

TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Office of the Dean
April - May 2017

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 trial balance?
2. What is book debt?
3. Prepare journal entry for a cheque issued to mechanist consisting Rs 1,500 for installation of a new machine and Rs 800 for servicing an old machine.
4. The annual financial deals of a Stationery Shop are as follows:
 - Started the shop with initial investment of Rs 90,000 and contributing Rs 30,000 for racks.
 - Stationeries costing Rs 75,000 were purchased from Quick Stationery Suppliers on credit.
 - Sold 80 % of the stationeries at a profit of Rs 30,000.

Required: Accounting equation to show financial position changes after each financial transaction

5. The errors noticed after opeparation of trial balance of a company are as follow:
 - Electricity account of the company was debited by Rs 12,000 for the cash drawn by Mr. Shrestha (the proprietor) for payment of the electricity bill of his residential house.
 - Salary of Rs 10,000 paid to Rijal (an accountant) was debited in his personal account.

Required: Rectifications entries

Group "B"

Short Answer Questions:

[4 × 5 = 20]

6. Write about the major functions of accounting.
7. A company's closing debit balance of account receivables was Rs 40,000 and opening credit balance of provision for doubtful debts was Rs 1,200. The company decided to write off 2 % on receivables for bad debts and create 5 % for provision for doubtful debts.

Required: Journal entries and Provision for doubtful debts account

8. Bank balance shown by the pass book of a firm was Rs 75,000. The differences identified on verification with cash book are as follows:
 - A cheque of Rs 5,000 was deposited for collection but not collected.
 - The bank charge recorded only in the pass book was Rs 200.
 - Two cheques were issued one for rent amounting to Rs 1,500 and another for telephone bill amounting to Rs 2,500 but the pass book recorded rent payment only.
 - Dividend on shares amounting to Rs 4,500 deposited into bank was recorded in the pass book but not in the cash book.

Required: Bank Reconciliation Statement

9. The City Electric and Electronic Supplier's sales of the month of Chaitra are as follows:

Chaitra 06, 10 sets of irons @ Rs 500 each and 4 sets of cooking heaters @ Rs 1,500 each were supplied to Public Electric Shop.

Chaitra 20, 15 sets of stand fans @ Rs 2,000 each and 12 sets of table fans @ Rs 1,500 each were sold to Janata Electric Center for cash.

Chaitra 30, 75 sets of CFL bulbs @ Rs 60 each and 40 sets of mercury tubes @ Rs 50 each were sold to Hamro Electric Supplier @ 5 % trade discount

Required: (a) Sales book (b) Sales account

Group "C"

Comprehensive Answer Questions:

[30]

10. A business firm's opening balance sheet and financial transactions of a year in a summarized form are as follows:

Equities	Rs	Assets	Rs
Share capital	900,000	Machines	640,000
Profit and loss account	60,000	Stock	165,000
Payables	80,000	Receivables	90,000
		Cash at bank	145,000
Total	1,040,000	Total	10,40,000

- The promoters of the firm deposited Rs 400,000 in the bank account as a token of additional capital.
- Withdrawn Rs 50,000 from bank for use in the business.
- Purchased goods on credit Rs 300,000 from Public Electric Center on credit.
- Purchased a computer costing Rs 24,000 for use in the business firm from New Computer Supply Center and the payment was made after 15 days in cash by receiving 5 % discount.
- Sold its goods to Rastriya Trading Shop at a price of Rs 340,000 in cash and another sales were made on credit at a price of Rs 560,000.
- Wages amounting to Rs 130,000 were paid by cheque and salaries amounting to Rs 125,000 were paid in cash.
- Paid Rs 237,500 to Sodesh Grocery Shop after adjusting 5 % discount provided by the shop.
- Issued a receipt slip for Rs 336,000 to Rastriya Trading Shop after adjusting 4 % discount.

Additional adjustments:-

- Wages of Rs 12,500 remained unpaid.
- Annual depreciation of Rs 80,000 needed to be charged on machines for the current year.
- The value of stock on closing date was Rs 50,000.

Required: (a) Journals,
 (b) Receivables and payables accounts,
 (c) Triple column cash book,
 (d) Financial Statements by using work sheet by showing cost of goods sold and
 (e) Cash flow statement for the year by using direct method

[10+5+5+5+5]

