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(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

Or

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

Particulars	₹	₹	₹
Fixtures and Fittings			
(estimated to produce ₹ 400)		1,200	
Stock-in-Trade			
(estimated to produce ₹ 5,000)		7,200	
Trade Creditors			7,940
Bills Payable			8,700
Salary Debtors :			
Good	3,800		
Doubtful (estimated at 50%)	8,000		
Bad	8,000	19,800	
Bank Overdraft			6,900
Capital			4,300
		<u>28,340</u>	<u>28,640</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. (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	}
B	1600	
C	1000	
		at a total cost of ₹ 4,300

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	202
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 Borrowings	3,362	Repairs & Maintenance	91
Payments to and Provision for Employees	9,517	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 : 9

<i>Particulars</i>	<i>₹</i>	9
Debtors (01.04.2013) De.	17,425	
Debtors (01.04.2013) Cr.	320	
Creditors (01.04.2013) Cr.	27,408	
Creditors (01.04.2013) De.	210	
Purchases	25,200	9
Sales	28,209	
Sales returns	208	
Purchases returns	714	
Cash paid to creditors	12,700	1

<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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(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 question.

SECTION—I

(Marks : 15)

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

(a) Hendriksen is considered as the father of modern accounting theory.

(T / F)

(b) Book debts are shown under List-E.

(T / F)

(c) Under debtors system, Branch Account discloses profit or loss of the branch.

(T / F)

(d) Branch Stock Account is always prepared at cost price.

(T / F)

(e) Premium is the main source of income of an insurance company.

(T / F)

2. Fill in the blanks :

1×5

(a) Excess of private assets over private liabilities is shown on the side of the Deficiency Account.

(b) Department accounts are prepared to know separately the of each department.

(c) The Balance Sheet of a banking company is drawn up according to in Third Schedule.

(d) Balance Sheet is prepared to know surplus or deficiency of life insurance.

(e) Creditors' ledger is called

3. Match the items of *List—A* with that of *List—B* and place it in the right code : 1x

*List—A**List—B*

- | | | |
|------------------------|--------|----------------------------|
| (a) Deficiency Account | () | (i) Premium Earned |
| (b) Goodwill Account | () | (ii) General Ledger |
| (c) Slip System | () | (iii) Loans and Advances |
| (d) Schedule-1 | () | (iv) Interest Earned |
| (e) Section 20 | () | (v) Banking Companies |
| | | (vi) Self-balancing Ledger |
| | | (vii) Insolvency Account |

SECTION—II

(Marks : 10)

4. Write short notes on the following :

(a) Decision Theory

(b) Statement of Affaris

(c) Types of Branch Account

(d) Statutory Reserve

(e) Sectional Balancing System