

**2019**

**( 2nd Semester )**

**COMMERCE**

**Paper : 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) Explain the nature and objectives of accounting theory. 5+4=9

*Or*

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

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

( 2 )

Or

- (b) Mr. Lucas filed a petition of bankruptcy on 31st March. His books shows the following Balance Sheet :

Cash in hand—₹ 10  
Fixture and fittings (estimated to produce ₹ 80)—₹ 250  
Stock in trade (estimated to produce ₹ 1,200)—₹ 1,800  
Sundry Creditors :  
Trade creditors—₹ 2,000  
Bills payable—₹ 2,200  
Sundry Debtors :  
Good—₹ 1,000  
Doubtful (expected to realise 50%)—₹ 2,000  
Bad—₹ 2,000  
Bank overdraft—₹ 1,200  
Capital—₹ 1,660

Liability on bills discounted is ₹ 500, expected to rank ₹ 100. His house valued at ₹ 750, having a mortgage on it of ₹ 600 at 4% interest paid up to the preceding 31st September. Preferential creditors amounting to ₹ 35 including in sundry creditors and ₹ 15 for rates on the house.

Prepare a Statement of Affairs and Deficiency Account.

9

3. (a) What is meant by Departmental Accounts? Describe the objectives and advantages of Departmental Accounts.

2+3+4=9

L9/422a

( Continued )

( 3 )

Or

- (b) Bombay Cloth Mill opened a branch at Delhi on 1st April, 2017. The goods were invoice to the branch at selling price which was 125% of the cost to the head office. The following are the particulars of the transactions relating to the branch during the year ended 31st March, 2018 :

(i) Goods sent to branch at cost to head office—₹ 28,08,400

(ii) Sales :

Cash—₹ 12,50,700

Credit—₹ 17,74,300

(iii) Cash collected from debtors—  
₹ 15,70,000

(iv) Discount allowed to debtors—  
₹ 15,700

(v) Returns from debtors—₹ 10,000

(vi) Spoiled cloth in bales written off at invoice price—₹ 5,000

(vii) Cheque sent to branch for :

Rent—₹ 72,000

Salaries—₹ 1,80,000

Other expenses—₹ 35,000

Prepare Branch Account ascertaining profit for the year ended 31st March, 2017.

9

L9/422a

( Turn Over )



( 4 )

4. (a) (i) Explain the types of insurance companies.  
(ii) What is meant by commission and reinsurance? 5+4=9

Or

- (b) From the following information, prepare a Balance Sheet of International Bank Ltd. as on 31st March, 2018 giving the relevant schedule : 9

Debtors		Creditors	
₹			₹
Bills Purchases	28	Share Capital	
Cash Credit	812.10	1980000 Shares	
Cash in Hand	160.15	of ₹ 10 each	198
Cash with RBI	37.88	Statutory Reserve	231
Cash with other Banks	155.87	Net Profit before	
Money at Call	210.12	Appropriation	150
Gold	55.23	Profit & Loss A/c	412
Govt. Securities	110.17	Fixed Deposit A/c	517
Premises	155.70	Savings Deposit A/c	450
Furniture	70.12	Current A/c	520.12
Term Loan	792.88	Bills Payable	0.10
		Borrowing from	
		other Banks	110
	<u>2588.22</u>		<u>2588.22</u>

Additional Information :

- (i) Bills for collection—₹ 18,10,000  
(ii) Acceptance and endorsement—  
₹ 14,12,000  
(iii) Claim against bank not  
acknowledge as debt—₹ 55,000

L9/422a

( Continued )

( 5 )

5. (a) What is sectional ledger? State the advantages of self-balancing ledgers and sectional balancing. 1+4+4=9

Or

- (b) On 1st April, the creditors balance in a trader ledger were as follows :

A—₹ 1,700	B—₹ 1,800	C—₹ 1,650
D—₹ 2,100	E—₹ 1,300	F—₹ 1,900

The following transactions occurred during the month of June :

- 2nd June Bought goods from A—₹ 1,850  
8th June Paid to F on account—₹ 900  
9th June Trader accepted A's draft—₹ 950 (discount ₹ 50)  
11th June Returned goods to E—₹ 300  
12th June Bought goods from G—₹ 2,000  
14th June Paid to E (discount ₹ 990, ₹ 10)  
19th June Bought goods from B ₹ 1,500  
21st June Paid to D (discount ₹ 2,000, ₹ 100)  
22nd June Bought goods from D—₹ 1,600  
25th June Return goods to G—₹ 230  
27th June Paid to B (discount ₹ 1,740, ₹ 60)  
28th June Bought goods from E—₹ 2,200; paid to G (discount ₹ 70) ₹ 1,700  
29th June Trader accepted F's draft—₹ 1,000 (discount ₹ 40)  
30th June Bought goods from F—₹ 1,600; paid to A on account—₹ 700

You are required to write up individual Creditors Account, General Ledger Adjustment Account (in bought ledger) and Bought Ledger Adjustment Account (in general ledger). 9

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L9-1500/422a

FA-2/BC-204

2019

( 2nd Semester )

**COMMERCE**

Paper : BC-204

**( Financial Accounting—II )**

( PART : A—OBJECTIVE )

( Marks : 25 )

*The figures in the margin indicate full marks for the 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) The goal of accounting theory is to provide a coherent set of logical principles for the evaluation and development of accounting practices.

( T / F )

(b) Partly secured creditors are shown under List B.

( T / F )

(c) Under branch accounting, head office controls the activities of the branches.

( T / F )



(d) A claim occurs when policy fall due for payment.

( T / F )

(e) Total Creditors Account is an account of sales ledger.

( T / F )

2. Choose the correct answer and place its code in the brackets provided : 1×10=10

(a) Under the Provincial Insolvency Act, rent due to the landlord is preferential for a period of

(i) one month

(ii) three months

(iii) Rent is not preferential

(iv) four months

[ ]

(b) Valuation Balance Sheet is prepared by a

(i) Life Insurance Company

(ii) Marine Insurance Company

(iii) General Insurance Company

(iv) None of the above

[ ]

(c) In case of marine insurance, provision against unexpired risk should be

(i) 100%

(ii) 40%

(iii) 50%

(iv) None of the above

[ ]

(d) Rebate on bills discounted for a banking company is

(i) expense

(ii) income

(iii) liability

(iv) None of the above

[ ]

(e) Sold Ledger Adjustment Account is opened in

(i) sold ledger

(ii) bought ledger

(iii) general ledger

(iv) sold ledger as well as in bought ledger

[ ]

(f) The father of accounting theory is

(i) Luca Pacioli

(ii) Breda

(iii) Hendriksen

(iv) Adam Smith

[ ]

( 4 )

- (g) Partly secured creditors are shown under
- (i) List B
  - (ii) List H
  - (iii) List G
  - (iv) List A [ ]
- (h) Under branch accounting, \_\_\_\_\_ controls the activities of the branches.
- (i) head office
  - (ii) branch office
  - (iii) regional office
  - (iv) All of the above [ ]
- (i) Profit and Loss Account of bank is prepared as per the Banking Regulation Act,
- (i) 1949
  - (ii) 1956
  - (iii) 2013
  - (iv) None of the above [ ]
- (j) Self-balancing system is followed in
- (i) banks
  - (ii) insurance
  - (iii) joint-stock companies
  - (iv) All of the above [ ]

( 5 )

SECTION—II

( Marks : 10 )

3. Write short notes on the following in about 4 or 5 sentences each : 2×5=10
- (a) Users of accounting information

( 6 )

(b) Statement of affairs

SECTION 3  
(M) (1) (A) (i)  
3. Write short notes on the following in about 100 or  
150 words each:  
(a) Acts of accounting information

( 7 )

(c) Surrender value and premium

( 8 )

(d) Insolvency Account

( 9 )

(e) Statutory reserve of banking companies

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