

TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Office of the Dean
2007

Full Marks: 60
Time: 3 hrs

BIM/Fourth Semester/ACC 201 : Financial Accounting

Candidates are required to answer the questions in their own words as far as practicable

Attempt ALL Questions :

Group 'A'

1. Write brief answer :

[10x1=10]

- a. Meaning of Double entry book keeping system.
- b. Write any two objectives of Accounting.
- c. What is business entity concept of accounting?
- d. What is trade discount?
- e. What is the error of omission?
- f. Why petty cash book is maintained?
- g. Clarify the meaning of capital expenditure with example.
- h. Write any two objectives of preparing trial balance.
- i. Why a cheque is dishonored?
- j. How depreciation is calculate under Sinking Fund Method?

Group 'B'

2. What are the differences between Reserve and Provision? Write any two differences. **[4]**
3. Following information are provided: **[3]**
 - a. Sold goods to Krishna for cash Rs.8,000 and on credit Rs.12,000.
 - b. Krishna settled his account and allowed 5 percent discount.

Required : a) Journal entries

b) Krishna's Account

4. The following cash and banking transactions are given: **[4]**

2064, Baishakh 1 :	Cash in hand Rs.20,000 and cash at Bank Rs.40,000.
2064, Baishakh 7 :	Received a cheque of Rs.4,800 from a customer on settlement of Rs.5,000.
2064, Baishakh 14:	Paid by cheque Rs.9,500 in full settlement of Rs.10,000.
2064, Baishakh 15:	Cheque received from customer on Baishakh 7 deposited into Bank.

Required : Three column cash book.

5. Following transactions of Maharajan Furnitures are provided: **[4]**

- | | |
|------------|--|
| Jestha 6: | Purchased from Sukunda
20 Tables at Rs.1,000 each
20 Chairs at Rs.800 each
(Less trade discount 10 percent) |
| Jestha 16: | Purchased from Dongol for cash
2 Arms chairs at Rs.1,000 each
2 Sofa set at Rs.5,000 each |
| Jestha 26: | Purchased from Taleju
10 Tables at Rs.1,050 each |

10 Chairs at Rs.525 each

- Required :** a) Purchase Book
b) Purchase Account

6. Following information are given:

[5]

- The cash book showed balance of Rs.10,000.
- Bank charge entered in passbook but not recorded in cash book Rs.100.
- Cheque of Rs.2,000 were issued for payment but not cashed.
- Cheques sent for collection but not deposited by bank Rs.3,000.
- Insurance Premium paid by bank but not entered in cash book Rs.1,500.
- Interest on investment collected by bank not entered in cash book Rs.500.

Required : Bank Reconciliation Statement.

7. A company purchased a machine costing Rs.400,000 on 1st Baishakh 2060 with the estimated life of 5 years. On 1st Kartik 2061, a new machine was added for Rs.50,000 to serve for 4 years. On 1st Kartik 2062 half of machine purchased on 1st Baishakh 2060 was sold for Rs.65,000. The company's policy to charge depreciation on straight line method.

[5]

Required : Machine Account for 1st three years.

8. Extracted from the trial balance of company as under:

[4]

	Debit (Rs)	Credit (Rs)
Provision for bad debts	-----	15,000
Bad debts	10,000	-----
Account Receivable	150,000	-----

Additional information :

- There is a further bad debt Rs.10,000.
- Make provision for bad debts at 10 percent.

Required : Provision for bad debts account.

Or,

An unadjusted Trial balance of a company is given below:

	Debit (Rs)	Credit (Rs)
Bank	20,000	
Purchase	50,000	
Receivable	20,000	
Machine	50,000	
Salary	30,000	
Rent	10,000	
Sales		100,000
Capital		50,000
Payables		30,000
Total:	180,000	180,000

Additional information:

- Outstanding salary Rs.5,000.
- Depreciation on Machine to be provided at 10 percent .
- Prepaid rent Rs.4,000.
- Provision on Received for bad debts at 5 percent.

Required : Adjusted Trial balance.

9. Following errors were detected after the preparation of Trial Balance :

[4]

- Purchase of machine amounting to Rs.100,000 has been entered as purchase of goods.
- Purchase of goods from Rahul for Rs.5,000 passed wrongly through the sales book.
- Rs.2,000 paid as office rent debited to salaries.
- Rs.1,000 received from Mr. Shrestha was posted to credit of Mr. Sharma.

Required : Rectifying entries.

10. The material purchased and issues on different dates in the month of Baishakh are provided: [4]

Baishakh 1: Opening stock 500 units at Rs.5

Baishakh 5: Purchase 2,500 units at Rs.6
 Baishakh 8: Issued 1,000 units
 Baishakh 12: Purchased 1,000 units at Rs.6.5
 Baishakh 15: Issued 500 units
 Baishakh 20: Issued 1,000 units
 Baishakh 25: Issued 500 units

Required : Store ledger account under First in first out (FIFO) method.

11. Following transactions are provided:

[4]

- Started business with cash Rs.150,000 and Machine Rs.50,000.
- Purchased goods worth Rs.80,000 on credit.
- Paid salaries Rs.20,000.
- Payment to creditors Rs.76,000 in full settlement of Rs.80,000.

Required : Accounting equation from the above transactions.

12. A business firm provides following information for the year ended 31st Chaitra, 2063

Particular	Debit(Rs)	Particular	Credit(Rs)
Opening stock	50,000	Sales	400,000
Purchase	200,000	Capital	200,000
Cash at Bank	15,000	10% Loan	60,000
Interest on Loan	4,000	Payables	40,000
Salaries	60,000	Outstanding expenses	20,000
Commission	30,000	Miscellaneous income	24,000
Advertisement	20,000		
Printing and Stationery	10,000		
Operating expenses	10,000		
Cash in hand	10,000		
Prepaid rent	15,000		
Furniture	25,000		
Machinery	80,000		
Carriage on purchase	15,000		
Receivable	80,000		
Investments	120,000		
	744,000		744,000

Additional information:

- Closing stock valued at Rs.130,000.
- Goods lost by fire amounting to Rs.20,000.
- Prepaid rent expired to the extent of Rs.15,000.
- Depreciate Machinery and Furniture by 10%.
- Provision for bad debt at 5% on Receivable.

Required : a) Trading Account

[3]

b) Profit and Loss Account

[4]

c) Balance Sheet

[3]

Note : You may use worksheet for preparation of final account.