQ at $\frac{2}{3}$ rd of the prescribed rates.

(Authority: Rule 448-A Sub-para 2 P&A Regn. AF)

SECTION V

(Navy Portion)

- Q.1. (a) A Naval Officer has undergone sterilization operation on 25.2.2004. His date of birth is 25.12.50. His pay scale is Rs.16700-450-18050. What is the amount of special increment for small family norms admissible to him?

(5 Marks)

- (b) Naval Cadets receive a fixed stipend of Rs.8000 pm for the entire duration of training after NDA/NAVAC. Will the period of training be treated as Commissioned Service?

(4 Marks)

- Ans: (a) NIL as the Naval officer is over 50 years of age on the date of sterilization operation.

(Authority: Regulation 21B P&A Regs (Navy)-Part I)

- (b) No.

(Authority: Special Navy Instruction 2/s/98 para 3(d) Section I)

- Q.2. (a) Which of the following pays are included in the Basic Pay of Navy officers?

(4 Marks)

- (i) Technical Pay
- (ii) Rank Pay
- (iii) Personal Pay

- (b) What is the present rate of Expatriation Allowance for a Captain (with less than 3 years since in the rank) ?

(5 Marks)

- Ans: (a) Only Rank Pay forms part of the basic pay.

(Authority: Special Navy Instruction 2/s/98 para 2(a), (b) Section I)

- (b) NIL.

(Authority: Expatriation Allowance has been abolished vide Govt. of India, MoD letter No.1(22)/98/D(Pay/Services) dt. 8.1.98)

- Q.3. A Senior Naval Officer of the Executive Branch promoted to a higher rank before 01 January, 1996 is drawing less pay in the revised scale than his Junior Naval Officer of the Electrical Branch who has been promoted to the higher rank on or after 01 January, 1996.

- (i) Can the pay of the Senior Naval Officer be stepped up?

(3 Marks)

(ii) If yes, from which date the stepping up will take effect? **(3 Marks)**

(iii) From which date he will be entitled to the next increment?
(3 Marks)

Ans: (i) No, because both the junior and senior officers belong to different cadre i.e. Branch.

(Authority: Para 7(a) Special Navy Instruction 2/s/98)

(ii) does not arise in view of answer to (i) above.

(iii) does not arise in view of answer to (i) above.

Q.4. (a) A Naval Officer has been erroneously promoted to higher substantive rank and is drawing the pay of the higher substantive rank with effect from 1.1.2004. The orders rescinding the erroneous promotion have been issued on 29.2.2004. The officer is on Annual Leave till 31.3.2004. From which date the pay of higher substantive rank shall be discontinued?

(5 Marks)

(b) A Naval Officer is in the Pay Scale of Rs.8250-300-10050. What is the amount of Rank Pay pm admissible to him?

(4 Marks)

Ans: (a) The pay of higher substantive rank shall be discontinued from the date of the orders i.e. 29.2.2004.

(Authority: Regulation 14 P&A Regs(Navy) Part-I)

(b) NIL.

(Authority: Special Navy Instruction 2/s/98 para 3(a), (b) Section I)

Q.5. Calculate the amount of Encashment of Accumulated Leave in respect of a Naval Officer who has proceeded on premature retirement w.e.f. 2.2.2004 based on the following information:

(i) Date of commission 01.01.1969

(ii) Date of pre-mature retirement 02.02.2004

(iii) Basic Pay Rs.22,400

(iv) DA Rs.13,806

(v) KMA Rs.200

(vi) Stagnation Increments Rs.1,000

Assume the quantum of Leave Encashment Admissible as per latest Government Order

(9 Marks)

Ans: The quantum of leave encashment admissible for total service at the time of pre-

mature retirement of 22 years and above is 300 days.

Total emoluments for leave encashment are Rs.37,406/-

$$\begin{aligned} &\text{Amount of encashment of accumulated leave} \\ &= \text{Rs.} \frac{37,406 \times 300}{30} = \text{Rs.} 3,74,060/- \end{aligned}$$

(Authority: MoD letter No.14(2)/98/D/AG-IV dt. 22.3.2001)

- Q.6. (a) State the compulsory retirement ages in respect of permanent commissioned officers and Special Duties List Officers of the Navy w.e.f. 30.5.1998.
- (b) State the revised ages of Superannuation of Sailors at different ranks w.e.f. 30.5.1998.

(5+4=9 Marks)

Ans: (a) Ages of retirement of Naval Officers (including SD List) are as under:-

| <u>Rank</u> | <u>Age of retirement</u> |
|-----------------------|---|
| Vice Admiral | 60 years |
| Rear Admiral | 58 years |
| Capt/Cmde (Education) | 57 years |
| Capt/Cmde | 56 years (57 years in the case of officers placed in the select list for promotion to the Rank of Rear Admiral) |
| Commander | 54 years |
| Lt.Cdr & below | 52 years |

(Authority: Min. of Defence letter No.3(4)/98/DO(P)/D(N-II) dt. 17.3.1999)

| (b) | <u>Rank</u> | <u>Age of Superannuation of Naval Sailors</u> |
|-----|-------------|---|
| | CPO & Below | 52 years of age |
| | MCPOs | 58 years of age |

DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION -PART-II

MAY, 2004

PAPER-VIII-REGULATIONS

TIME ALLOWED: 3 HOURS

TOTAL MARKS: 100

NOTES:

- (1) Only TWELVE questions should be attempted - EIGHT from Section-I and FOUR from Section-II,III, IV or V as the case may be as specified in Note(2) below:
 - (2) Candidates permitted to answer questions relating to Factories, Air Force and Navy portions should answer any FOUR alternate questions in Sections III, IV or V respectively. The other candidates should answer any FOUR alternate questions from section II.
 - (3) Each question in Section I carries 8 marks. Questions in Sections II, III, IV and V carry 9 marks each.
-

SECTION-I

- Q.1.** (a) Under what circumstances can a provisional pension be authorised to a service personnel? What would be the maximum quantum permissible? **(2+2 Marks)**
- (b) Can gratuity also be authorised in the above case ? **(1 Mark)**
- (c) How is the provisional pension adjusted ? Can recovery be made where the final pension sanctioned is less than the provisional pension? **(3 Marks)**

Ans. A service personnel (including a Commissioned Officer) against whom any departmental or judicial proceedings are pending or instituted after retirement in respect of an even which took place not more than 4 years before such institution, may on his retirement or attaining the age of compulsory retirement or otherwise, be authorised or payment of provisional pension not exceeding the maximum pension which would have been admissible to him on the basis of qualifying service upto the date of retirement or if he was under suspension on the date of retirement upto the date immediately preceding the date on which he was placed under suspension.

(Authority:-Para 3-B(a) PRA Part-I)

Ans. No gratuity (including retirement gratuity) shall be authorised until the conclusion of

such proceedings and issue of final orders thereon.

Ans. The provisional pension shall be adjusted against the final retirement benefits that may be sanctioned to such personnel upon conclusion of such proceedings. No recovery can be made where pension finally sanctioned is less than the provisional pension or where paid pension reduced or withheld either permanently or for a specified period.

(Authority:-Para 3-B(a)(iii)&iv(b) Pension Regulation for the Army, 1961)

2 (a) When is invalid pension granted to service officers and personnel ? Is it admissible in addition to invalid gratuity ? Give reasons in support of your answer.

(3+2 Marks)

(b) In which case is Constant Attendance Allowance granted? Is it admissible in addition to disability pension ?

(2+1 Marks)

Ans. (a) Invalid pension is granted to there service officers and personnel who:

(i) are invalided out of service account of a disability which is neither attributable to or aggravated by service.

(ii) are invalided out of service on account of a disability which is attributable or aggravated by service, but the disability is assessed of less than 20% and while fulfilling condition (i) or (ii) above have rendered a qualifying service of 10 years or more. Invalid gratuity is not admissible in addition to invalid pension. In fact invalid gratuity is admissible to those individuals who fulfill conditions (i) or (ii) above and less qualifying service of less than 10 years. Obviously , the grant of admissibility of invalid pension and gratuity together does not arise.

(Authority:-Rule 71 & 72 of Pension Regulation for the Army- Part-I)

(b) The constant attendance allowance is granted to an officer/personnel who is awarded disability pension for 100% disablement if in the opinion of Invaliding or Re-survey Medical Board, he needs the service of a constant attendant for at last a period of 3 months, and the necessity arising solely from the condition of accepted disability. It is admissible in addition to disability pension.

(Authority:-Rule 63 & 189 of Pension Regulations for Army- Part-I)

3. (a) What is the eligibility for pension of an other Rank in the case of cessation of his services under the provisions of the Army Act, 1950 ?

(i) Dismissal **(2 Marks)**

(ii) Removal **(2 Marks)**

(iii) Discharge **(2 Marks)**

(b) A Junior Commissioned Officer is discharged from service due to misconduct. Can

gratuity be sanctioned to him?

(2 Marks)

Ans. (a) (i) He is ineligible for pension or gratuity in respect of all previous service. In exceptional case, however, he may, at the discretion of the President, be granted service pension or gratuity at a rate not exceeding that for which he would have otherwise qualified had he been discharged on the same date.

(ii) He may be considered for grant of pension/gratuity of the rate not exceeding that which he would have otherwise qualified had he been discharged on the same date. The competent authority may, however, make, if considered necessary, any reduction in the amount of pension/gratuity on the merits of each case.

(iii) He examines eligible for pension/gratuity under the Regulations.

(b) The Junior Commissioned officer is not normally eligible for gratuity, but may be sanctioned the same as an exceptional case, at the discretion of the President, at a rate not exceeding that for which he would have been normally qualified.

(Authority:-Rule 113(a,b,c) of Pension Regulations for Army- Part-I)

Q.4. (a) An Army officer is held responsible for causing loss to the state to the extent of Rs.30,000. Can this amount be recovered from his pension? If so, in what manner and in how many installments?

(2+3 Marks)

(b) How are overpayments in respect of Army personnel due to fraud or grave misconduct dealt with ?

(3 Marks)

Ans. (a) Yes, the amount can be recovered. The sum of Rs.30,000 shall be recovered in monthly installments of one-third of pension until full claim is liquidated. In case the competent authorities satisfied that there are reasonable ground, after recording the reason in writing , he may order that recovery be made in smaller amounts but in not more than 12 installments.

(Authority:-Rule 94(i) of Pension Regulations for Army- Part-I)

(b) If the circumstances leading to overpayment disclose fraud or grave misconduct and in the opinion of the PCDA(P) warrant stoppage of pension in full or recovery of overpayments in installments of more than one third of the pension, a report shall be submitted to the competent authorities for a decision and issue of necessary orders. Further adjustments will be carried by PCDA(Pension) based on receipt of orders.

(Authority:-Rule 95 b(ii) of Pension Regulations for Army- Part-II)

Q.5. Explain under what circumstances works can be executed without first obtaining administrative approval and technical sanction?

(8 Marks)

(i) When the Armed Forces are called out in aid of civil Power, the MES may be

required to carry out engineer services essential for such forces, eg. the construction of latrines, water points etc. No administrative approval is necessary for such works which will be carried out on the written authority of the Commander-in-charge of the forces, the actual execution being certified by the civil authorities. Any expenditure incurred will be booked in the first instance against the manual heads of account and all vouchers, bills etc will be clearly endorsed 'In aid of civil of Power' and notified to the C.D.A concerned.

(ii) On grounds of urgent military necessity or urgent medical reasons, when reference to the C.F.A would entail dangerous delay, any of the authorities detailed in table A of RMES, may by furnishing an order in writing to the engineer officer concerned, order the commencement or continuance of any engineer service without administrative approval or technical sanction. However, he will immediately forward a copy of the order, together with reasons to the appropriate C.F.A and the intermediate commanders if any. A copy of the order will also be sent to the C.D.A.

The engineer officer will send a copy of the order to his superior engineer authority and furnish, as early as possible, an approximate estimate to the authority ordering the work for obtaining the formal approval of the C.F.A.

(iii) In the case of imminent danger to building etc or of break down of installations, when delay would be seriously detrimental to public service, the local M.E.S officer, will take immediate steps to protect life and property or to ensure that the service is maintained as far as possible, but he must at once report the facts of the case to his superior engineer authority, the local Military Commander and CDA concerned, stating the liability he is incurring. Action will be taken thereafter to regularise the work in accordance with the normal procedure.

(Authority: 5,14 &15 of RMES)

Q.6. Distinguish between:

(a) Agency Works & Deposit Works **(4 Marks)**

(b) Term Contract and Item Rate Contract **(4 Marks)**

Ans. (a) Agency service & Deposit works: Agency services are service carried out by the MES for other Ministries of the Central or State Governments. In such cases, administrative approval will be accorded and funds allotted or guaranteed by the authorities concerned. Normal departmental charges will be levied unless exempted by Govt of India. On the other hand, deposit works are those which are executed from funds received from non-government sources. In such cases, funds to meet in full the estimated cost of work and departmental charges must be paid before any liabilities are incurred (unless payments in unit elements is authorised by Government of India.)

(Authority:-Para 301 to 307 RMES)

(b) Term contract & Item Rate Contract: Term contract is used for minor works and maintenance services required to be carried out from time to time during the period of

term specified in the contract. No reference is made to the value of the work. It is expressed in terms of percentage above or below the SSR.

On the other hand, Item rate contract is used in cases where large quantities of work, involving a small number of items, have to be carried out, but exact quantities of work required are not known. The contract contains schedule of items together with approximate quantity and specification for each item. The contract is required to quote his rate against each item and to work out the total sum based on quantities given and rates quoted.

(Authority:-Para 403, RMES)

- Q.7.** (a) What do you understand by Maintenance Services? **(3 Marks)**
- (b) How would you classify special repairs? Is it an original work or a part of maintenance services ? **(3 Marks)**
- (c) A GE wants to replace a portion of a building which has become worn out with one of a better class as part of maintenance services, Is his action correct? **(2 Marks)**

Ans. (a) Maintenance Services comprised all repairs, periodical services and renewals.

Alteration necessitated by technical reasons and works required to make good damage to buildings road, installation airfields , docks etc due to extraordinary course, but which have been declared as still usable by the Comdr. of Engineer concerned to investigate the loss are also classified as maintenance.

(Authority:-Para 124, RMES)

- (b) Special repairs will be treated as part of original works for purpose of administrative approval and technical sanction but will be budgeted for under the maintenance head concerned.
- (c) GE's action is correct.

(Authority: Para 125, RMES)

(Authority:-Para 227, RMES)

- Q.8.** (a) What are the conditions under which defence expenditure may be sanctioned ? **(3 Marks)**
- (b) Can the following class of expenditure be sanctioned:
- (i) A unit commander wishes to temporarily increase his clerical establishment due to increasing work in his office. **(1 Mark)**
- (ii) The Sub Area Commander wishes to procure a new pattern of furniture

- (iii) A Military Farm wishes to institute a reward for the recovery cattle. (1 Mark)
- (iv) The Naval Dockyard wishes to institute a reward for information leading to prevention of theft from the Dockyard. (1 Mark)
- (v) An Air Force Unit wishes to hold labour in excess of fixed scales for a period of 2 years. (1 Mark)

Ans. (a) Expenditure from the Defence service Estimates may be sanctioned by the Ministry of Defence and the authorities subordinate to it under the following conditions:

- (i) The expenditure must pertain to the Defence Services
- (ii) The exercise of delegated power is subject to the observance of any general or special directives which the authority delegating power may issue at any time, whether generally or with reference to a particular case.
- (iii) No expenditure which has not been provided for in the budget, or if provided for, has not been duly sanctioned, shall be authorised without the concurrence of the financial advisor concerned.

(Authority:-Para 53 FR Part-I Vol-I)

- (b) (i) No. Sanction of next higher authority is required.

(Authority:-Para 56,FR Part-I Vol-I)

- (ii) No. This cannot be authorised

(Authority:-Para 56, FR Part-I Vol-I)

- (iii) Yes

(Authority:- Para 58, FR Part-I Vol-I)

- (iv) Yes

(Authority:- Para 58, FR Part-I Vol-I)

- (v) No. any such establishment can be sanctioned for one year only subject to availability of funds.

(Authority:- Para 58, FR Part-I Vol-I)

Q.9. (a) Distinguish between Controlling Officer and Disbursing Officer (3 Marks)

(b) What are the duties of officers countersigning contingent bills? (5 Marks)

Ans. (a) Controlling officer means an officer who is entrusted with the responsibility of controlling the progress of expenditure under any appropriation where as Disbursing

officer means a Head of office or any other gazetted officer designated by a Department of the Central Government a Head of Department or Administrator, to draw bills and make payments on behalf of the Government.

(Authority:-Para 2, FR Part-I Vol-I)

- (b) The duties of an officer countersigning Contingent bills is to ensure that charges claimed are:
- (i) Of obvious necessity;
 - (ii) at fair and reasonable rates;
 - (iii) That previous sanction for any item requiring its attached;
 - (iv) That requisite vouchers are all received and are in order;
 - (v) That the calculations are correct;
 - (vi) That allotments have not been exceeded or likely to be exceeded.

(Authority:-Para 277, FR Part-I Vol-I)

Q.10 (a) Distinguish between the terms, Fee and Honorarium, clearly bringing out the difference between the two.

(4 Marks)

(b) What effect does break in service under FR 17-A have on:

(i) Pay & Allowances **(2 Marks)**

(ii) Increment **(2 Marks)**

Ans. (a) Fee is a recurring or non-recurring payment to a Government Servant as remuneration for service done by him for a private person or a public body including a body administering a local fund, from source other than the Consolidated Fund of India or State or a Union Territory, whether made directly or indirectly through the intermediary of Government. It does not include:-

(a) Unearned income and income from property dividends and interest on securities and,

(b) Income from literary, cultural artistic etc and efforts & income from participating in sports activities as an amateur;

Honorarium is recurring or non-recurring payment granted to a Government servant from the Consolidated Fund of India/State/UT as remuneration for a special work of an occasional or intermittent character.

Thus, the main difference between Fee & Honorarium is the source from which payment is made. If the source is consolidated Fund of India/State/UT, it is classified as Honorarium, otherwise it should be classified as a fee.

(Authority: FR 9(6A) FR 9(9))

(b) The interruption or break in service caused in the circumstances stated in FR-17 A will

take the following effect:

(i) On pay & allowances : No pay & allowances will be admissible during the period of such unauthorised absence.

(ii) On increment: The period of such absence will not count for increment. The date of next increment will get postponed to the extent of the number of days of such unauthorised absence, but the increment will be drawn from the first of the month in which it fall dues after postponement.

(Authority:- Rule FR 17-A)

11 (a) A husband and wife are both employees of the Central Govt. and are being paid from Defence Services. Estimates. Can parents of both spouse avails LTC as family member ?

(5 Marks)

(b) The husband retires from Govt. service. Can his parents be treated as family members of his wife (whose own parents are no longer alive) for purposes of LTC?

(3 Marks)

Ans. (a) The husband and wife both being employees of the Central Government can claim LTC for their respective families viz. while the husband can claim for his parents/minor brother/sisters, the wife can avail LTC for her parents/minor brothers/sisters. The husband and wife in such a situation can declare separate home-town independently.

(Authority:- DOPT OM No. 51011/8/89-Est(A) dated 08.05.90)

(b) It is not permissible to include parents in law of family members in lieu of deceased parents, as parents-in- law are not included in the definition of family for LTC purpose.

Authority:- II(I) Definition, LTC Rules and SR-218 and Govt. of India's order these under)

Q.12 What effect will the following have on the Leave at credit of a Govt. servant:

(a) On dismissal, removal or resignation.

(2 Marks)

(b) When he applies for another post directly and resigns to take up the post.

(2 Marks)

(c) When he is reinstated on appeal after dismissal from service.

(2 Marks)

(d) When he is re-employed after having retired on compensation pension.

(2 Marks)

- Ans.** (a) His claim for leave ceases from the date of dismissed/removal/discharge
- (b) Such resignation does not result in lapse of leave at credit.
- (c) No, leave at credit does not lapse.
- (d) Yes, leave at credit lapse as he has not applied through proper channel.

(Authority:- Para -8 CCS(Leave) Rules)

SECTION-II

(For candidates other than those from PC of A(Fys), PCDA(Navy) and PCDA(AF) Organisations)

Q.1. (a) Under what circumstances does a service officer forfeit his pay and allowances?
(5 Marks)

(b) Does a service officer continue to draw pay and allowances in the following cases:

(i) When he is attached to the Himalayan Mountaineering Institute, Darjeeling.
(1 Mark)

(ii) When he is on the Sick List Concession.
(1 Mark)

(iii) During secondment on a course in a recognized institution.
(1 Mark)

(iv) When he is transferred to the reserve.
(1 Mark)

Ans (a) The pay and allowances of an officer may be forfeited:

(i) for everyday he is in custody or under suspension from duty on charge for on offence for which he is afterward convicted by a Criminal Court Martial or by an officer exercising authority under Section of 3 or Section 84 of the Army Act, 1950.

In this case, the COAS may direct that the whole or part of his pay & allowances shall be withheld, pending the result of his trial.

(ii) as ordered by a Court Martial or an officer exercising power under Section 83 or Section 84 of Army Act, 1950, to be forfeited or stopped.

(iii) as ordered by the Central Govt. if the officer is found by a Court of Enquiry instituted by the COAS in this behalf, to have deserted to the enemy, or while in enemy lands, to have with or under the order of enemy or in any manner to have aided the enemy or to have allowed himself to be taken prisoner by the enemy through want of due precaution or through disobedience of order or willful neglected of duty , or having been taken prisoner by the enemy, to have failed to render his service when it was possible to do so.

(Authority:- Para -13 of Regulations for officers of the Army)

(b) (i) Yes
(Authority:- Note under Para 7(i) of Regulations for officers of the Army)

(ii) Yes
(Authority:- Para -7(iii) of Regulations for officers of the Army)

(iii) No, Not from Government Fund

(Authority:- Para -12 of Regulations for officers of the Army)

(iv) No

(Authority:- Para -10(V) of Regulations for officers of the Army)

Q.2. (a) Is Separation Allowance admissible to an Army Officer on temporary duty to a field area. When he is permanently posted in a peace area ?
(3 Marks)

(b) Under what circumstances is Separation Allowance admissible to an officer for a maximum period of 15 days when he quits non-family area?
(3 Marks)

(c) An officer and his wife are both service officers, concurrently serving in different non-family areas? Is Separation Allowance admissible to both?
(3 Marks)

Ans (a) No, Separation Allowance is admissible such a case.

(Authority:- Para - Note under 162 A- Pay & Allowance Regulations for officers of the Army)

(b) This is admissible

(i) When placed on the sick list provided that immediately on the expiry of the period on the sick list, he/she returns to a station at which the allowance is admissible .

(ii) When on casual leave

(iii) While on transit from one non- family area to another.

(Authority:- Para -162 A(i) of Pay Allowances Regulation for the Officer of the Army)

(c) No.

(Authority:- CGDA letter no.1409/AT-P dated 27.05.1980)

Q.3 (a) When does a Non- Combatant(Enrolled) become eligible for first rate of GS Pay?
(3 Marks)

(b) Under what circumstances can a Non-combatant(Enrolled) count his former service for Good Service Pay?
(3 Marks)

(c) When does a Non-combatant(Enrolled) forfeit Good Service Pay 'ipso facto'?
(3 Marks)

- Ans.** (a) For the first rate of GS Pay, a Non-Combatant(Enrolled) must satisfy the commanding officer as to his zeal and efficiency and must not have incurred more than one red ink entry in his conduct sheet during 1 year preceding the claim.

Authority:- Para-70 Pay & Allowances for JCO, ORs, NCEs)

- (b) He can do 50 from the date he is promoted to Non-Commissioned officer's report in his new engagement, provided that, at the time of re-enrolment he declares his previous service and the cause of discharge and he is not in receipt of pension or has refunded gratuity, if any, drawn since discharge in not more than 36 monthly installments, counting from the date of re-enrolment,

- (a) on transfer to pension establishment.
- (b) On invalidment
- (c) On publicgrounds(reduction in establishment)
- (d) On account of service being no longer required(except on disciplinary grounds)

(Authority- Para 74-P&A Regulations for JCO, ORs, NCEs)

- (c) A Non commissioned officer forfeits Good Service Pay ipso facto as result of -
- (i) Conviction by a Court Martial.
 - (ii) reduction to a lower class or posts under sub-section (2) or sub-section (4) of Section 20 of Army Act, 1950 or
 - (iii) Punishment under clause(e) or clause (if) of section 80, of the Army Act, 1950.

- Q.4.** (a) Is ration allowance admissible in addition to daily allowance to PBORs?
(3 Marks)

- (b) Is outfit allowance admissible to a JCO granted Honorary Commission while on leave pending retirement/release?
(3 Marks)

- (c) Can a PBOR be granted ration allowance of the higher rate on the grounds that duty hours of the individual conflict with the ration drawing hours? When is the higher rate admissible?
(3 Marks)

- Ans.** (a) No ration allowance is not admissible to PBORs in addition to Daily Allowance.
(Authority- Rule 176, P&A Regulations(ORs) 1979)

- (b) Yes. The JCO is entitled to get the allowance even in case he is on leaving pending retirement/release.
(Authority-Note under Rule 170, P&A Regulations(ORs))

- (c) Normally, lower rate of ration allowance only is payable as this is not a sufficient ground for allowing higher rate of ration allowance. However, higher rate of ration allowance is admissible if.

(i) the unit ration stand/retail shop is outside the units lines, or

(ii) the ration stand exists on the units line, but the individual does not reside there or his place of duty is outside the unit lines.

(Authority- Note below Rule 172(c)(i), P&A Regulations(ORs) 1979)

Q.5 (a) How is the period of the overstayal of leave by JCOs/ORs on account of natural calamities regularized? **(3 Marks)**

(b) Can an Officer attached to another unit due to a disciplinary case be granted leave ? If so under what circumstances? **(3 Marks)**

(c) Can a JCO rejoin duty from leave at a station outside the command where his unit was located at the time he proceeded on leave, on the grounds that his unit has temporarily moved enbloc to a place away from its permanent location? **(3 Marks)**

Ans (a) Overstayal of leave in such cases may be regularized for a period upto 30 days by the Commanding Officer at his discretion. The first 15 days of the limit of 30 days may be treated as special leave with full pay and allowances, and the remaining period of 15 days may be adjusted against the future leave entitlement of the individual. Case of overstayal beyond 60 days would be submitted to the Govt for orders.

(Auth- Rule 6 d(ii) Note 1 below 6 of (iii) leave Rules for the Services Vol-I)

(b) Ordinarily no leave is to be granted in such cases. In exceptional cases, however, leave due may be granted to them on extreme compassionate grounds by an authority who issued the order of attachment.

(c) Yes, under the above mentioned circumstances rejoining duty at the new place outside command where his unit was permanently located is permissible.

(Authority- 5 C(ii) Leave Rules for the Services Vol-I)

Q.6. (a) The wife of Naik 'R' undergoes tubeotomy operation under the family welfare programme after Medical Termination of Pregnancy(MTP). Is he entitled to Special Casual Leave ? If so, for how many days? **(3 Marks)**

(b) Would female service personnel be entitled to special casual leave, when their husbands undergo vasectomy operation under the family welfare programme? If so, for how many days? **(2 Marks)**

(c) Is the special leave concession admissible to a service personnel for participating in

a national sporting event in his personal capacity ?

(1 Mark)

- (d) A service officer from outside New Delhi attends an authorised meeting at the Indian Institute of Public Administration, New Delhi. What is his entitlement of special casual leave?

(3 Marks)

- (a) Naik R is entitled to seven days special casual leave.
- (b) Female Service Personal, whose husbands undergo vasectomy operation, are entitled to only one day Special Casual Leave on the day their husbands undergo the operation.

(Authority- 7 a &b under Rule 73, Leave Rules for the Army Vol-I or reconstructed vide CS 34/I/98)

- (c) No, the concession is not available in this case.

(Authority: Para 72(c) of Leave Rules for the Services Vol-I Army)

- (d) He may be granted special casual leave not exceeding 6 working days in each calendar year plus the minimum period required for the journey to enable him to attend the meeting and return.

(Authority- Para -74 of Leave Rules for the Services Vol-I Army)

SECTION-III
(Factories Portion)

Question-1:

Work out the Prime Cost, Works Cost and Cost of Production from the following cost data relating to product X manufactured by a factory, showing the steps involved in aggregating the various direct and indirect cost elements:

(2+2+3=7 Marks)

| | Rs |
|---|----------|
| Raw Materials used | 2,00,000 |
| Repairs to Plant & Machinery | 7,500 |
| Travelling Expenses | 5,000 |
| Productive Wages | 1,50,00 |
| Salary of Administrative Officers & Staff | 20,000 |
| Cost of Rejections beyond the maximum Percentage authorised in Estimate | 3,000 |
| Carriage Inwards of Materials purchased | 3,000 |
| General/Office Expenses | 6,000 |
| Abnormal profit on sale of stores | 10,000 |
| Factory Utilities (Water, Power, etc.) | 7,000 |
| Office Utilities | 4,000 |
| Depreciation on Plant & Machinery | 8,500 |
| Expenditure on manufacture of Special Tools | 20,000 |
| Directly chargeable to Production | |
| | |

Give annotations in respect of any item(s) excluded from cost of production. **(2 Marks)**

Ans. The steps involved in arriving at the Cost of a Product are as under:

- (i) Direct Labour+ Direct Material+ Direct Chargeable Expenses= Prime Cost
- (ii) Prime Cost+ Indirect Expenses of the Factory Sections(Works Overhead)=Works Cost
- (iii) Works Cost + Indirect Expenses of Administration Sections= Cost of Production.

The following table gives the required costs in respect of Product 'X' worked out on above lines:-

Cost Sheet of 'X' During..

| | Rs. | Rs. |
|--|----------|-------------------|
| Raw Material used (Direct Material) | | 2,00,000 |
| Productive Wages (Direct Labour) | | 1,50,000 |
| Expenditure on manufacture of Special Tools (Direct Chargeable Expense | | 20,000 |
| | 3,70,000 | Prime Cost |

| | | | |
|---|--------|-----------------|--------------------------------|
| Repairs to Plant& Machinery | 7,500 | | |
| Carriage Inwards of Materials purchased | 3,000 | | |
| Factory Utilities | 7,000 | | |
| Depreciation on Plant & Machinery | 8,500 | 26,000 | Works Overhead |
| | | 3,96,000 | Works Cost |
| Travelling Expenses | 5,000 | | |
| Administrative Salary | 20,000 | | |
| General /Office Expenses | 6,000 | | |
| Office Utilities | 4,000 | 35,000 | Administrative Overhead |
| | | 4,31,000 | Cost of Production |

(Authority: Para-21, Chapter-II, OM Part-VI, Vol-I, Page-11)

Note:- The items have been excluded from cost of production are:

- (i) Cost of rejections beyond maximum percentage authorised in estimate (being abnormal/avoidable rejection to be regularised as loss);
(Authority: Para-679(iv),OM Pt.VI, Vol-II, Page-25)
- (ii) Abnormal profit on sale of stores (being an item of financial accounts which is to be kept out of cost of production)
(Authority: Para-840,OM Pt.VI, Vol-II, Page-73)

Q.2. Why is Job Costing an appropriate system for adoption in Ordnance Factories ? What are its distinct advantages ? For what purpose is the technique of marginal costing used in the Ordnance Factories?

(2+6+1=9 Marks)

Ans. As the Ordnance Factories have many line of production in the same factory and sometimes in the same shop, ensuring lot identity is important. Hence in Ordnance Factories, the production authority in the form of a warrant is for lot quantity . The system of costing by warrants(Job Costing) is a basically sound one and it is an advantage that it covers all the factories. The following are the distinct advantages:-

- (i) Orders are placed on the shops in the shape of manufacture and material warrant for convenient batch or quantity, which can be completed in three months.
- (ii) Warrant(along with the standard estimate) constitutes an effective instrument for control over utilization of labour and material on an individual job or batch. This also forms the basis of compilation of cost.
- (iii) Warrant is the authority for utilization of labour and drawl of materials.

- (iv) Expenditure incurred under the elements of cost viz. Labour , Materials, Variable Overheads and Fixed Overheads are collected warrant-wise.
- (v) After the closure of warrant, the actual cost is compared with the estimated cost under different elements of cost.
- (vi) Comparison between the cost of production on warrants for the same items, during different periods, enables location of variances and the causes , so that remedial measures as necessary can be taken.

(Authority: Para-57,Chapter IV, OM Pt.VI, Vol-I Page-24)

The technique of marginal costing is employed while quoting for the civil trade. The object is to utilize idle labour and facilities available to the extent possible.

(Authority: Para-60,Chapter IV, OM Pt.VI, Vol-I Page-24)

- Q.3.** (a) What is a Disbursement Certificate and What are its contents? **(5 Marks)**
- (b) How is the grand total of Absentee Payment Register verified ? **(1 Mark)**
- (c) Explain how unclaimed wages can lead to a difference between cost and the financial accounts. How is this difference treated in accounting terms? **(2+1=3 Marks)**

Ans. (a) A monthly Disbursement Certificate (IAFO-1929) is prepared by an Ordnance Factory for industrial employees who are paid out of advances obtained monthly from the local Accounts Officer. The payment side of the certificate shows:

- (i) The total amount passed for payment in the muster rolls.
- (ii) Deductions made therefrom.
- (iii) The net amount payable and the actual amount disbursed.

Arrears of wages paid and also supplementary bill payments on account of discharge are also noted therein. The receipt side of the certificate shows:-

- (i) Advances received from the AO, including sums, if any drawn on Emergency Cash Requisition and
- (ii) Any receipt for undisbursed wages remitted by Money Order.

The difference between the receipt and payment represent undisbursed amount (to be duly supported by an accompanying Treasury Receipt), which is required to be recorded on the payment side of the disbursement certificate and both the

sides balanced. The DC with supporting schedules and TR should be sent to the AO on or before the 10th the second month following the month of transaction.

(Authority:- Para-216, Chapter V , OM Pt, VI Vol-I Page-55 and Para-37, FAR Page-18)

- (b) While checking the **Absentee Payment Register** it has to be verified that the grand total agrees with the amount shown as undisbursed wages in the Agreement Form of Labour.

(Authority:- Para-219, Chapter V , OM Pt, VI Vol-I Page-55)

- (c) The Pay Head of Industrial Employees will be charged with the entire amount while paying any advance or adjusting any debit/credit accounted for in the disbursement certificate. Similarly the pay head will be credited (as minus charge) with the entire amount while adjusting any treasury receipts for amounts (undisbursed) deposited against the advance drawn. It is thus evident that the amount of unclaimed wages is not charged to the pay head in the financial accounts although the same is fully charged in the cost accounts. The difference between the cost and financial accounts thus represented by the unclaimed wages is treated as 'Outstanding Liability' in accounting terms.

(Authority:- Para-222, Chapter V , OM Pt- VI Vol-I Page-56)

Q.4. Outline the documentation and other follow-up action required.

- (a) When there is a discrepancy (deficiency) found in the actual stock as per stock taking sheet received in Accounts Office vis-a vis the PSL balance.

(5 Marks)

- (b) When there is a difference between the book value and sale value of surplus, obsolete and waste stores.

(4 Marks)

Ans. (a) In the case of such discrepancy between the PSL balance and the actual stock on stock verification, a discrepancy voucher on IAF(Fac) 144 for the gross loss will be prepared always and at any time in agreement with the physical ground balance. The discrepancy will subsequently be investigated and settled. Pending settlement, the discrepancy voucher should be entered in the Objection Register statement portion of IAF(Fac) 144 will be completed and written off or sanctioned for the net loss.

Before the AO agrees to write off the amount he will scrutinize each item of loss to ensure that-

- (i) the loss statement has been correctly prepared and priced;
- (ii) No breach of accounting rules has contributed to the loss;
- (iii) the loss has been properly investigated according to rules;
- (iv) the loss is a real one and not fictitious;
- (v) the remedial measures suggested are satisfactory.

The objection should be cleared from the register on receipt of the sanctioned loss statement, or, in other cases where on loss is involved, when the discrepancy is settled otherwise by suitable action after investigation.

(Authority:- Para-471-473, Chapter VI, OM Pt- VI Vol-I Page-124)

- (b) No loss statement is necessary for the difference between the book value and sale value of surplus, obsolete and waste stores. The vouchers are priced at the sale rate. As the posting at sale rate will affect the ledger value balance, an adjustment voucher is simultaneously made out for the difference between the book value and sale value. If the difference is plus(i.e. loss), adjustment issue voucher is made out. If the difference is minus(i.e. profit) adjustment receipt voucher is floated. These are posted in the PSL and accounted for against the appropriate code head in PSA.

(Authority:- Para-480,481(a), Chapter VI, OM Pt- VI Vol-I Page-125)

- Q.5.** (a) What is meant by departmentalisation of overheads? Explain the relevance of Cost Centre concept in a multi-product scenario.

(2+3=5 Marks)

- (b) What are the criteria for deciding on Cost Centres ?

(4 Marks)

- Ans.** (a) The first step in the accounting and allocation of overheads is their departmentalisation. This means collecting together the overhead expenses(whether variable or fixed) pertaining to each shop or cost centre, so that the overhead charges for a shop or centre may be charged to the particular shop or centre.

(Authority:- Para-535, Chapter VII, OM Pt- VI Vol-I Page-143)

In a multi-product scenario, collection of costs is better done cost centre-wise rather than shop-wise. This is because with the increase in number of production lines, diversification of product, addition of versatile and automatic machines and widely differing skills for supervision, operation and maintenance, the original concept that all products make equal demands on the total facilities in a shop may not now be valid in many cases. Hence levy of overhead charges at uniform percentage of Direct Labour on all products manufactured in a shop may no longer be viewed as rational. Rather, cost ascertainment and control may be facilitated by having clearly defined units of endeavour, such as a location or a group of equipment/products as a cost centre.

(Authority:- Para-537, Chapter VII, OM Pt- VI Vol-I Page-143)

- (b) The criteria for deciding on cost centres are:-

(i) Diversity or dissimilarities of products involving varying use of labour, equipment, supervision etc. which calls for differential application of overheads.

(ii) Identification of functional responsibility for the purpose of management and

cost control.

(iii) To avoid undue and unwieldy proliferation of cost centres, their number should be such as to provide optimum control, commensurate with cost and Management Accounting efforts.

(iv) As frequent changes in the number of cost centres are not desirable, changes should not normally be more frequent than once in a year.

(Authority:- Para-537, Chapter VII , OM Pt- VI Vol-I Page-143)

Q.6. (a) Indicate the points to be covered by an Accounts Officer while carrying out his personal scrutiny of cost cards regarding which he should furnish detailed cost analysis to the factory management.

(3 Marks)

(b) Name any three items that appear in cost accounts but do not appear in financial accounts of a factory.

(3 Marks)

(c) Enumerate with examples, the main heads under which capital assets are classified in Ordnance Factories.

(3 Marks)

Ans. (a) During his personal scrutiny of cost cards, the Accounts Officer should carry out a detailed cost analysis regarding the following items and furnish the same to the management for information and comments:

(i) Where the variation between the estimated and actual cost is more than 10% under Labour/Material heads.

(ii) All warrants in which rejections have taken place.

(iii) Any other warrants presenting unusual features.

(Authority:- Para-630, Chapter VIII , OM Pt- VI Vol-II Page-11)

(b) The following items appear in cost Accounts but do not appear in Financial Accounts of Factories:

(i) Superannuation charges.

(ii) Cost of Central accounts and administration.

(iii) Departmental charges on MES works

(iv) Assessed rent of rent-free quarters.

(Authority:- Para-840, Chapter X , OM Pt- VI Vol-II Page-73)

(c) Capital assets in Ordnance Factories are classified under three main heads:-

(i) Buildings-comprising Industrial Buildings (inside factory premises), Non-

industrial Buildings(offices outside factory perimeter, Hospital, etc) and Residential Buildings.

(ii) Machinery - including conventional and CNC machines, furnaces, air cooling plants, etc.

(iii) Other Items-e.g, water or gas lines, incinerators, roads, electrical installations, etc.

(Authority: Para 731-734, Chapter IX, OM Pt. VI, Vol-II, Page-42)

SECTION-IV
(Air Force Portion)

Q.1. Write Short Notes on:

(3x3 =9 Marks)

- (a) Separation Allowance
- (b) Disturbance Allowance
- (c) Training Camp Allowance

Ans. (a) Separation Allowance will be he admissible to married officers, who are above 25 years of age or put in 3 years of service, when they are parted to units/formations located in areas/stations in India, as notified from time to time, where families are not permitted to accompany them. If both husband & wife are surviving in notified areas it in admissible to only are spouse. Separation allowance(Peace) is admissible to the officers of the rank of Air Commodore and above when they are not allotted family accommodation and forced to live in messes.

(Authority:- P&A Regulation,Para-182,& GOI, MOD no.1(i)/83-VIII/D(Pay/Ser) dated 08.02.87)

- (b) Married officers proceedings abroad on duty from India or other stations ex-India or returning to India from abroad shall be entitled to disturbance allowance at the rates specified from time to time provided the officers move ex-India with their families or joined by their families with in 6 months of the date of the name of the officers and the families move at Govt. employees.

(Authority:- P&A Regulation, Para-III)

- (c) Training Camp Allowance will he paid to Airforce Officers on the permanent staff of units of the NCC/ACC during the period of training in NCC Camps/ACC training or term- term camps. It is also admissible to other officers of AF who are detailed for duly at the NCC/ACC Camps & actually lining, messing & sleeping in camps. This is not admissible in conjunction with DA or subsistence Allowance.

(Authority:- P&A Regulation,Para-136, 137 & 138)

Q.2. (a) What is the advance of pay admissible in the following cases:

(3X2=6 Marks)

- (i) An AF Officer proceeding on annual leave in India.
- (ii) An airman, whose a/c is in debit, proceeding on annual leave.
- (iii) An airman proceeding to manoeuvres.
- (b) An AF Officer's claim for motor car advance was rejected stating that he is likely to proceed on training ex-India. Comment.

(3 Marks)

Ans. (a) (i) The officer is entitled for advance of full amount of pay admissible for the period of annual leave.

(Auth: Rule 468(vi))

(ii) Airman whose A/c is in debit is entitled to 1/3rd of pay (including Rank pay, Badge pay & DA) admissible for the leave period after deduction of family allotment & AFPP fund submission.

(Auth: Rule 469(ii)&(i))

(iii) Airman is entitled to advance of pay not exceeding one month's pay.

(Auth: Rule 469(iv))

(b) In no circumstances an officer who is likely to proceed on training ex-India, is entitled to motor car advance. Hence the rejection of claim is in order.

(Auth: Rule 486 Note-I)

Q.3. (a) Offer your audit comments:

Compensation claims were received from the following for the damages caused to their properties by AF vehicles while on duty:

- (i) A private Party
- (ii) A semi-Govt. body
- (iii) A department of G.O.I.

(1+1+1=3 Marks)

(b) Write briefly on the compensation for car advance admissible to an officer serving on the Indian Embassy abroad.

(3 Marks)

(c) What is ante-date of commission? What is its effect on the pay and qualifying service?

(3 Marks)

Ans. (a) (i) CAS & AOC-in-C, Command all empowered to settle the compensation claim received from the private party.

(Auth: Rule 451)

(ii) Compensation claim pertaining to semi-Govt. body is to be considered by the competent authority on the necessity of the case.

(Auth: Rule 454)

(iii) No compensation will be offered to the department of GOI

(Auth: Rule-454)

(b) Officers serving on the staff of Indian Embassies abroad, who have not been provided with official cars for their use and in whose case maintenance of a

private car has been certified by the High Commission as necessary for the efficient performance of duties at the part abroad, will be granted compensation for the motor car maintenance on a/c of personal cars only for the stations & at the rates and conditions laid down by the Govt. from time to time. However, during the first year of posting abroad officer will be paid compensation in lump sum for the year which will be adjusted in the subsequent months.

(Auth: Rule 455 Exception)

- (c) When an ante-date of commission is granted and published in the Granted and published in the Gazette of India, the period of ante-date will be treated as qualifying service if so specified in the gazette of India notification for regulating the rates of pay of the officer. The grant of ante-date of commission does not carry back pay prior to the date of commission

(Auth: Rule-51)

- Q.4.** (a) Mention any two actions for which Rewards are given. **(2 Marks)**
- (b) What is the date of effect of monetary allowance per month attached to a gallantry decoration? **(2 Marks)**
- (c) In the case of posthumous awardees how the gallantry award is paid ? **(2 Marks)**
- (d) An Airman, who was already in receipt of monthly allowance for a gallantry decoration was awarded a higher gallantry decoration. How the monthly allowance is regulated ? **(3 Marks)**

Ans. (a) Reward are given for the following actions:

(i) To a person appreciating an airmen who is in a state of desert in or absence without leave from his units and who does not surrender himself voluntarily.

(ii) To a private individual or body for the rescue of AF flying personnel forced landed or shot down on land, river or sea for salvaging balloons, torpedoes, crashed service aircraft, sea crafts etc - MT; service equipment.

(iii) For passing A.F. judge advocate examination,

(iv) For pointing out the position of unexploded shell.

(Auth: Rule-383, 389, 393(i), 396)

- (b) The allowance will be admissible w.e.f the date of act for which the decoration is granted.

(Auth: Rule-409)

- (c) In the case of posthumous awardees it is paid in lump sum to the legal heirs.
(Auth: Rue-408(b))
- (d) An allowance for one decoration a bar or bars thereto only can be drawn at a time. The less favourable allowance shall be relinquished from the date of grant of the higher decoration.

(Auth: Rule-410)

- Q.5.** (a) What is Acting allowance and to whom it is admissible ?
(4 Marks)
- (b) What are the different types of Ration Allowances and under what circumstances the same are granted ?
(5 Marks)

Ans. (a) MWOS & WOS, other than those holding honorary commission will receive acting allowance at the rates specified from time to time when appointed, with the prior approval of the Unit Commander not below the rank of Group Captain in officer's vacancy in ground duty branches in units other than Command Hqrs & Air Hqrs arising as a result of shortage of officers but not caused by leave, ty duty or course of instruction.

A MWO can officiate in a vacancy of Squ. Ldr/Flt. Lt./Flying Officer whereas W.Os can officiate in the vacancy of Flt. Lt/Flying Officer, WOs can be given officiating promotion if they have more than 3 years of service and an appointment of MWO is not established in the section concerned.

(Auth: Rule, 274, 275)

- (b) Ration allowances are of 3 types:

(1) LORA, (2) Higher rate of RA, (3) Special rate of RA

(1) **LORA** is admissible to those airmen where residence is not more than 3.2 kms from the ration stand and choose to draw -

- (i) buy ration in kind and an allowance in lieu of fresh rations viz. wheat, veg, etc or
- (ii) an allowance in lieu of buy as well as fresh rations.

(2) **Higher rate of R.A** is admissible when

- (i) owing to sickness or other disability of the airman is unable to consume in normal ration and no ration articles are drawn by him; or
- (ii) when the airman resides at a distance of more than 3.2 kms from the ration stand.

(3) **Special rate of RA** is admissible when

- (i) traveling by rail/road on leave/duty or
- (ii) when employed on movement control duties at stations when they are obliged

to take their meals in refreshment rooms; or
(iii) when detained on duty at outstation where ration can't be supplied by govt.

(Auth: Rule 351)

Q.6. (a) What is Outfit Allowance ? How frequently it is renewed in normal cases and to whom the initial and subsequent Outfit Allowance is paid. ?
(5 Marks)

(b) Is the service rendered in the Ministry of Home Affairs to be taken as qualifying service for grant of Outfit Allowance ?
(2 Marks)

(c) What is Special Outfit/Uniform Allowance ?
(2 Marks)

Ans. (a) The outfit allowance is admissible to AF Officers for procuring various items of clothing & uniform as laid down. Normally it is renewed once in 7 years, Initial outfit allowance amount is paid to the O.C. of the academy/training establishment who is responsible for procuring various items of uniform & clothing. Subsequent renewal outfit allowance is paid to the officer.

(Auth: Rule-140 & 141)

(b) The officer in civil employ i.e. Ministry of Home Affairs is required to wear the uniform frequently though not all the time. Therefore, the service in the Ministry of Home Affairs is taken into a/c as qualifying service for outfit allowance.

(Auth: Rule 149(ii))

(c) A Special non-recurring uniform allowance is admissible to commissioned officers, on the personal staff of the CAS viz staff officer & ADC to CAS, with view to assist them to obtain the special uniform which they are required to wear.

(Auth: Rule-155(a))

SECTION-V
(Navy Portion)

Q.1. State whether the following statements are True or False:-

(3+3+3 Marks)

- (a) The stagnation increment will not count for fixation of pay on promotion.
- (b) Special pay or peronal pay is included for grant of Compensatory (City) Allowance (CCA) to Armed Forces Officers/Personnel.
- (c) Instructional Allowance is admissible in addition to Deputation(Duty) Allowance.

Ans. (a) False

(Authority:- Ministry of Defence letter No. 13/26010/AG/PS-3(a)/ 1541/ D/Pay /Services dated 30 July 1999 Para-3)

(b) False

(Authority:- Ministry of Defence letter No. 30(17)/97/D/(Pay/Sers) dated 17th December, 1997 Para-4)

(c) False

(Authority:- Ministry of Defence letter No. 1(26)/97/VI/D(Pay/Services dated 29th February, 2000 Para-3)

Q.2. (a) What is Sick Leave ?

(3+3+3 Marks)

- (b) Is there any difference for the purpose of the grant of sick leave between attributable and non-attributable diseases ?
- (c) For how many months sick leave will be admissible in the first instance ?

Ans. (a) Sick Leave shall be granted on the recommendations of the competent medical authorities.

(Authority:- Rule-15(1) of No(Special) 3/84. The Navy leave Regulation 1970)

(b) No difference

(Authority:- Rule-15(2) of No(Special) 3/84. The Navy leave Regulation 1970)

(c) Upto Six months in the first instance.

(Authority:- Rule-21(1)(a) of No(Special) 3/84. The Navy leave Regulation 1970)

Q.3. Differentiate between:

- (a) Sea Going Allowance and Sea Duty Allowance.

(5 Marks)

- (b) Kirti Chakra and Shaurya Chakra. **(4 Marks)**

Ans. (a) Naval officers/Personnel deployed on operational ships at sea may be granted the Sea Going Allowance for officers and Sea Duty Allowance for Sailors at the rates specified by the Ministry of Defence subject to the condition that the ship are at the sea for a duration exceeding 12 hours in day. The allowance will be admissible on a daily pro-rata basis. The Submarine and Flying Allowance will not be admissible concurrently with these allowances.

(Authority:- Ministry of Defence letter No. 1(26)/97/XI/D(Pay/Services) dated 29th February , 2000)

- (b) Both are Gallantry Awards but the rate of monetary allowance is Rs.1050 per month for Kirti Chakra and Rs 750/- per month for Shaurya Chakra.

(Authority:- Ministry of Defence letter No. 3(87/98/D(Ceremonials) dated 18th March , 1999)

Q.4. (a) Which of the following Allowance are included in the basic pay of the Navy Officers:- **(5 Marks)**

- (i) Survey Allowance
- (ii) Submarine Allowance
- (iii) Flying Allowance

- (b) A captain of the Indian Navy is deputed on training assignment as Instructor to College of Defence Management , Secunderabad.

(2+2 Marks)

- (i) Is he eligible for any allowance ?
- (ii) If yes, what is the Rate per month ?

Ans. (a) None

(Authority: Para-2 Section -I of Special Navy Instruction 2/S/98)

- (b) (i) Yes, Instructional Allowance

- (ii) Rs 900 per month

(Authority:- Ministry of Defence letter No. 1(26)/97/VI/D(Pay/Services) dated 29th February , 2000)

Q.5. (a) From which date the revised rates of CILQ for personnel below Office Rank of the Armed Forces are applicable ? **(3 Marks)**

- (b) In the case of Sailors, how the rate of CILQ will be determined ? **(3 Marks)**

- (c) At what rate the CILQ will be paid to Single MCPO and married MCPOs living without their families , and who are permitted to make their own arrangements ?

(3 Marks)

- (a) From 01.08.1997
(Authority:- Ministry of Defence letter No. 1(9)/97/D(Pay/Services) dated 17th December , 1997)
- (b) In the case of Sailors afloat, the port at which their ship is based shall be deemed to be their duty station for the purpose of grant of CILQ.
(Authority:- Explanation 1 below Regulation No. 200 Pay and Allowance Regulation for the Navy Part-I)
- (c) At two thirds of the rates specified in regulation 201.
(Authority:- Regulation 204(2) P&A Regulation (Navy) Part-I)

- Q.6.** (a) State the conditions of eligibility for grant of Motor Conveyance/Personal Computer/Bicycle Advance to Defence Service personnel serving in the Navy. (5 Marks)
- (b) How much advance can be sanctioned for payment of custom duty on personal computer? (2 Marks)
- (c) What is the maximum ceiling for grant of motor car advance to service personnel for purchase of a motor car for the first time? (2 Marks)

Ans. (a) Condition of Eligibility -

- (i) The authority competent to sanction a motor conveyance/Personal Computer advance is satisfied that the Service personnel has the capacity to repay the advance.
- (ii) The advance for purchase of motor car/personal computer shall be granted to whose basic pay is Rs.10500/- or more and in the case of Service officers whose basic pay plus rank pay is Rs.10500/- or more per month. The Secretary of Department of Defence shall be competent to relax this condition in deserving cases. The grant of advance for purchase of personal computer will have no linkage with the advance for purchase of Motor Car.
- (iii) The advance for the purchase of Motor Cycle/Scooter/Moped shall be granted to those Service personnel whose basic Pay is Rs.4600/- or more per month. The authority competent to sanction this advance may, however, relax this condition in deserving cases.
- (iv) A service Personnel who is in receipt of basic pay not exceeding Rs.5000/- per month may be granted on advance for purchase of a bicycle.

(Authority:- Ministry of Defence letter No. 29317/Q/No. Coord/1879 / D(Mov)/98 dated 17th July, 1998)

- (b) No advance
(Authority:- Ministry of Defence letter No. 29317/Q MOD Coord/1879 / D(MOD)/98 dated 17th July, 1998)
- (c) Rs. 1,80,000 or eleven months basic pay of the Service Personnel whichever is the least.
(Authority:- Ministry of Defence letter No. 29317/Q MOD Coord/1879 / D(MOD)/98 dated 17th July, 1998)