

**Bc/FA-2/204**

**2 0 1 5**

( 2nd Semester )

**COMMERCE**

Paper No. : BC-204

**( Financial Accounting—II )**

*Full Marks : 70*

*Pass Marks : 45%*

*Time : 3 hours*

( PART : B—DESCRIPTIVE )

( Marks : 45 )

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

1. (a) Define accounting theory. Explain its objectives in brief. 2+7=9

*Or*

- (b) "Accounting is known as Financial Information System." Explain. 9

2. (a) Explain the different lists of liabilities and assets for preparing the Statement of Affairs. 9

( 2 )

Or

(b) Mr. Rakesh filed a petition in bankruptcy on 31st December, 2014. His books showed the following balances :

Particulars	₹	₹	₹
Fixtures and Fittings (estimated to produce ₹ 400)		1,030	
Stock-in-Trade (estimated to produce ₹ 5,000)		7,210	
Trade Creditors			7,940
Bills Payable			8,700
Sundry Debtors :			
Good	3,800		
Doubtful (estimated at 50%)	8,000		
Bad	8,000	19,800	
Bank Overdraft			6,900
Capital			4,500
		<u>28,040</u>	<u>28,040</u>

Liability on bills discounted ₹ 2,500, expected to rank ₹ 600. His life policy (surrender value ₹ 2,000) given as security for a loan of ₹ 1,500 at 10% interest paid up to the preceding 30th June. Mrs. Rakesh gave up jewellery valued at ₹ 1,200 to the official receiver. Official receiver completed certain pending transaction which resulted in a profit of ₹ 200. There is a creditor of ₹ 100 (included in trade creditors) who is not to rank for dividend. Income tax due amounted to ₹ 1,540.

Prepare Statement of Affairs and  
Deficiency Account.

5+4=9

( 3 )

3. (a) Mention the objectives of Branch Accounting. Write the main features of branches not keeping full system of accounting. 4+5=9

Or

- (b) Mr. X of Dimapur purchased goods for his 3 departments as :

<i>Departments</i>	<i>Pieces</i>	
A	400	} at a total cost of ₹ 4,300
B	1600	
C	1000	

Sales for 3 departments were :

<i>Departments</i>	<i>Pieces</i>	<i>Rate per piece (₹)</i>
A	200	15
B	1800	20
C	1200	5

Other information about stock at the beginning was :

<i>Departments</i>	<i>Pieces</i>
A	200
B	500
C	300

Mr. X informed you that the rate of gross profit is the same for all departments. Prepare Departmental Trading Account. Show all workings. 9

4. (a) Show the format of Policyholders Account (Form A-RA) as per IRDA guideline.

9

Or

- (b) From the following information relating to Adarsh Bank Ltd., prepare Profit and Loss Account for the year ended 31st March, 2014 along with the necessary schedules :

<i>Items</i>	<i>Amount for the year ended 31.03.14 ₹ (in '000)</i>	<i>Items</i>	<i>Amount for the year ended 31.03.14 ₹ (in '000)</i>
Interest/Discount on Advances/Bills	31,628	Advertisement & Publicity	87
Income on Investments	11,810	Depreciation on Bank's Property	292
Interest on Balances with RBI	4,243	Directors' Fees, Allowances & Expenses	7
Commission, Exchange and Brokerage	2,907	Auditors' Fees & expenses	41
Profit on Sale of Investments	114	Law Charges	22
Interest on Deposits	31,404	Postage, Telegrams & Telephones	312
Interest on RBI Barrowings	3,362	Repairs & Maintenance	91
Payments to and Provision for Employees	9,717	Insurance	915
Rent, Taxes & Lighting	955	Other Expenditure	884
Printing & Stationery	213	Balance of Profit & Loss Account b/f	1,524

The following adjustments are to be made :

- (i) Make a provision for income tax (including surcharge) @ 51.75%
- (ii) Every year, the bank transfers 25% of profit to statutory reserve and 5% of profit to revenue reserve
- (iii) Dividend amounting to ₹ 2,00,000 for the year ended 31st March, 2014 is proposed by the Board of Directors

5. (a) What is self-balancing system? Give its sections. What are the advantages of self-balancing ledgers? 1+2+6=9

Or

- (b) From the following details, write General Ledger Adjustment Accounts (in purchase and sales ledger) as on 31st March, 2014 :

<i>Particulars</i>		₹
Debtors (01.04.2013)	Dr.	17,425
Debtors (01.04.2013)	Cr.	320
Creditors (01.04.2013)	Cr.	27,408
Creditors (01.04.2013)	Dr.	210
Purchases		25,200
Sales		28,209
Sales returns		208
Purchases returns		714
Cash paid to creditors		12,700

<i>Particulars</i>	₹
Bills received from debtors	9,300
Bill dishonoured	200
Bills accepted for creditors	7,400
Credit balance in sales ledger (on 31.03.2014)	4,241
Debit balance in bought ledger (on 31.03.2014)	2,678
Provision for bad debts	900
Discount allowed to debtors later on disallowed	100
Cash received from debtors	8,700
Discount allowed to creditors	1,020
Cash paid to debtors	25
Cash purchases	4,320
Cash sales	7,400
Bad debts written off	215
Discount allowed to debtors	215
Transfer from creditors to debtors ledger	1,242
Bad debts received	250

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