

TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Office of the Dean
2015

Full Marks: 60
Time: 3 Hrs.

BBA / BIM / Third Semester / ACC 201: Financial Accounting

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

Group "A"

Brief Answer Questions:

[5 × 2 = 10]

1. Write about business entity concept of accounting.
2. Rectify the following errors:
 - Sales book was over casted by Rs 3,000
 - Rs 10,000 incurred for carriage of vehicle was debited to Carriage Account.
3. Prepare Accounting Equation from the following
 - A new business was started by collecting Rs 100 per share by issuing 5,000 shares
 - Paid Rs 26,000 for wages including advance wages of Rs 2,000
4. What is credit note? Why it is prepared?
5. Classify whether the following are Revenue or Capital item:
 - Carriage on goods purchased
 - Wages paid on installation of machinery
 - Purchase of Second Hand Vehicle
 - Repairs of Furniture

Group "B"

Short Answer Questions:

[4 × 5 = 20]

6. "Accounting provides meaningful information for economic decision." Discuss.
7. The following information is provided to you.

Particulars	Debit	Credit
Sundry Debtors	Rs 220,000	
Bad Debts	Rs 10,000	
Provision for Doubtful Debts		Rs 20,000

Adjustment:

- Additional bad debts to be written off is Rs 20,000
- New provision for doubtful debts required to be maintained is @ 10% on debtor

Required: Provision for Doubtful Debt Account and Effect on Income Statement.

8. Following information of a trading company is given:
 - Overdraft balance as per pass book is Rs 20,000
 - Cheques of Rs 20,000 were sent to the bank, but only Rs 14,000 were collected

- Cheque of Rs 30,000 were issued but not presented for payment
- Interest on investment debited by bank is Rs 3,000
- Debit side of bank column has been under casted by Rs 2,000
- Rs 400 bank charge made by bank were recorded three times in cash book

Required: Bank Reconciliation Statement

9. The following transactions are given

- March 2: Purchased from Agrawal Book Shop, 6 dozens of Accounting Books @ Rs 100 per book less 10% trade discount.
- March 15: Purchased from Sharma Book Shop, 100 pieces of Exercise Books @ Rs 600 per dozen. Purchased from Aryal Book Shop, 60 copies of Economics Books @ Rs 100 each (less trade discount 5%)
- March 28: Purchased from Shrestha Book Shop, 50 copies of Economics Books @ Rs 120 each in cash.

Required: Purchase Book and Purchase Account

Group "C"

Comprehensive Answer Questions:

[30]

10. The following information of a company is given:

- Ashad 1: Commenced business with Rs 400,000 cash received on issuing of shares of Rs 100 each
- Ashad 3: Rs 150,000 were deposited into Nabil Bank
- Ashad 8: Purchased machinery for Rs 120,000 and payment made by cheque
- Ashad 10: Purchased goods from Tata Group for Rs 120,000 and made partial payment of Rs 100,000
- Ashad 12: Sold goods to Mr. Sharma for Rs 600,000 and received a cheque of Rs 300,000 as partial payment
- Ashad 16: Loans of Rs 150,000 were obtained from NMB Bank on which interest payable is 10% p.a.
- Ashad 18: Salary of Rs 39,000 were paid
- Ashad 20: Rs 60,000 were paid as wages
- Ashad 23: Rs 280,000 cash received from Mr. Sharma in full settlement of his account
- Ashad 25: Rs 18,000 cash paid to Tata Group in full settlement of their account
- Ashad 29: Paid Rs 20,000 as rent @ Rs 2,000 per month
- Ashad 31: Advertisement expenses of Rs 12,000 were paid

Additional information:

- Unsold stock was Rs 20,000
- Depreciation was charged @ 10% on Machinery for the period
- Pre-paid salary at the end of the period was Rs 3,000
- Rs 12,000 needed to be created for provision for taxation at the end

Required: Journal, Ledger, Cash Book, Financial Statement by showing COGS and Cash Flow Statement.

[6+5+4+8+7]

