

TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT
Office of the Dean
January 2021

Full Marks: 60
Pass Marks: 30
Time: 1.5 Hrs.

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

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

Answer any SIX questions:

[6 × 10 = 60]

1. A company provides the following information:

- Commenced business with cash Rs 80,000, furniture Rs 70,000 and stock Rs 50,000.
- Goods purchased of Rs 50,000 and Rs 20,000 in cash, rest on credit.
- Sold goods of Rs 40,000 on cash and Rs 10,000 on credit
- Salary paid Rs 15,000 and payable Rs 5,000
- Goods costing Rs 20,000 sold at a profit of Rs 3,000.
- Cash drawn by proprietor Rs 5,000 for personal use.
- Cash paid to creditors Rs 15,000
- Cash received from debtors Rs 9,700 to settle his account.

Required: Accounting equation

2. From the following particulars, you are required to prepare Bank Reconciliation Statement.

- Bank overdraft as per cash book Rs 90,000
- Cheque deposited /paid for collection but not credited by bank Rs 20,000
- Credit side of the cash book cast short Rs 1,000
- Premium on Insurance Policy paid as per standing order of Rs 5,000 by bank.
- Customer's cheque returned by the bank as dishonoured Rs 4,000
- Bill Receivable collected by the bank directly on the behalf of company Rs 20,000
- Cheque issued but not presented for payment Rs 8,000.
- Cheque deposited into the bank of worth Rs 45,000 but Rs 15,000 cheque was not collected by bank

3. The following purchases related transactions is given of Mr. Gupta Traders of July 2019:

July 01 Bought from Rahul Tradery;
 40 Registers @ Rs 60 each
 80 Gel Pens @ Rs 15 each
 50 note books @ Rs 20 each
 Trade discount 10%.

July 15 Bought from Global Stationers;
 40 Ink Pads @ Rs 8 each

- 50 Files @ Rs 10 each
 20 Colour Books @ Rs 20 each
 Trade Discount 5%
- July 23 Purchased from Kathmandu Furniture (assets)
 2 Chairs @ Rs 600 per chair
 1 Table @ Rs 1,000 per table
- July 25 Bought from Biraj Traders
 10 Paper Rim @ Rs 100 per rim
 400 drawing Sheets @ Rs 3 each
 20 Packets water color @ Rs 40 per packet

Required: Purchase Book and Purchase Account

[8+2 = 10]

4. (I) Pass the journal entries to rectify the following errors located after the Trial balance.

- Goods sold to ABC Co. for Rs 15,000 were recorded in purchase book.
- Purchase book overcast by Rs 2,000.
- Commission received Rs 3,000 from XYZ Co. but debited in XYZ Co's. account.
- Wages paid for the installation of plant was debited in wages account of Rs 2,500.
- Depreciation of Rs 4,500 has been wrongly posted as Rs 5,400 in machinery account.

Required: Entries for rectification

[2+1+2+1+2 = 8]

- (ii) Give the meaning of "going concern concept".

[2]

- 5 (I) Following information was provided to you for the year ended Chaitra 31st 2076.

Trial balance on 31st Chaitra

Particulars	Debit Rs.	Credit Rs.
Account receivable	85,000	---
Bad debts	4,000	---
Provision for doubtful debt	---	6,000

Addition information;

- Further bad debt amounted to Rs.5,000
- Create provision for doubtful debt 5% of debtors.

Required: Journal entries and Provision for doubtful debt account. (4+4=8)

- (II) What is contra entry?

[2]

6. Write the meaning of double-entry system of book-keeping. Explain the rules of Debit and Credit.