

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

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.

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

2+3+4=9

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.

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

		(₹ in lakhs)	
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

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
 accounted—₹ 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).

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