

Tribhuvan University

2080

B.B.S. **4 Yrs. Prog.** / I Year / MGMT

MGT : 211 (Financial Accounting & Analysis) Full Marks: 100

(Regular)

Time: 3 hrs.

Candidates are required to give their answers in their own words as far as practicable.

The figures in the margin indicate full marks.

Brief Answer Questions

(10x2=20)

1. What is realization concept of accounting?
2. Write about the accrual basis of accounting.
3. What are the objectives of internal control of a business?
4. Define the meaning of current liabilities.
5. What is treasury stock?
6. On January 1, ABC Company borrowed Rs. 200,000 from bank by signing a 3-month, 10% notes payable. It paid the principal and interest at due date.

Required: Journal entries for issue and retirement of note.

7. You are provided the following information.

Sales = Rs.300,000 Wages to workers = Rs.40,000
Interest paid = Rs.10,000 Income tax paid = Rs.12,000
Depreciation = Rs.30,000 Net profit = Rs.20,000

Required: Amount of value added.

(1)

8. The following information are given:

- Started business with cash of Rs.50,000 and machinery of Rs.100,000
- Salary paid Rs.20,000 and outstanding salary was Rs.4,000

Required: Accounting equation

9. The following transactions of the Light Company are given below:

- Jestha 8 Returned to Ram Electric Shop
10 Fans @ Rs.2,000 each
3 dozen Lamps @ Rs.500 each
Carriage charge Rs.2,000
- Jestha 20 Returned 10 Heaters from ABC Electricity for Rs.18,000
- Jestha 30 Returned 200 Led Lights to DD Electricity Rs.40,000

Required: Return outward book

10. The following information are given,

Trial Balance

Particulars	Debit	Credit
Sundry Debtors	330,000	
Bad Debts	30,000	
Provision for Doubtful Debts		50,000

(2)

Adjustment:

- Additional bad debts to be written off Rs.10,000
- New provision for doubtful debts @ 5% on debtor

Required: Provision for doubtful debt account.

Short Answer Questions (attempt any five) (5x10=50)

11. The following information is provided:

Net Working Capital Rs.700,000 that represents Rs.400,000 inventory value

Current Liabilities Rs.400,000

Capital Employed Rs.1,000,000

Shareholders equity Rs.600,000

Account Receivable Rs.300,000

Operating Profit of the year Rs.100,000 being 10% of Sales
Income Tax is 25%

Required:

- Net profit after tax
- Quick Ratio
- Debt to Total Capital Ratio
- Inventory Turnover Ratio
- Average Collection Period
- Net Profit Margin
- Return on Shareholder's Equity (1+6x1.5=10)

12. The ABC Company sells a single product for Rs.2 per unit and uses a periodic inventory system. The following data are available for the year.

(3)

Date	Transaction	Number of Units	Unit Cost Rs.	Total Rs.
Baisakh 9	Beginning inventory	1,200	1	1,200
Ashad 12	Purchase	800	1.2	960
Shrawan 17	Sale	(1,300)		
Ashwin 30	Sale	(300)		
Poush 12	Purchase	600	1.3	780
Chaitra 19	Sale	(700)		

Required:

- Cost of goods sold, ending inventory and gross profit under weighted average costing method
- Cost of goods sold, ending inventory and gross profit under FIFO method (5+5=10)

13 (a) A Company purchased machinery on Poush 30, 2077 for Rs. 80,000 and spent Rs. 20,000 on its installation. The company charged depreciation at 15% using SLM every year. At the end of Ashwin 2079, the company sold the machinery for Rs. 90,000 and purchased new machinery for Rs.140,000. The books are closed on 31st Chaitra every year.

Required: Machinery account for 2077 to 2079 [5]

(b) Differentiate between tangible and intangible assets. [5]

14 (a). The bank statement of a company showed a balance of Rs.52,000 on 30th Poush 2079. However the company balance showed a different balance of Rs.48,000. On the investigation, the following differences were noticed:

(4)

P.T.O.

- i. Company issued check of Rs.12,000 but during Poush only Rs.8,000 was presented to bank for payment
- ii. Deposit in transit Rs.6,000
- iii. EFT payment Rs.1,500
- iv. Customer's cheque of Rs.3,000 was return with the bank statement marked NSF.
- v. Collection of notes and interest receivable was for Rs.8,000 and Rs.4,000 respectively
- vi. Bank charge Rs.500 for the service provided by the bank
- vii. A cheque of Rs.10,000 was deposited by the bank. However, the amount recorded by the company was Rs.11,000 in its statement.

Required: Bank reconciliation statement (2+3=5)

(b) Differentiate between bond and debenture. (2+3=5)

15. (a). What is financial statement? Also, mention the objectives of financial statement. (2+3=5)

(b) Differentiate between account receivable and note receivable (5)

16. Write about the disclosures required for financial statement under Nepal Financial Reporting Standard (NFRS). (10)

Long Answer Questions (attempt any two) (2x15=30)

17. The following are the transactions of a company:

- a. Started business with cash Rs. 400,000 and bank balance Rs. 50,000.
- b. Deposited into bank Rs.100,000
- c. Machinery costing Rs.100,000 was purchased payment made by a cheque.
- d. Purchased merchandise goods for Rs.60,000 on account.

(5)

- e. Sold merchandise goods on account for Rs.200,000.
- f. Received a cheque from debtor, Rs.190,000 after deduction of 5% discount. The cheque was banked immediately.
- g. Paid Rs.54,000 to creditor by issuing a cheque after deduction 10% discount.
- h. Rs.12,000 was paid for insurance premium.
- i. Paid wages and salary Rs.40,000 by issuing cheques.
- j. Paid Rs.30,000 for rent.

Required:

- a. Journal entries (5)
- b. T accounts (ledger) for sales, purchase, account receivable and account payable (4)
- c. Triple column cash book (3)
- d. Trial Balance (3)

18. The balance sheet of a company for two years are given below:

Liabilities	Year 1	Year 2
Equity Share capital	900,000	1,000,000
Share premium	90,000	100,000
10% Debentures	100,000	50,000
Provision for tax	20,000	30,000
Provision for dividend...	10,000	20,000
Accounts payable	60,000	110,000
Profit and loss a/c	30,000	160,000
	1,210,000	1,470,000
Assets		
Fixed assets	800,000	1,000,000
Inventory	100,000	150,000
Accounts receivable	190,000	150,000
Prepaid expenses	20,000	30,000
Cash	100,000	140,000
	1,210,000	1,470,000

(6)

Income Statement for the Year 2

Sales revenue		Rs. 11,00,000
Less: Cost of goods sold		710,000
Gross Profit		390,000
Less: Operating expenses:		
Administrative expenses	157,000	
Depreciation	50,000	
Provision for tax	30,000	
Provision for dividend	20,000	
Interest paid	10,000	
Premium on redemption of debentures	5,000	
Total operating expenses		272,000
Net income		118,000
Add: Gain on sale of fixed assets		12,000
Retained earning		130,000

Required: Cash flow statement

(6+3+3+3=15)

19. (a) What is double entry book-keeping system? Also write down the advantages and disadvantages of double entry book-keeping system. (3+5=8)

(b) What is accounting? Also, explain in details about the accounting cycle. (2+5=7)

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(7)