

Bc/Eng (BCM)-204

2018

(2nd Semester)

ENGLISH—II

(Commerce)

Paper No. : Eng (BCM)-204

**(Drama, Short Stories, Commercial
Correspondence and Grammar)**

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Fill in the blanks with suitable articles :

$\frac{1}{2} \times 14 = 7$

(a) _____ cow is _____ useful animal.

(b) I went to _____ hospital to see my uncle.

(c) _____ more they get _____ more they
want.

(d) _____ one-man tribunal was formed by _____ Magistrate to look after _____ matter.

(e) _____ American soldier who appeared to be _____ honest man was seen waiting for _____ hour for _____ train in _____ station.

(f) Wordsworth wrote poems on _____ beauty of nature.

2. Fill in the blanks with appropriate prepositions :

$1 \times 7 = 7$

(a) He ran _____ the road.

(b) The dog jumped _____ the well.

(c) I saw a boy _____ red hair.

(d) Whom are you thinking _____?

(e) That is the poet I was referring _____.

(f) I have to choose _____ these two pictures.

(g) The spaceship will reach the moon _____ three days.

3. Answer the following questions briefly : $2 \times 6 = 12$

(a) Why were the candlesticks so dear to the Bishop?

(b) Give a character sketch of Persomé.

(c) "The point is that it does not matter how you marry, or who you marry as long as you get married. Because you'll be happy ever after in any case... ."

Bring out the irony and humour in the conversation between the King and the Princess in the light of the above statement.

(d) What is the 'harmless ruse' planned by the King?

(e) What did the Imp advise the peasant to do with the extra grains and why?

(f) What gift did Della purchase for Jim?

4. Answer any *three* of the following questions :

$10 \times 3 = 30$

(a) Analyze the theme of the play, *The Bishop's Candlesticks*.

(b) How does Love in disguise between the Prince and the Princess develop into genuine attachment? Explain with textual references.

(c) Justify the title, *The Gift of the Magi* with your understanding of the role of passion and emotion in human relation.

(d) Summarize the story, *The Imp and the Peasant's Bread*. What lesson do you learn from the story?

5. Answer any *two* of the following questions :

7×2=14

(a) Write an application to the Income Tax Department, requesting to refund the excess tax paid during the last assessment year or to adjust the same in the ensuing assessment.

(b) Draft a request letter asking the bank for vehicle loan, furnishing all necessary information.

(c) A firm in Canada asks you for quotation of Indian dress materials. Draft a quotation to be sent to them.

(d) You find that your area has a good market for establishing a shop of electronic goods. Write to the dealer of electronic goods about the suitability of good sales.

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2018

(2nd Semester)

COMMERCE

(Honours)

Paper No. : BCAF-02

(**Advanced Financial Accounting**)Full Marks : 70

Pass Marks : 45%

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. (a) Define holding company. Explain the advantages and disadvantages of holding company. 4+5+5=14

Or

- (b) Following are the liabilities and assets of H Ltd. and S Ltd. as on 31st March, 2014 :

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
	₹	₹		₹	₹
Share Capital :			Freehold		
₹ 10 shares			Premises	2,56,000	90,000
each fully			Machinery	60,000	81,300
paid	3,00,000	1,50,000	Stock	68,000	60,600
General Reserve	1,90,000	6,000	Sundry Debtors	56,000	47,400
Surplus Account	1,60,000	1,08,000	Cash	60,000	33,000

Liabilities	H Ltd. ₹	S Ltd. ₹	Assets	H Ltd. ₹	S Ltd. ₹
Sundry Creditors	30,000	48,300	Investment in shares of S Ltd. at cost	1,80,000	—
	<u>6,80,000</u>	<u>3,12,300</u>		<u>6,80,000</u>	<u>3,12,300</u>

H Ltd. acquired 12000 shares of S Ltd. on 1.4.2013 at the total cost of ₹ 1,80,000. On scrutiny of the liabilities and assets of H Ltd., as at 31.3.2014, the following details are obtained :

- (i) Surplus account includes the interim dividend at the rate of 10% p.a. free from tax from S Ltd.
- (ii) Stock includes ₹ 6,000 of stock at cost purchased from S Ltd.
- (iii) Sundry creditors include ₹ 18,000 for purchases from S Ltd. on which the latter company made a profit of ₹ 4,500

It is further stated that on 1.4.2013 Surplus Account of S Ltd. stood at ₹ 76,000 and the General Reserve at ₹ 4,500. No final dividends are yet proposed to be declared by S Ltd.

Prepare a Consolidated Balance Sheet as on 31st March, 2014.

2. (a) State the features of Amalgamation. Distinguish between Amalgamation in the nature of merger and Amalgamation in the nature of purchase. What factors should be considered while making accounting entries under purchase method? 4+4+6=14

Or

- (b) Ajanta Limited agreed to acquire the business of Elora Ltd. as on 31st March, 2014. Liabilities and assets of Elora Limited as on that date were as under :

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Paid-up Capital :		Fixed Assets :	
10000, 6% Preference		Land & Building	2,00,000
Share of		Machineries	1,00,000
₹ 10 each	1,00,000	Current Assets :	
20000 Equity		Stock	2,00,000
Shares of		Debtors	50,000
₹ 10 each	2,00,000	Cash and Bank	
Reserve	20,000	Balances	35,000
Surplus Account	30,000	Discount on Shares	15,000
7% Debenture	1,00,000		
Sundry Creditors	1,50,000		
	6,00,000		6,00,000

The consideration payable by Ajanta Limited was agreed as under :

- (i) The preference shareholders of Elora Limited were to be allotted 8% Preference Shares of ₹ 1,10,000
- (ii) Equity shareholders to be allotted six Equity Shares of ₹ 10 each issued at a premium of 10% and ₹ 3 cash against every five shares held
- (iii) 7% Debentureholders of Elora Limited to be taken over by the transferee company

While arriving at the agreed consideration, the directors of Ajanta Limited valued land and building at ₹ 2,50,000, stock at ₹ 2,20,000 and debtors at their book value subject to an allowance of 4% to cover doubtful debts. The machineries were valued at book value. Debtors of Elora Limited included ₹ 10,000 due from Ajanta Limited.

It was agreed that before acquisition Elora Limited will pay dividend at 10% on equity shares and will also retain ₹ 5,000 for liquidation expenses.

Draft Journal Entries necessary to close the books of Elora Limited.

3. (a) Define financial statements. Explain the importance of financial statements. What are the advantages of accounting ratios? $2+6+6=14$

Or
(b) Calculate gross profit ratio in each of the following alternative cases : $2 \times 7 = 14$

Case (i) :

Sales—₹ 3,30,000; Sales return—₹ 30,000; Opening stock—₹ 80,000; Net purchases—₹ 1,50,000; Closing stock—₹ 30,000

Case (ii) :

Sales—₹ 4,00,000; Gross profit 25% on cost

Case (iii) :

Stock at the beginning of the year ₹ 60,000; Stock at the end of the year—₹ 1,00,000; Stock turnover ratio 8 times; Selling price 25% above cost

Case (iv) :

Cash sales—₹ 1,00,000; Credit sales—₹ 4,10,000; Sales return—₹ 10,000; Cost of goods sold—₹ 4,60,000

Case (v) :

Opening stock—₹ 30,000; Closing stock—₹ 40,000; Purchases—₹ 6,00,000; Returns inward—₹ 50,000; Cash sales—₹ 2,00,000; Credit sales—₹ 6,00,000; Wages—₹ 20,000; Returns outward—₹ 10,000

Case (vi) :

A trader carries an average stock of ₹ 40,000. His stock turnover ratio is 8 times. He sells goods at a profit of 25% on cost.

Case (vii) :

A company earns a gross profit of 20% on cost. Its credit sales are twice its cash sales, if the credit sales are ₹ 4,00,000

4. (a) Following balances are extracted from XYZ Co. Ltd. as on 31st December, 2015 and 2016 :

Liabilities	2015	2016	Assets	2015	2016
	₹	₹		₹	₹
Share Capital	2,00,000	2,20,000	Building	80,000	76,000
General Reserve	28,000	36,000	Plant and Machinery	74,000	72,000
Profit and Loss Account	32,000	26,000	Investment	20,000	42,000

(7)

<i>Liabilities</i>	2015	2016	<i>Assets</i>	2015	2016
	₹	₹		₹	₹
Creditors	16,000	10,800	Stock	60,000	46,800
Bills Payable	2,400	1,600	Bills Receivable	4,000	6,400
Provision for Tax	32,000	36,000	Debtors	36,000	38,000
Provision for Doubtful Debt	800	1,200	Cash at Bank	13,200	30,400
			Preliminary Expenses	24,000	20,000
	<u>3,11,200</u>	<u>3,31,600</u>		<u>3,11,200</u>	<u>3,31,600</u>

Additional Information :

- (i) Depreciation charged on plant was ₹ 8,000
- (ii) Provision for taxation was made ₹ 38,000 during the year, 2016
- (iii) Interim dividend of ₹ 16,000 was paid during the year
- (iv) A piece of machinery was sold for ₹ 16,000 during the year 2016. It had costed ₹ 24,000, depreciation of ₹ 14,000 has been provided on it.

You are required to prepare a schedule of charges in working capital and a funds flow statement.

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Or

(b) The following are the summaries of the Balance Sheets of a limited company as on 31st March :

Liabilities	2016	2017	Assets	2016	2017
	₹	₹		₹	₹
Share Capital	2,00,000	2,60,000	Cash at Bank	2,500	2,700
Sundry			Debtors	85,175	72,625
Creditors	39,500	41,135	Advances	2,315	735
Bills Payable	33,780	11,525	Stock	1,11,040	97,370
Bank Overdraft	59,510	—	Plant and		
Provision for Tax	40,000	50,000	Machinery	1,12,950	1,16,200
Reserves	50,000	50,000	Land and		
Profit and Loss			Building	1,48,500	1,44,250
Account	39,690	41,220	Goodwill	—	20,000
	<u>4,62,480</u>	<u>4,53,880</u>		<u>4,62,480</u>	<u>4,53,880</u>

The following additional informations are made available from the books :

(i) During the year ending 31st March, 2017 an additional dividend of ₹ 26,000 was paid

(ii) The assets of another company were purchased for ₹ 60,000 payable in fully paid shares of the company. These assets consisted of Stock—₹ 21,640; Machinery—₹ 18,360 and Goodwill—₹ 20,000. In addition, a plant was purchased amounting ₹ 5,650

(iii) Income tax paid during 2016-17 was ₹ 25,000

(iv) The net profit for the year before tax was ₹ 62,530

Prepare the cash flow statement for the year ended 31st March, 2017 as per AS-3 (Revised) indirect method. Show all the workings.

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5. (a) What are the objectives of Inflation Accounting? What approaches have generally been recommended for dealing with problems of changes in purchasing power of money? 6+8=14

Or

- (b) The Balance Sheet of Aman Ltd. as on 31st December, 2016, was as follows :

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Share Capital :		Land and Building	25,000
8000 Preference		Other Fixed Assets	2,00,000
Shares of ₹ 10 each	80,000	Stock	5,25,000
12000 Equity Shares		Debtors	1,00,000
of ₹ 10 each	1,20,000	Profit and Loss A/c	58,000
Bank Loan	4,00,000		
8% Debenture	1,00,000		
Interest Outstanding			
on Debenture	8,000		
Creditors	2,00,000		
	9,08,000		9,08,000

The company went into liquidation on that date. Prepare liquidator's statement of account after taking into account the following :

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- (i) Liquidation expenses and liquidator's remuneration amounted to ₹ 3,000 and ₹ 10,000 respectively
- (ii) Bank loan was secured by pledge of stock
- (iii) Debenture and interest thereon are secured by a floating charge on all assets
- (iv) Fixed assets were realised at book values and current assets at 80% of book values

2018

(2nd Semester)

COMMERCE

Paper No. : BC-202

(Business Economics)

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 deflation? Explain the effects of deflation. Suggest some measures to control deflation. 2+4+3=9

Or

- (b) Explain the profit maximization theory of a firm. 9

2. (a) Explain the different methods of measuring price elasticity of demand. 9

Or

(b) Explain briefly the different determinants of price elasticity of demand. 9

3. (a) State and explain the law of variable proportion with a suitable diagram. 9

Or

(b) Why is the long-run average cost curve L-shaped? Answer with proper reasons. 9

4. (a) What is monopolistic competition? How does it determine price and output in the short run? 2+7=9

Or

(b) Explain Cournot's duopoly model. State its criticism. 6+3=9

5. (a) What is profit? Briefly explain the nature of profit. 2+7=9

Or

(b) Critically discuss the Ricardian theory of rent. 9

2018

(2nd Semester)

COMMERCE

Paper No. : BC-202

(Business Economics)**(PART : A—OBJECTIVE)**

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer **all** questions

1. Choose the correct answer by putting a Tick (✓) mark in the brackets provided : 1×5=5

(a) When the elasticity is measured at a point on a straight line demand curve, it is known as

(i) perfect elasticity of demand ()

(ii) point elasticity of demand ()

(iii) arc elasticity of demand ()

(iv) income elasticity of demand ()

(b) A firm in the short run is considered to be in equilibrium when

(i) AC is constant ()

(ii) $MC < MR$ ()

(iii) AC is minimum ()

(iv) $MC = MR$ ()

(c) Kinked demand curve is the theory of

- (i) monopoly ()
- (ii) collusive oligopoly ()
- (iii) non-collusive oligopoly ()
- (iv) None of the above ()

(d) Price discrimination leads to

- (i) increase in output ()
- (ii) decrease in output ()
- (iii) constant output ()
- (iv) None of the above ()

(e) The marginal productivity theory of wage determination is based on the assumption of

- (i) perfect competition ()
- (ii) monopoly ()
- (iii) oligopoly ()
- (iv) monopolistic competition ()

2. Fill in the blanks :

1×5=5

(a) Income derived from machines and other appliances made by man during the short period is called

(b) A is an association of independent firms within the same industry.

(c) An curve is a curve along which the maximum achievable rate of production is constant.

(d) The demand for money rises with a fall in the rate of interest.

(e) Effective demand is determined by

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

(a) Sales maximization revenue was introduced by Marris.

(T / F)

(b) The law of variable proportion assumes one factor variable and other factors constant.

(T / F)

(c) Discriminating monopoly is profitable if two markets have different elasticities of demand.

(T / F)

(d) Cross elasticity of demand between two perfect substitutes may be zero.

(T / F)

(e) Deflation paves the way for recovery.

(T / F)

(5)

4. Write short notes on the following : $2 \times 5 = 10$

(a) Reflation

(b) Determinants of elasticity of demand

(c) Ridge lines

(d) Price leadership

(e) Characteristics of perfect competition

2018

(2nd Semester)

COMMERCE

Paper No. : BC-203

(Commercial Law)

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 a contract? Distinguish between contract of indemnity and contract of guarantee. 2+3½+3½=9

Or

- (b) Explain the various modes of discharge of a contract. 9

2. (a) What do you mean by sales of goods? Explain the essentials of a contract of sale. 2+7=9

Or

- (b) What is delivery? Explain the rules for delivery of goods. 2+7=9

3. (a) Define partnership. Explain the different types of partnership. 2+7=9

Or

- (b) Who is a minor? Discuss the liabilities and rights of a minor under the Partnership Act. 2+7=9

4. (a) What is negotiable instrument? Explain the various types of negotiable instrument. 2+7=9

Or

- (b) What is endorsement? What are the various types of endorsement? 2+7=9

5. (a) What is FEMA? Explain the main provisions of FEMA. 2+7=9

Or

- (b) Explain the different Consumer Disputes Redressal Commissions in India. 9

2 0 1 8
(2nd Semester)

COMMERCE

Paper No. : BC-203

(**Commercial Law**)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

1. Choose the correct answer by putting a Tick (✓) mark
in the brackets provided : 1×5=5

(a) Proposal is defined under Section

(i) 2 (b) ()

(ii) 2 (a) ()

(iii) 2 (h) ()

(iv) 2 (j) ()

(b) An offer made by words spoken or written is

- (i) verbal agreement ()
- (ii) written agreement ()
- (iii) express agreement ()
- (iv) implied agreement ()

(c) A contract formed by means of coercion is

- (i) void ()
- (ii) voidable ()
- (iii) executed ()
- (iv) executory ()

(d) A bill of exchange contains

- (i) an order to pay ()
- (ii) a promise to pay ()
- (iii) both order and promise to pay ()
- (iv) None of the above ()

(e) Authorized persons for the purpose of FEMA are appointed by the

- (i) Central Government ()
- (ii) State Government ()
- (iii) RBI ()
- (iv) All of the above ()

2. Fill in the blanks :

(a) A contract that is valid when formed but subsequently becomes void is called a

..... contract.

(b) Dishonour of a bill of exchange may be

done by and

.....

(c) In a contract of sale, property means

.....

(d) When a partner agrees to share his profits in a partnership firm with an outsider, such an

outsider is called a

(e) Consumer is defined under Section

..... of the Consumer Protection Act, 1986.

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

(a) Consideration means 'something in return'.

(T / F)

(b) Bailment is concerned with immovable goods.

(T / F)

(c) The phrase 'quantum meruit' means 'as much as is earned'.

(T / F)

(d) A holder in due course gets a better title than that of the transferor of a negotiable instrument.

(T / F)

(e) Two parallel transverse lines are not compulsory in case of general crossing of a cheque.

(T / F)

4. Write short notes on any *five* of the following : $2 \times 5 = 10$

(a) Acceptance

(b) Consideration

(c) Caveat emptor

(d) Sleeping partner

(e) Promissory note

(f) Rights of consumers

(g) Foreign exchange

(h) Agreement to sell

(9)

(i) Rescission of a contract

2018

(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) What is meant by accounting theory? Explain the approaches to accounting theory. 2+7

Or

(b) Explain the roots of accounting theory. 9

2. (a) Distinguish between Statement of Affairs and Balance Sheet. 9

Or

(b) Roshan finds himself insolvent on 31st December, 2016. His position was as follows :

	₹
Sundry debtors :	
Goods	5,000
Doubtful	30,000
(estimated to produce ₹ 25,000)	
Bad	15,000
1000 shares in A Co. Ltd.	25,000
(estimated to produce ₹ 15,000)	
Shares in B Co. Ltd.	91,500
(estimated to produce ₹ 75,000)	
Loss through betting	2,000
Creditors on open account	85,600
Creditors holding a second charge on the shares of B Co. Ltd.	30,000
(to the extent of ₹ 25,000)	
Creditors holding a first charge on the shares of B Co. Ltd.	40,000
Bills payable	4,000
Creditors for rent, rates and taxes, etc.	5,000
(of which ₹ 4,600 are preferential)	
Furniture and fixture	15,000
(estimated to produce ₹ 3,000)	
Cash in hand	550
Stock in trade	35,950
(estimated to realise ₹ 30,450)	
Bills receivable	9,000
(estimated to produce ₹ 7,000)	

Roshan started business with a capital of ₹ 70,000 on 1st January, 2014 and the business resulted in a profit of ₹ 8,900 and ₹ 10,000 for the first two years respectively and in a loss of ₹ 5,000 for the third year, after allowing ₹ 3,500 as interest on capital each year. Withdrawals for the whole period amounted to ₹ 30,000.

Prepare Statement of Affairs and Deficiency Account.

5+4

3. (a) Distinguish between Branch Accounts and Departmental Accounts.

9

Or

- (b) Following balances for the year ended 31st March, 2016 were extracted from the books of M/s. United Traders :

	₹
Stock on 1.4.2015 :	
Radio	45,000
Watches	21,000
Sales :	
Radio	2,94,000
Watches	1,46,000
Purchases :	
Radio	2,25,000
Watches	1,15,000
Salaries	12,600
Publicity Expenses	8,900

	₹
Rent and Taxes	3,200
Commission	10,600
Miscellaneous Expenses	5,000
Interest Received	400
Provision for Bad Debts	800

Prepare Departmental Trading and Profit & Loss Account for the year ended 31st March, 2016 after taking into account the following :

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(i) Stock as on 31st March, 2016 was radio ₹ 30,000, watches ₹ 24,000

(ii) An amount of ₹ 1,200 out of sundry debtors of ₹ 16,800 has to be written off as bad and the provision for doubtful debts has to be increased thereafter to 10% of the debts outstanding

(iii) Following expenses are outstanding on 31st March, 2016 :

Publicity—₹ 1,300

Salaries—₹ 1,200

Commission—₹ 1,700

(iv) Provide 10% depreciation on furniture and fixture of ₹ 12,400

(v) Revenue items to be allocated in the ratio of 2 : 1 as between radio and watches

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

Or

- (b) From the following information, you are required to prepare the Profit and Loss Account of Punjab National Bank for the year ended 31st March, 2016 : 9

	₹ ('000)
Interest on loan	518
Interest on cash credit	446
Discount on bills discounted	390
Interest on overdraft	108
Interest on savings account	220
Interest on fixed deposits	554
Commission and brokerage	16.4
Rent and taxes	36
Auditors fees	2.4
Postage and telephones	2.8
Sundry charges	2
Advertisement	1.4
Director's fees	6
Printing and stationery	0.4
Law charges	1.4
Payment to employees	108
Locker's rent	0.7
Transfer fees	1.4
Depreciation on bank property	10

Additional Information :

- (i) Rebate on bills discounted ₹ 98,000
(ii) Provide for bad debts ₹ 58,000
(iii) Transfer ₹ 1,00,000 to reserves
(iv) Transfer ₹ 50,000 to the Central Government

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

Or

(b) From the following particulars as extracted from the books of Narain and Co. who keeps a sales ledger, a bought ledger and a general ledger on the self-balancing system. Show how the various adjustments account will appear in each of the ledgers :

	₹
Debtors balance (1.1.2014)	45,750
Creditors balance (1.1.2014)	54,900
Transactions for the month of January :	
Credit purchase	20,500
Credit sales	22,700
Returns inward	400
Returns outward	600
Cash received from customers	25,500
Discount allowed to customers	450
Cash paid to creditors	30,700
Discount received from creditors	670
Acceptance received from debtors	8,500
Creditors bills accepted	12,000
Bills receivable returned and dishonoured	1,200
Bills payable returned and dishonoured	3,000
Bad debts written off	2,500
Sundry charges debited to customers	345
Allowance from creditors	275

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2018

(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 questions

Answer **all** 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) Accounting theory has followed practice rather than preceded practice.

(T / F)

(b) Preferential creditors are shown under list E.

(T / F)

(c) Under the stock and debtors system, Branch Stock Account is a Nominal Account.

(T / F)

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

(T / F)

(e) Life assurance fund represents profits of the life insurance company.

(T / F)

2. Fill in the blanks :

1×5=5

(a) Each and every banking company incorporated in India will prepare its final accounts

on date

(b) Creditors' ledger is called

.....

(c) Life insurance is more appropriate to be

called

(d) Building expenses should be divided among the different departments according to the by each department.

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

3. Choose the correct answer and place its code in the brackets provided : 1×5=5

(a) Rebate on bills discounted is

(i) an item of income

(ii) a liability

(iii) income received in advance

(iv) income outstanding []

(b) Every banking company is required to transfer to statutory reserve

(i) 10% of net profits

(ii) 15% of net profits

(iii) 25% of net profits

(iv) 30% of net profits []

(c) A Valuation Balance Sheet is prepared by a/an

(i) trading company

(ii) banking company

(iii) life insurance company

(iv) electricity company

[]

(d) Under the sectional balancing system, the ledger which is usually made self-balancing, is

(i) general ledger

(ii) purchase ledger

(iii) sales ledger

(iv) None of the above

[]

(e) Sold Ledger Adjustment Account is opened in

(i) sold ledger

(ii) bought ledger

(iii) general ledger

(iv) None of the above

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SECTION—II

(Marks : 10)

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

(a) Need for accounting theory

(b) Deficiency Account

(c) Valuation Balance Sheet

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(d) Branch Account

(e) Money at call and short notice
