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( 2nd Semester )

**COMMERCE**

Paper No. : BC-204

**( Financial Accounting—II )**

( PART : A—OBJECTIVE )

( Marks : 25 )

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

Answer **all** questions

SECTION—I

( Marks : 15 )

1. State whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

(a) Accounting theory has followed practice rather than preceded practice.

( T / F )

(b) Preferential creditors are shown under list E.

( T / F )

(c) Under the stock and debtors system, Branch Stock Account is a Nominal Account.

( T / F )

(d) A banking company cannot grant loan to any of its directors.

( T / F )

(e) Life assurance fund represents profits of the life insurance company.

( T / F )

**2. Fill in the blanks :**

1×5=5

(a) Each and every banking company incorporated in India will prepare its final accounts

on date .....

(b) Creditors' ledger is called .....

.....

(c) Life insurance is more appropriate to be

called .....

(d) Building expenses should be divided among the different departments according to the ..... by each department.

(e) The unsecured creditors having a prior claim over the others are called ..... creditors.

3. Choose the correct answer and place its code in the brackets provided : 1×5=5

(a) Rebate on bills discounted is

- (i) an item of income
- (ii) a liability
- (iii) income received in advance
- (iv) income outstanding [     ]

(b) Every banking company is required to transfer to statutory reserve

- (i) 10% of net profits
- (ii) 15% of net profits
- (iii) 25% of net profits
- (iv) 30% of net profits [     ]

(c) A Valuation Balance Sheet is prepared by a/an

(i) trading company

(ii) banking company

(iii) life insurance company

(iv) electricity company [ ]

(d) Under the sectional balancing system, the ledger which is usually made self-balancing, is

(i) general ledger

(ii) purchase ledger

(iii) sales ledger

(iv) None of the above [ ]

(e) Sold Ledger Adjustment Account is opened in

(i) sold ledger

(ii) bought ledger

(iii) general ledger

(iv) None of the above [ ]

( 5 )

SECTION—II

( Marks : 10 )

4. Write notes on the following in about 4 or 5 sentences each : 2×5=10

(a) Need for accounting theory

( 6 )

(b) Deficiency Account

( 7 )

(c) Valuation Balance Sheet

( 8 )

(d) Branch Account



( 9 )

(e). Money at call and short notice

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