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**( 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) What is meant by accounting theory?  
Explain the approaches to accounting  
theory. 2+7=9
- Or*
- (b) Explain the root of accounting theory. 9
2. (a) Distinguish between Statement of  
Affairs and Balance Sheet. 9

Or

(b) Prepare Deficiency A/c from the following information :

	₹	
Capital on 01.01.2014 (Opening)	800	
Bad Debts	1,000	
Profit on sale of assets	200	
Household expenses	300	
Loss on bills discounted	200	
Profit in first two years	500	
Loss on sale of assets	500	
Interest on capital	100	
Loss through speculation	200	
Surplus from private property	400	
Gift declared void	100	
Loss in next three years	1,800	9

3. (a) What is meant by Branch Account? What are the main types of branches from accounting point of view? Give any three objectives of branch accounting.

2+4+3=9

Or

- (b) Following purchases were made by a business house having three departments :

Department A—1000 units	] at a total cost of ₹ 1,00,000
Department B—2000 units	
Department C—2400 units	

Stocks on 1st January were

Department A—120 units

Department B—80 units

Department C—152 units

The sales were

Department A—1020 units @ ₹ 20.00 each

Department B—1920 units @ ₹ 22.50 each

Department C—2496 units @ ₹ 25.00 each

The rate of gross profit is the same in each case.

Prepare Departmental Trading A/c. 9

4. (a) Give the specimen of Revenue Accounts as per IRDA. 9

Or

- (b) On 31st December, 2014, the following Balances stood in the books of Lakshmi Bank Ltd., after preparation of its Profit & Loss A/c :

Share Capital :

Issued and Subscribed	40,00,000
Reserve Fund	62,00,000
Fixed Deposits	4,26,00,000
Savings Bank Deposits	1,90,00,000
Current A/c	2,32,00,000
Money at call and short notice	18,00,000

	₹
Investments	2,50,00,000
Profit & Loss A/c (Cr.) as on 01.01.2014	13,50,000
Dividend for 2014	4,00,000
Premises	29,50,000
Cash in Hand	3,80,000
Cash with RBI	1,00,00,000
Cash with other Banks	60,00,000
Bills Discounted and Purchased	38,00,000
Loans, cash credit and overdraft	5,10,00,000
Bills Payable	70,000
Unclaimed Dividend	60,000
Rebate on Bills Discounted	50,000
Short Loans (Borrowed from other banks)	47,50,000
Furniture	11,64,000
Other Assets	3,36,000
Net Profit for 2014	15,50,000

Prepare Balance Sheet of the Bank on  
31st December, 2014.

9

5. (a) What is self-balancing ledger? How are ledgers made self-balancing? Distinguish between self-balancing ledger and sectional balancing ledger.

2+3+4=9

Or

(b) Following particulars are obtained from the books of a company for the year ended 31st March, 2014 :

	₹
Cash sales	25,000
Credit purchases	2,80,000
Collection from Debtors	4,25,000
Bills Receivable received	20,000
Discount received	2,500
Cash purchases	12,000
Bills Payable paid	6,500
Recovery of Bad Debts	1,500
Bills Receivable discounted with bank	8,000
Interest charged on overdue Customer's A/cs	1,200
Endorsed Bills Receivable dishonoured (noting charges ₹ 75)	5,500
Bills Payable accepted	16,000
Bills Receivable dishonoured	2,500
Return Inward	8,500
Payments to Creditors	1,62,000
Discount Allowed	3,000
Debtor's cheque returned dishonoured	7,500
Credit sales	4,90,000
Bills Receivable collected	10,000
Return Outward	3,700
Bills Receivable endorsed to Creditors	7,900



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Overpayments refunded by suppliers	600
Bad Debts	1,000
Opening Balances :	
Sundry Debtors	78,000
Sundry Creditors	85,000

You are required to prepare the Total  
Debtors A/c and Total Creditors A/c. 9

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2022

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

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

( T / F )

(b) Accounting is not in a finished form; it is in the process of evolution.

( T / F )

(c) Selling expenses should be divided among the different departments on the basis of sales.

( T / F )

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

( T / F )

(e) With the introduction of self-balancing system there will be no errors in the ledgers.

( T / F )

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

(a) Accounting provides information on

(i) cost and income for managers

(ii) company's tax liability for a particular year

(iii) financial conditions of an institution

(iv) All of the above

[      ]

(b) The father of scientific management is

(i) Henri Fayol

(ii) John Adair

(iii) Frederic F. Taylor

(iv) Peter Drucker

[      ]



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

- (i) one month
- (ii) three months
- (iii) four months
- (iv) Rent is not preferential [       ]

(d) The monetary limit of salary per clerk as preferential, under the Presidency-Town Insolvency Act is

- (i) ₹ 100
- (ii) ₹ 200
- (iii) ₹ 300
- (iv) ₹ 400 [       ]

(e) A branch which keeps complete record of all accounting transactions is called

- (i) a foreign branch
- (ii) a local branch
- (iii) an independent branch
- (iv) a dependent branch [       ]

(f) Departments are located in

- (i) same place
- (ii) another city
- (iii) outside state
- (iv) foreign country [       ]

(g) As per Section 17 of Banking Regulation Act, every bank has to transfer of profit to statutory Reserve Fund Account is

(i) 10%

(ii) 15%

(iii) 20%

(iv) 25%

[ ]

(h) A valuation Balance Sheet is prepared by a

(i) Trading Company

(ii) Banking Company

(iii) Life Insurance Company

(iv) Electricity Company

[ ]

(i) Goodwill Account is opened in

(i) debtors ledger

(ii) creditors ledger

(iii) general ledger

(iv) None of the above

[ ]

(j) Self-balancing is a system of

(i) keeping ledgers

(ii) preparing Trial Balance

(iii) preparing Final Accounts

(iv) recording Journal Entries

[ ]

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SECTION—II

( Marks : 10 )

3. Write short notes on the following in about 4 or 5 sentences each :  $2 \times 5 = 10$

(a) Features of Accounting Theory

(b) Insolvency Account

(c) Advantages of Departmental Accounts



(d) IRDA

(e) Errors affecting self-balancing ledgers

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