

Tribhuvan University

2081(Regular)

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

Financial Accountign & Analysis

MGT : 211

Full Mark: 100

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.

Attempt ALL questions:

Brief Answer Questions

[10×2=20]

- ✓ 1. What is matching concept of accounting?
- ✓ 2. State the meaning of book keeping accounting.
- ✓ 3. Define the meaning of NFRS.
- ✓ 4. Write down the meaning of contingent liabilities.
- ✓ 5. What is Trail Balance?
- ✓ 6. On January 1, a Company borrowed Rs. 600,000 from bank by signing a 6-month, 12% notes payable. It paid the principal and interest at due date.

Required: Journal entries for issue and retirement of note

- ✓ 7. The following information are provided to you:

| | |
|---------------------------------------|------------|
| Sales | Rs.800,000 |
| Opening stock of finished goods..... | Rs.150,000 |
| Closing stock of finished goods | Rs.50,000 |
| Materials purchased..... | Rs.500,000 |
| Store supplies..... | Rs.200,000 |
| Power and fuel..... | Rs.80,000 |

Required: Amount of value added

- ✓ 8. The following information are given:

- Started business with cash of Rs.50,000 and goods of Rs.150,000
- Received commission Rs.26,000 including advance commission of Rs.2,000

Required: Accounting equation

12. ABC Company provides you the following information related to the inventories for 6 months.

Jan. 1: Beginning inventory 600 units @ Rs 10 each

Feb 9: Purchased 1,100 units @ Rs.12 each

March 16: Sold 1,500 units @ 15 each

April 24: Purchased 500 units @ Rs.13 each

May 27: Purchased 300 units @ Rs.14 each

June 30: Sold 800 units @ Rs.17 each

Required:

a. Ending inventory and cost of goods sold under the FIFO and weighted average costing method

b. Income statement showing net income, assume depreciation expenses Rs.5,000 and other operating expenses Rs.10,000. [6+4=10]

13 a.) A company purchased a machine costing Rs.220,000 on 1st Baishak 2078. The useful life of the machine is 5 years with expected salvage value of Rs.20,000. The company decided to follow the straight line depreciation policy. At the end of Ashwin 2080, the company sold the machine for Rs.270,000 and purchased another machine for Rs.300,000. The books are closed on 31st Chaitra every year.

Required: Machinery account for the 1st three years. [5]

b. Differentiate between capital and revenue expenditure. [5]

14 a. On Chaitra 2080, Bank Statement disclosed a balance of Rs.11,400 and Cash Book showed the balance of Rs.11,000

i) Deposit in transit Rs.2,000

ii) Cheque issued of Rs.6,000 but only Rs.2,000 presented for payment.

iii) Notes receivable and interest collected by the bank Rs.2,500 and Rs.600 respectively.

iv) Cheque of Rs.4,800 deposited by the company on Chaitra was recorded by the bank as Rs.4,200

v) A customer's cheque for Rs.3,000 was returned by the bank due to insufficient fund.

vi) EFT payment Rs.1,000.

vii) Bank charge Rs.100 for the service provided by the bank

Required : Bank Reconciliation Statement

[5]

b. What is receivable? What are the different types of receivable?

[2+3=5]

15. What is lease? Why is it needed? Also, explain the importance of lease.

[4+3+3=10]

16. Write down the meaning of the sources of document. Also, explain the importance of sources of documents.

[4+6=10]

Group C: Long Answer Questions

Attempt any TWO questions:

[2x15=30]

17. Following are the transaction of a company:

- a. Started business with cash Rs.1,000,000.
- b. Deposited into bank Rs.300,000
- c. Paid rent in advance Rs.52,000
- d. Sold merchandise goods for Rs.400,000 on account.
- e. Purchased merchandise goods for Rs.200,000 on account
- f. Pre-paid insurance paid Rs.12,000
- g. Received Rs.380,000 after deduction of 5% discount from the customers
- h. Paid Rs.190,000 in full settlement by cheque.
- i. Paid electricity bill Rs.8,000.
- j. Paid office salary Rs.36,000 by issuing cheque.

Additional Information

- a) Unsold stock recorded at Rs.20,000.
- b) Salary remain unpaid Rs.4,000.
- c) Insurance premium expired Rs.8,000

Required:

- a. Journal entries for above transactions [6]
- b. T accounts (ledger) for accounts receivable and accounts payable [2]
- c. Triple column cash book [4]
- d. Adjusted Trial balance [3]

(4)

P.T.O.

9. The following transactions of the Furniture House are given below:

Feb7 Returned by SS Furniture and Company
 - 10 Chairs @ Rs.2,000 each
 - 3 Sofa sets @ Rs.30,000 each
 (Trade discount 10%)

Feb16 Returned from KK Furniture 8 Tables for Rs.5,000 each

Feb28 Returned to MM Furniture 2 Study Tables for Rs.6,000 each

Required: Return Inward Book

10. The following information is provided:

Trial Balance

| Particulars | Debit (Rs.) | Credit (Rs.) |
|------------------------------|-------------|--------------|
| Sundry Debtors | 220,000 | |
| Bad Debts | 20,000 | |
| Provision for Doubtful Debts | | 30,000 |

Adjustment:

- Additional bad debts to be written off Rs.20,000
- New provision for doubtful debts @ 5% on debtor

Required: Provision for doubtful debt account

Group B: Short Answer Questions

Attempt any FIVE questions:

[5x10=50]

11. The following information is provided:

Net working capital Rs.300,000 that represents Rs.100,000 inventory value

Current liabilities Rs.200,000 Capital employed Rs.3,000,000

Debentures Rs.300,000 Accounts receivable Rs.80,000

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

Required:

- | | |
|--------------------------------|-----------------------------------|
| a. Net profit after tax | b. Current ratio |
| c. Debt to total capital ratio | d. Inventory turnover ratio |
| e. Average age of receivable | f. Return on shareholder's equity |

g. Net profit margin

[1+ 6x1.5=10]

18. The income statement and other related information have been provided below:

Income Statement for the year end 2080

| Particulars | Rs. |
|--|----------------|
| Sales revenue | 7,00,000 |
| Less: Cost of goods sold..... | 4,00,000 |
| Gross margin | 3,00,000 |
| Less: Operating expenses: | |
| Office rent, rates and salaries..... | 77,000 |
| Depreciation on machinery | 75,000 |
| Premium on redemption of Debentures | 5,000 |
| Interest on debenture | 15,000 |
| Provision for taxation..... | 20,000 |
| Total operating expenses | 192,000 |
| Net income before other income..... | 108,000 |
| Add: Profit on sale of plant (Book value 30,000) | 12,000 |
| Net income..... | 120,000 |
| Less: Provision for dividend..... | 20,000 |
| Retained earnings | 100,000 |

Other Balance Sheet Items:

| | Baishakh 1, 2080 | Chaitra 30, 2080 |
|---|---------------------|---------------------|
| Share Capital..... | 3,00,000 | 5,00,000 |
| Retained earnings..... | 30,000 | 130,000 |
| 15% Debenture..... | 1,50,000 | 1,00,000 |
| Accounts payable..... | 30,000 | 20,000 |
| Outstanding salaries | 10,000 | 5,000 |
| Provision for taxation | 30,000 | 20,000 |
| Provision for dividend | 20,000 | 30,000 |
| Property, Plant & Equipment (net) | 3,50,000 | 500,000 |
| Investment at cost | 50,000 | 1,00,000 |
| Inventories..... | 40,000 | 30,000 |
| Accounts receivable | 60,000 | 40,000 |
| Marketable securities | 30,000 | 20,000 |
| Cash at bank..... | 20,000 | 30,000 |

Required: Cash flow statement

[6+3+4+2=15]

| | | |
|-----|--|-----|
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→ 2 / 10 mark's Th.
 → 2 mark's Th.
 → 2 + 2 or 15 mark's Th.
 → 2 N.
 → 10 mark's Th.
 → 5 mark's
 → 2 + 2 Th. N.
 → 2 mark's N.
 → 5 mark's N.
 → 2 T
 → 10 or 100
 → 15 mark's
 → 5
 → 10 / 15