

**TRIBHUVAN UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
Office of the Dean  
**2016**

**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. What is Trademark?
2. Write about the meaning of bills of exchange.
3. Prepare a journal entry for a cheque of Rs17,500 issued by a firm for salary of 14 months.
4. The financial transactions of a Training Center are as follows:
  - Started Training Center with initial investment of Rs150,000 and contributing a laptop costing Rs 45,000.
  - Obtained a loan of Rs 50,000
  - Paid Rs 20,000 for rent.
  - Interest due on loan but not paid was Rs 1,500.

**Required:** Accounting equation by showing financial position after each financial transaction

5. Rectify the following errors noticed on internal audit of a firm.
  - Purchase account was debited by a machine purchased for Rs 15,000.
  - Insurance premium account of the firm was debited by Rs 1,200 insurance premium amount paid for the life policy of its proprietor.

**Group "B"**

**Short Answer Questions:**

**[4 × 5 = 20]**

6. Define accounting. Write about its major objectives.
7. The bank balance of cash book of a firm on the last date of Chaitra was Rs 24,000. The following differences were noted on verification of cash book and pass book.
  - A cheque of Rs 6,400 issued to a supplier was not presented to the bank;
  - Interest on investment collected by the bank was Rs 2,500;
  - Bank charges made by the bank were Rs 500 but not entered in the cash book.
  - The bank paid electricity bills of Rs 2,400 as per instruction.

**Required:** Bank Reconciliation Statement

8. The ending balance of sundry debtors was Rs 60,000 and beginning credit balance of provision for doubtful debts of a firm was Rs 1,800.

The firm decided to write off Rs 2,000 as bad debts and maintain provision for doubtful debts equal to 5 % on sundry debtor.

- Required:**
- a) Journal entries.
  - b) Provision for doubtful debts account

9. The purchase transactions of a furniture shop are given below:

- Chaitra 8, Purchased from a furniture designer in cash @ 10 % trade discount +  
5 computer tables @ Rs 5,000 each and 8 rotating chairs @ Rs 4,000 each
- Chaitra 15, Goods received from a furniture supplier as per previous order  
10 dressing tables for Rs 25,000 and 8 T.V racks @ Rs 8,000 each
- Chaitra 28, Purchased from a furniture center  
5 dining tables sets @ Rs 10,500 each @ 5 % trade discount and 4 sofa sets @ Rs 7,000 each

Required: a) Purchase book b) Purchase account

### Group "C"

#### Comprehensive Answer Questions:

[30]

10. The beginning balance sheet and financial transactions of a year in a summarized form of a business firm are as follows:

Capital & Liabilities	Rs	Assets	Rs
Share capital	800,000	Machines (at cost)	500,000
Retained earnings	45,000	Investment	150,000
Account payables	40,000	Stock	120,000
Accumulated depreciation	100,000	Account receivables	80,000
		Cash at bank	85,000
		Cash in hand	50,000
Total	985,000	Total	985,000

- The business firm received Rs 400,000 bank deposits from its shareholders as share call money.
- Purchased a machine costing Rs 200,000 in the beginning with one month credit facility from a machine shop and settled the amount @ 5 % discount by issuing a cheque within one month credit period.
- Purchased goods costing Rs 250,000 from National Goods Supplier for which partial payment of Rs 47,500 (net of discount) was made at the time of purchase after adjustment of 5 % discount.
- Salary amounting to Rs 130,000 and rent amounting to Rs 40,000 were paid by drawing cheques.
- Electricity bills amounting to Rs 25,000 were paid.
- Sold goods to Modern Store for Rs 600,000 and a cheque of Rs 380,000 was received in partial receipts which was deposited in bank on the same day.
- A cheque of Rs 57,000 (net of discount) and another cheque of Rs 38,000 (net of discount) were issued to National Goods Supplier in partial payments. The discounts received on both the payments were 5 %.
- Received a bank deposit receipt of the interest @ 10 % p.a. on investment for 12 months

Additional information needed to be considered

- The value of unsold stock was Rs 60,000.
- Depreciation on entire machines' value was charged @ 10 % p.a.
- The pre-paid salary included in the earlier salary was Rs 10,000.

Required: Journals, ledgers of Account receivables, payables and accumulated depreciation, Triple column cash book, financial Statements by using work sheet by showing cost of goods sold and Cash flow statement for the year by using direct method, [10+5+5+5+5]

