

FA-2/BC-204

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(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 or False : 1×5=5
- (a) Roots of accounting theory stem from decision theory, measurement theory and information theory.
 - (b) Fully secured creditors are shown under List B.
 - (c) Under the stock and debtors system, Branch Stock Account is a nominal account.
 - (d) Annuity is an income.
 - (e) Self-balancing and sectional balancing are synonymous terms.

(2)

2. Choose and write the correct answer from the options provided : 1×10=10

(a) Book debts are shown under

(i) List A

(ii) List B

(iii) List D

(iv) List F

(b) Amount due to Government or local authority is a/an

(i) secured claim

(ii) unsecured claim

(iii) preferential claim

(iv) None of the above

(c) Branch Stock Account is always prepared at

(i) cost price

(ii) selling price

(iii) both cost price and selling price

(iv) None of the above

- (d) Selling expenses should be divided among the different departments on the basis of
- (i) unrealised profit
 - (ii) profit
 - (iii) sales
 - (iv) space occupied
- (e) Which approach lays emphasis on the concepts of justice and fairness?
- (i) Ethical approach
 - (ii) Pragmatic approach
 - (iii) Inductive approach
 - (iv) Deductive approach
- (f) The Balance Sheet of a banking company contains
- (i) 10 Schedules
 - (ii) 12 Schedules
 - (iii) 14 Schedules
 - (iv) 16 Schedules

- (g) Rebate on bills discounted is
- (i) an item of income
 - (ii) a liability
 - (iii) income received in advance
 - (iv) income outstanding
- (h) Policy maturing only on death of the insured is termed as
- (i) endowment policy
 - (ii) whole life policy
 - (iii) with profit policy
 - (iv) None of the above
- (i) Legal expenses in respect of claims is shown in
- (i) Revenue A/c
 - (ii) Profit & Loss A/c
 - (iii) Profit & Loss Appropriation A/c
 - (iv) None of the above
- (j) General Ledger Adjustment Account is opened in
- (i) sales ledger
 - (ii) purchases ledger
 - (iii) both sales ledger and purchases ledger
 - (iv) general ledger

(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
- (b) Deficiency Account
- (c) Branch Adjustment Account
- (d) Slip system of posting
- (e) Statutory reserve of banking companies

2 0 2 1

(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) Discuss the nature and objectives of accounting theory. 9
- Or
- (b) Discuss the history and developments of accounting theory. 9
2. (a) Explain the list of liabilities and assets for preparing the Statement of Affairs. 9

Or

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

Cash in Hand—₹ 1,000

Fixtures and Fittings (estimated to produce ₹ 8,000)—₹ 25,000

Stock in Trade (estimated to produce ₹ 1,20,000)—₹ 1,80,000

Sundry Creditors :

Trade Creditors—₹ 2,00,000

Bills Payable—₹ 2,20,000

Sundry Debtors :

Goods—₹ 1,00,000

Doubtful (expected to realise 50%)—₹ 2,00,000

Bad—₹ 2,00,000

Bank Overdraft—₹ 1,20,000

Capital—₹ 1,66,000

Liability on bills discounted is ₹ 50,000, expected to rank ₹ 10,000. His house valued at ₹ 75,000, having a mortgage on it of ₹ 60,000 at 4% interest paid up to the preceding 31st September. Preferential Creditors amounting to ₹ 3,500 included in Sundry Creditors.

Prepare a Statement of Affairs. 9

(3)

3. (a) What is meant by Departmental Accounts? Distinguish between Departmental and Branch Accounting. 3+6=9

Or

- (b) From the following particulars, prepare Branch Account showing the profit or loss of the Branch : 9

	₹
Expenses :	
Salaries	20,000
Other Expenses	8,000
Opening Stock at the Branch	60,000
Goods sent to Branch	1,80,000
Sales (cash)	2,40,000

Closing Stock could not be ascertained, but it is known the Branch usually sells at cost plus 20%.

The Branch Manager is entitled to a commission of 5% on the profits of the Branch before charging such commission.

(4)

4. (a) Discuss the principles of insurance. 9

Or

- (b) From the following information, you are required to prepare the Profit & Loss A/c of Bandhan Bank for the year ended 31st March, 2021 : 9

	₹
Interest on loan	5,18,000
Interest on cash credit	4,46,000
Discount on bills discounted	3,90,000
Interest on overdraft	1,08,000
Interest on Savings Account	2,20,000
Interest on fixed deposits	5,54,000
Commission and brokerage	16,400
Rent and taxes	36,000
Audit fees	2,400
Postage and telephones	2,800
Sundry charges	2,000
Advertisement	1,400
Director's fees	6,000
Printing and stationery	400
Payment to employees	1,08,000
Locker's rent	700
Transfer fees	1,400
Depreciation on bank property	10,000

Additional information :

- (i) Rebate on bills discounted ₹ 98,000
(ii) Provide for bad debts ₹ 58,000
(iii) Transfer ₹ 1,00,000 to reserves

(5)

5. (a) Write a short note on self-balancing ledger system. What are the advantages and disadvantages of self-balancing ledger system? 2+4+3=9

Or

<i>(b) Items</i>	<i>Amounts</i>
	₹
Opening Balance of Sundry Debtors	
(Dr.)	40,000
(Cr.)	2,000
Cash and Cheques Receipts	1,60,000
Credit Sales as per Sales Day Book	2,00,000
Discount Allowed	6,000
Returns Inward	4,000
Bad Debts	3,000
Bills Receivable Received	20,000
Bills Receivable Discounted	2,000
Provision for Bad Debts	2,000
Closing Credit Balance of Sundry Debtors	6,000
Transfer from Debtor's Ledger to Creditor's Ledger	1,000
Transfer from Creditor's Ledger to Debtor's Ledger	1,200

(6)

From the above information, prepare—

- (i) Debtor's Ledger Adjustment Account in the general ledger;
(ii) General Ledger Adjustment Account in the Debtor's ledger. 9
