BBS 1st Year Account

2083 Model Question Solution

How to easily pass in Account? TIPS and TRICKS

Group A

1. What is Financial Accounting?

Financial accounting is the process of recording, classifying, summarizing, and reporting financial transactions to prepare financial statements for users.
वित्तीय लेखांकन भनेको वित्तीय कारोबारहरूलाई अभिलेख गर्ने, वर्गीकरण गर्ने, संक्षेप गर्ने र वित्तीय विवरण तयार गरी सम्बन्धित पक्षलाई जानकारी दिने प्रक्रिया हो।

2. Define the Realization Concept of Accounting.

The realization concept states that revenue is recognized when it is earned or realized, generally when goods or services are sold or provided. प्राप्ति अवधारणाअनुसार वस्तु वा सेवा बिक्री वा प्रदान गरी आम्दानी कमाइएपछि मात्र राजस्वलाई लेखांकनमा मान्यता दिइन्छ।

3. What is a Periodic Inventory System?

Periodic inventory system is a system in which the quantity and value of inventory are determined at the end of an accounting period through physical counting.. आवधिक मौज्दात प्रणाली भनेको लेखा अवधिको अन्त्यमा भौतिक गणना गरी मौज्दातको परिमाण र मूल्य निर्धारण गर्ने प्रणाली हो।

4. Write down the meaning of Contingent Liabilities.

Contingent liabilities are potential obligations that may arise in the future depending on whether a particular event occurs. सम्भावित दायित्व भनेको भविष्यमा कुनै निश्चित घटना घटेमा वा नघटेमा उत्पन्न हुन सक्ने सम्भावित दायित्व हो।

5. What is GAAP?

GAAP stands for Generally Accepted Accounting Principles. It refers to the commonly accepted accounting principles, standards, and rules used in preparing financial statements. GAAP को पूरा रूप **Generally Accepted Accounting Principles (सामान्यतया स्वीकृत लेखांकन सिद्धान्तहरू)** हो। यो वित्तीय विवरण तयार गर्दा प्रयोग गरिने स्वीकृत लेखांकन सिद्धान्त, मापदण्ड र नियमहरूको समूह हो।

6. Following information are provided:

Started business with cash Rs. 300,000 and stock Rs. 100,000.

Paid salary Rs. 195,000 including advance of Rs. 15,000.

Required: Accounting equation

Solution of Q.N. 6

Coln of Accounting Equation

SN	Transaction	Asset	=	capital	+	liabilities
1	Business started with cash and stock	3,00,000 1,00,000	=	4,00,000	+	0
	(Beginning Equation)	4,00,000	=	4,00,000	+	0
2	salary paid and Advance salary	(195,000) 15,000	=	(180,000)	+	0
	Final Equation	2,20,000	=	2,20,000	+	0

When,
Asset मा सम्पत्ति आयो → +
गयो → −

Capital : expenses / Income / profit loss

liabilities : outstanding, due तिर्न बाँकि

7. You are provided the following information:

Sales	Rs. 150,000	Salary to staff	Rs. 24,000
Dividend received	Rs. 10,000	Income tax paid	Rs. 2,000
Opening stock	Rs. 20,000	Closing stock	Rs. 30,000
Purchase	Rs. 80,000	Depreciation	Rs. 8,000

Required: Amount of value added.

Solution of Q.14.7

Calⁿ of value added :

Amount of value added statement = sales − opening stock − purchase + closing stock + Dividend received

= 150,000 − 20,000 − 80,000 + 30,000 + 10,000

= Rs. 90,000

8. Following transactions are given:

June 10: Purchased from R Furniture

6 Sofa Set @ Rs. 20,000 each

10 Chairs for Rs. 5,000

(Trade Discount @ 10%)

June 25: Purchased from S Furniture:

10 Tables @ Rs. 5,000 each

10 Chairs @ Rs 4,000 each with trade discount @ 5%

Required: Purchase Book

unit → 3

2+2+15 = 19

Fixed

solution of Q.N. 8

Purchase Book

Date	Particular	Invoice No.	LF	Detail Amt.	Total Amt.
June 10	Purchase from R Furniture:				
	6 sofa set @ Rs. 20,000 each			1,20,000	
	10 chair for Rs. 5,000			5,000	
	Total			1,25,000	
	less: Trade Discount 10%			(12,500)	1,12,500
June 25	Purchase from S Furniture:				
	10 tables @ Rs. 5000 each			50,000	
	10 chair @ Rs. 4000 each 40,000				
	less: trade discount 5%: (2000)			38,000	88,000
	Total				2,00,500

Aa

9. On 1st Baishak, A Grocery Shop borrowed Rs. 450,000 from a bank by signing a 3-months, 12% note payable. It paid the principal and interest at due date.

Required: Journal entries for issue and retirement of note.

450,000 loan

Solution of Q.14.9

Journal entries for Issue and Retirement of Notes.

Journal Entry ढाँचा Formate.

Date	Particular	LF	Dr	Cr
1st Baisakh	Cash a/c - Dr		450,000	
	To, Note payable a/c			4,50,000
	(Being recorded of note payable)			
31st Ashad	Note payable a/c - Dr		4,50,000	
	Interest a/c - Dr		13,500	
	$[4{,}50{,}000 \times \frac{3}{12} \times \frac{12}{100}]$			
	To, Cash			4,63,500
	[Being payment of Note payable]			

10. A Company issued Rs. 300,000 face value bond at discount of Rs. 30,000. The unamortized discount was Rs. 5,000 and the bond contains a call provision of Rs. 102.

Required: Gain or loss on early redemption of bond

Solution of Q. 14. 10

Given

Face value = Rs. 3,00,000

Discount = Rs. 30,000

Unamortized Discount = Rs. 5000

Bond call provision = 102

Redemption price = 3,00,000 × 102%
= Rs. 306,000 (तिर्नुपर्ने)

Carrying value = Face value - Unamortized Discount
= 3,00,000 − 5,000
= Rs. 2,95,000 (मौदियो)

loss on Early Redemption of bond = Rs. 3,06,000 − Rs. 2,95,000
= Rs. 11,000 Ans

Group - B 9-10-11

Group C Theory

19. (a) What is accounting information? Who are the users of accounting information? Explain. [2+5=7]

Accounting information refers to the financial information produced by the accounting process after recording, classifying, summarizing, and analyzing the financial transactions of a business. It provides useful information about the financial position, financial performance, cash flows, assets, liabilities, income, expenses, and profitability of an organization. **लेखा सूचना** भन्नाले कुनै व्यवसायका आर्थिक कारोबारहरूलाई **अभिलेख गर्ने, वर्गीकरण गर्ने, संक्षेप गर्ने, विश्लेषण गर्ने तथा व्याख्या गर्ने लेखा प्रक्रियाबाट प्राप्त हुने वित्तीय जानकारी**लाई बुझिन्छ।The major sources of accounting information are the Income Statement, Balance Sheet/Statement of Financial Position, Cash Flow Statement, Statement of Changes in Equity, and related accounting reports. लेखा सूचनाका प्रमुख स्रोतहरूमा **आय विवरण (Income Statement), वासलात/वित्तीय स्थिति विवरण (Balance Sheet/Statement of Financial Position), नगद प्रवाह विवरण (Cash Flow Statement) तथा पूँजी परिवर्तन विवरण** आदि पर्दछन्।

Users of Accounting Information

Users of accounting information can be broadly classified into internal **and external users**.

A. Internal Users

Internal users are people within the organization who use accounting information for planning, controlling, and decision-making.

1. Management
2. Owners/Shareholders
3. Employees

B. External Users

External users are individuals or organizations outside the business who have an economic or financial interest in the organization.

1. Existing and Potential Investors
2. Creditors and Suppliers
3. Banks and Financial Institutions
4. Government
5. Tax Authorities
6. Customers
7. Competitors
8. The General Public
9. Regulatory Authorities

Describe:

A. Internal Users

1. Management

Management is one of the most important users of accounting information. Managers need information about **sales, costs, profits, cash flows, assets, and liabilities** to make business decisions.

They use it for:

- Planning business activities
- Controlling costs
- Preparing budgets
- Evaluating performance
- Making pricing and investment decisions

2. Owners/Shareholders

Owners use accounting information to determine:

- Profitability of the business
- Return on their investment
- Financial position of the business
- Prospects of the organization

They can decide whether to **increase, maintain, or withdraw their investment**.

3. Employees

Employees are interested in accounting information because the financial performance of the organization affects their **job security, salary, bonus, incentives, and other benefits**.

They may also use it while negotiating wages and other employment conditions.

B. External Users

External users are individuals or organizations outside the business who have an economic or financial interest in the organization.

1. Existing and Potential Investors

Investors use accounting information to evaluate the **profitability, risk, financial position, and prospects** of a business.

Potential investors use it before deciding whether to invest in the company.

2. Creditors and Suppliers

Creditors and suppliers provide goods, services, or loans on credit. They need accounting information to assess the firm's **ability to repay its debts on time**.

For example, a supplier may examine the financial statements before allowing a business to purchase goods on credit.

3. Banks and Financial Institutions

Banks use accounting information when deciding whether to **grant loans or other financial facilities**.

They examine:

- Profitability
- Cash flow
- Existing liabilities
- Debt-paying capacity
- Financial position

4. Government

Government agencies use accounting information for:

- Tax assessment and collection
- Economic planning
- Regulation of businesses
- Preparation of national economic statistics
- Monitoring compliance with laws

Accounting information is an essential source of financial knowledge for an organization. It provides information about **profitability, financial position, liquidity, cash flows, and business performance**. Both internal and external users depend on accounting information for rational economic decisions. Therefore, accounting information should be **reliable, relevant, understandable, comparable, and timely**.

(b) Define source of documents. Write down the objectives of source of documents. [3+5 =8]

Source documents are the original documents or written evidence that provide proof of business transactions and serve as the basis for recording those transactions in the books of accounts.

In simple words, a source document is a document that provides evidence that a financial transaction has actually taken place.

Examples of source documents include:

- Invoice
- Cash memo
- Receipt
- Cheque
- Debit note
- Credit note
- Bank statement
- Voucher
- Pay-in-slip

Objectives of Source Documents

The major objectives of source documents are:

1. Evidence of transactions
They provide documentary evidence that a business transaction has occurred.

2. Basis for accounting records
They provide the necessary information for recording transactions in journals and other books of accounts.

3. Prevention of fraud and errors
Source documents help reduce the possibility of fraud, manipulation, and accounting errors by providing supporting evidence.

4. Verification and checking
They help accountants, auditors, and management verify the accuracy and authenticity of recorded transactions.

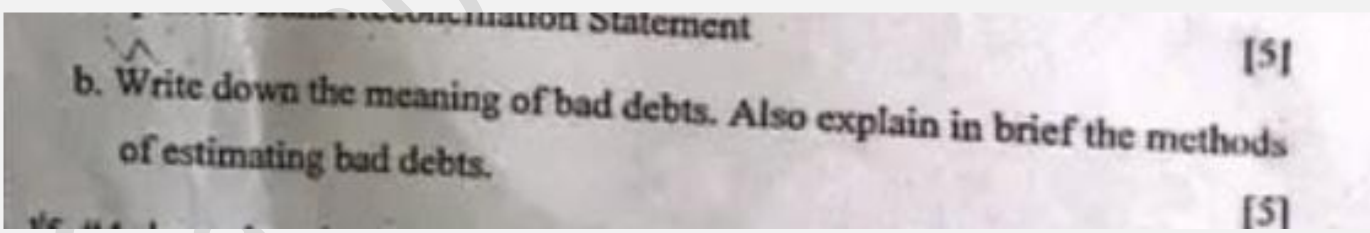
5. Legal evidence
Source documents can be used as legal evidence in case of disputes, investigations, or other legal matters.

Group B Theory

Q.N 13 (b)

BASIS	TANGIBLE ASSETS	INTANGIBLE ASSETS
1 MEANING	Assets having physical existence.	Assets having no physical existence.
2 PHYSICAL FORM	They can be seen and touched.	They cannot normally be seen or touched.
3 NATURE	They are physical in nature.	They represent legal or economic rights/benefits.
4 EXAMPLES	Land, building, machinery, vehicle, furniture.	Goodwill, patent, copyright, trademark, franchise.
5 VALUATION	Generally easier to identify and value.	Valuation is comparatively difficult and may involve estimation.

Thank you.



Bad debts are the amounts of credit sales or accounts receivable that **cannot be recovered from customers due to their inability or unwillingness to pay**. **Bad Debts (खराब ऋण/असुल हुन नसकेको ऋण)** भन्नाले ग्राहकलाई उधारोमा बिक्री गरेको रकममध्ये **ग्राहकको असक्षमता वा अन्य कारणले भविष्यमा असुल हुन नसक्ने रकम**लाई बुझिन्छ।

In simple words, when a customer fails to pay the amount owed to the business and the amount becomes irrecoverable, it is called a **bad debt**. सरल भाषामा, ग्राहकबाट लिनुपर्ने रकम असुल हुन नसकी **Irrecoverable** भएमा त्यसलाई Bad Debt भनिन्छ।

Suppose a business has sold goods on credit for Rs. 50,000 to a customer. If the customer becomes insolvent and only Rs. 40,000 can be recovered, the remaining **Rs. 10,000 is a bad debt**.

Bad debts are treated as an **expense/loss of the business**.

Methods of Estimating Bad Debts

Since some customers may fail to pay their outstanding amounts in the future, businesses estimate expected bad debts. The major methods are:

1. Percentage of Credit Sales Method

Under this method, bad debts are estimated as a certain **percentage of total credit sales** made during the accounting period.

Formula:

Estimated Bad Debts = Credit Sales × Estimated Percentage

Example:
If credit sales are Rs. 500,000 and estimated bad debts are 2%:

Bad Debts = Rs. 500,000 × 2% = Rs. 10,000

This method mainly focuses on the **expense arising from credit sales**.

2. Percentage of Accounts Receivable Method

Under this method, bad debts are estimated as a certain percentage of the **outstanding accounts receivable/debtors** at the end of the accounting period.

Formula:

Estimated Bad Debts = Accounts Receivable × Estimated Percentage

Example:
If accounts receivable are Rs. 400,000 and estimated bad debts are 5%:

Bad Debts = Rs. 400,000 × 5% = Rs. 20,000

This method focuses on estimating the **amount of receivables that may not be collected**.

[5]

15. "A lease is a legal contract under which one party agrees to pay rent properly owned by the other party," discuss.

A **lease** is a contractual arrangement in which the owner of an asset gives another person or organization the **right to use and enjoy the asset for a specified period in return for periodic payments called rent or lease payments**.

The owner of the asset is called the **lessor**, while the person who obtains the right to use the asset is called the **lessee**.

For example, if a company takes a building from its owner for five years by agreeing to pay Rs. 50,000 monthly, the owner is the **lessor**, the company is the **lessee**, and the monthly Rs. 50,000 is the **lease rent**.

Lease (पट्टा/लिज) भन्नाले सम्पत्तिको मालिकले आफ्नो सम्पत्ति अर्को व्यक्ति वा संस्थालाई **निश्चित अवधिका लागि प्रयोग तथा उपभोग गर्न दिने र त्यसको बदलामा निश्चित रकम भाडा वा Lease Payment का रूपमा प्राप्त गर्ने कानुनी सम्झौता**लाई बुझिन्छ।

सम्पत्तिको मालिकलाई **Lessor (पट्टादाता)** र सम्पत्ति प्रयोग गर्ने व्यक्तिलाई **Lessee (पट्टाधारी)** भनिन्छ।
कुनै कम्पनीले भवनको मालिकसँग ५ वर्षका लागि मासिक रु. ५०,००० भाडा तिर्ने गरी भवन लियो भने भवनको मालिक **Lessor**, कम्पनी **Lessee** र रु. ५०,००० **Lease Rent** हुन्छ।

Parties to a Lease

1. Lessor

The **lessor** is the legal owner of the asset who gives the right to use the asset to another party under a lease agreement. Lessor भन्नाले सम्पत्तिको **कानुनी मालिक**लाई बुझिन्छ, जसले आफ्नो सम्पत्ति अर्को पक्षलाई निश्चित अवधिका लागि प्रयोग गर्न दिन्छ।

2. Lessee

The **lessee** is the person or organization that obtains the right to use the leased asset and agrees to make lease payments. Lessee भन्नाले Lessor बाट सम्पत्ति प्रयोग गर्ने अधिकार प्राप्त गरी सम्झौताअनुसार **भाडा/Lease Payment तिर्ने व्यक्ति वा संस्था**लाई बुझिन्छ।

Essential Elements of a Lease

1. Legal Agreement

A lease is based on a **legal contract** between the lessor and lessee. The rights and obligations of both parties are generally specified in the agreement.

2. Identifiable Asset

The lease normally relates to a specific asset, such as:

- Land
- Building
- Machinery
- Vehicle
- Equipment
- Office premises

3. Right to Use

The lessee receives the **right to use the asset** for an agreed period. Ownership and the right of use are distinct.

4. Lease Period

A lease agreement specifies the **period for which the asset can be used**. It may be short-term or long-term.

Thus, a lease is an important legal and financial arrangement between a lessor and a lessee. The lessor provides the right to use an asset, while the lessee agrees to make specified payments for the agreed period. Therefore, the statement correctly emphasizes the key features of a lease—**ownership by the lessor, right of use by the lessee, a specified period, and payment of rent**. यसरी, **Lease एउटा महत्वपूर्ण कानुनी तथा वित्तीय सम्झौता हो**, जसमा Lessor ले सम्पत्ति प्रयोग गर्ने अधिकार Lessee लाई निश्चित अवधिका लागि प्रदान गर्छ र Lessee ले त्यसको बदलामा सम्झौताअनुसार भाडा तिर्छ। त्यसैले प्रश्नमा दिइएको भनाइले Lease का मुख्य विशेषताहरू—**Lessor को स्वामित्व, Lessee को प्रयोग अधिकार, निश्चित अवधि र भाडा भुक्तानी**लाई स्पष्ट रूपमा समेटेको छ।

property owned by the other party," discuss.

16. What is value added statement. Explain in brief the advantages of value added statement. [10]

Value Added Statement (VAS) is a financial statement that shows the **value created by a business and how that value is distributed among different stakeholders**.

Value Added = Sales/Output − Cost of Bought-in Goods and Services

Advantages of Value-Added Statement

1. **Shows value creation** – Shows the wealth created by the business.
2. **Shows distribution** – Shows how value is distributed among employees, government, lenders, shareholders, and the business.
3. **Useful to employees** – Shows employees' share through wages, salaries, and benefits.
4. **Helps management** – Useful for measuring performance and productivity.
5. **Useful to investors** – Helps investors understand the company's economic performance.

Thus, VAS shows **how much value a business creates and how that value is distributed** among stakeholders.

1st machine

13. (a) Following transactions are related to machinery: [5+5=10]

Shrawan 1, 2078 A machinery was purchased for Rs. 400,000.

Chaitra 30, 2078 Second machinery was purchased for Rs. 200,000.

Poush 30, 2080 First machinery became absolute and sold for Rs. 300,000.

Depreciation charged @ 15% p.a. on original cost method.

Required: Machinery account for three years ending 31st Chaitra, 2080.

Profit and loss

Cost → 4,00,000
Dep^n → (45,000)
Dep^n → (60,000)
Dep^n → (45,000)
Amt → 250,000

P→Dr
L→Cr

Profit & loss = Book value − T.A
= 3,00,000 − 250,000
= 50,000

Q.N 13 A Solution **Machinery Account** [original cost method]

Dr Cr

Date	Particular	Amount	Date	Particular	Amount
2078/4/1	To, Bank a/c (I)	4,00,000	2078/12/31	By, Depreciation a/c [4,00,000 × $\frac{15}{100}$ × $\frac{9}{12}$]	45,000
2078/12/31	To, Bank a/c (II)	2,00,000	2078/12/31	By, Balance c/d	5,55,000
	Total	6,00,000		Total	6,00,000
2079/1/1	To, Balance b/d	5,55,000	2079/12/31	By, Depreciation (II) [2,00,000 × $\frac{15}{100}$]	30,000
			2079/12/31	By, Depreciation a/c (I) [4,00,000 × 15/100]	60,000
			2079/12/31	By, Balance c/d	4,65,000
	Total	5,55,000		Total	5,55,000
2080/1/1	To, Balance b/d	4,65,000	2080/9/30	By, Bank a/c	3,00,000
2080/9/31	To, profit on sale of machine I	50,000	2080/9/30	By, Depreciation a/c (I)	45,000
			2080/12/31	By, Depreciation (II)	30,000
			2080/12/31	By, balance c/d	1,40,000
	Total	5,15,000			5,15,000

2081/1/1 To, balance b/d 1,40,000

2082 model question set

11. The following information is provided:

Current ratio	2	Current Liabilities	Rs. 200,000
Prepaid expenses	Rs. 48,000	Inventory	Rs. 90,000
Debentures	Rs. 200,000	Shareholder's equity	Rs. 600,000

Operating profit for the year Rs. 100,000 being 10% of Sales.

Income tax is 25%

Required:

a. Net profit after tax
b. Amount of sales
c. Quick ratio
d. Inventory turnover ratio
e. Debt to total capital ratio
f. Return on shareholder's equity
g. Net profit margin

[1+6×1.5=10]

#... operating profit = Rs. 1,00,000
being 10% of sales
Income tax = 25%

Solution of question No. 11

ⓐ Net profit after tax = operating profit (1 - t)

$= 1,00,000\ (1 - 0.25)$

$=$ Rs. 75,000

ⓑ Amount of sales = operating profit × $\frac{100\%}{10\%}$

$= 1,00,000 \times \frac{10\cancel{0}}{1\cancel{0}}$

$=$ Rs. 10,00,000

ⓒ Quick ratio = $\frac{\text{Quick Asset}}{\text{Current liabilities}}$ [Where Q.A = C.A − prepaid − Inventory/stock]

$= \frac{4,00,000 - 48,000 - 90,000}{2,00,000}$

$= 1.31 : 1$

where,
current ratio = $\frac{\text{Current Asset}}{\text{Current liabilities}}$

or, $2 = \frac{C.A}{2,00,000}$

or, current Asset = Rs. 4,00,000

(d) Inventory turnover ratio = $\frac{\text{Net sales}}{\text{Inventory}}$

$= \frac{10,00,000}{90,000}$

$= 11.11$ times

(e) Debt to total Capital ratio = $\frac{\text{Long term debts}}{\text{Total capital}} \times 100\%$

$= \frac{2,00,000}{8,00,000} \times 100\%$

$= 25\%$

Where; Total capital = LTD + SHE

$= 2,00,000 + 6,00,000$

$=$ Rs. 8,00,000

(f) Return to shareholder Equity = $\frac{\text{Net profit After tax}}{\text{share holder equity}} \times 100\%$

$= \frac{75,000}{6,00,000} \times 100\%$

$= 12.5\%$

(g) Net profit margin = $\frac{\text{Net profit After tax}}{\text{Net sales}} \times 100\%$

$= \frac{75,000}{10,00,000} \times 100\%$

$= 7.5\%$ Ans

10

12. A company provides you the following information related to the inventories for the month of Chaitra.

Chaitra 1:	Beginning inventory 500 units @ Rs.10 each
Chaitra 9:	Purchased 1,000 units @ Rs.12 each
Chaitra 14:	Sold 1,200 units @ Rs.15 each
Chaitra 18:	Purchased 500 units @ Rs.13 each
Chaitra 24:	Purchased 200 units @ Rs.11 each
Chaitra 31:	Sold 500 units @ Rs.20 each.

18000

10,000

Required:

a. Cost of goods sold, ending inventory and gross profit under weighted average costing method.

b. Cost of goods sold, ending inventory and gross profit under LIFO method

[5+5=10]

1) LIFO
2) FIFO
3) WACC
→ COGS, EI
G.P = S - COGS

Solution of Q.N. 12

(a) Calⁿ of cost of goods sold, Ending inventory and Gross profi under weighted Average methods.

Total sales unit = 1200 + 500
= 1700 units

weighted Average cost per unit (WAC) = $\frac{\text{cost of Goods available for sales}}{\text{units available for sales}}$

$= \frac{500 \times 10 + 1000 \times 12 + 500 \times 13 + 200 \times 11}{500 + 1000 + 500 + 200}$

$= \frac{25{,}700}{2200}$

= Rs. 11.68

cost of Goods sold = WAC × unit sales
= Rs. 11.68 × 1700 unit
= Rs. 19,856

cost of Ending inventory = [Total unit - sales unit] × WAC
= [2200 - 1700] × 11.68
= 500 unit × Rs. 11.68
= Rs. 5840

Gross profit = Sales − Cost of Goods sold

= Rs. 28,000 − Rs. 19,856

= Rs. 8,144

$\boxed{\begin{array}{l}\text{Sales Amount} = 1200 \times 15 + 500 \times 20 \\ \quad = \text{Rs. } 28{,}000\end{array}}$

(b) Cal^n of cost of Goods sold, Ending inventory and Gross profit under LIFO method

Total sales = 1700 unit

cost of Goods sold = 200 × 11 + 500 × 13 + 1000 × 12

= Rs. 20,700

cost of Ending inventory = 500 × 10

= Rs. 5000

Gross profit = Sales − cost of Goods sold

= Rs. 28,000 − Rs. 20,700

= Rs. 7,300

Ans, 10

Income statement (Ib)

Particulars	WAC	LIFO
Sales	28,000	28,000
less: cost of Good sold	(19,856)	(20,700)
# Gross profit	8,144	7,300
less: operating Expenses...	(144).	(300)
∴ Net profit after tax	8,000	7,000
less: Tax 30%	(2400)	(2100)
Net income	5600	4,900

14. (a) On Ashad 2081, Bank Statement disclosed a balance of Rs.16,000 and Cash Book showed the balance of Rs.14,800 17800

i) Deposit in transit Rs. 1,900 Add - B

ii) Outstanding chequeRs. 1,000. less - B

iii) Notes receivable and interest collected by the bank Rs.4,000 and Rs. 200 respectively. C.B - Add

iv) Cheque of Rs. 7,450 deposited by the company was recorded by the bank as Rs.7,350 Add - B

v) A customer's cheque for Rs.1,500 was returned by the bank due to insufficient fund. C - less

vi) A cheque for Rs. 7,800 paid by the bank was recorded as Rs. 7,600 by the company.

vii) Bank charge Rs.300 for the service provided by the bank.

Required: Bank Reconciliation Statement [5]

Particular	Detail Amt.	Total Amt.
Balance as per bank statement.		16,000
Add: Deposit in transit (i)	1900	
: Bank Error (iv) [7450 - 7350]	100	2,000
less: outstanding cheque	(1000)	(1000)
∴ Adjusted Balance as per Bank statement		17,000
Balance as per Cash Book		14,800
Add: Notes receivable and interest collection [4000+200]	4,200	4,200
less: Insufficiend fund	(1500)	
less: Company Error [7800 - 7600]	(200)	
less: Bank service charge	(300)	(2000)
∴ Adjusted Balance as per cash Book		17,000

Q.N. 15 and 16 Theory भाग्दि छ । Hu Hu Hu

Attempt any TWO questions: [2x15=30]

17. Following are the transaction of a company.

I. Started business with cash Rs. 800,000 in exchange of 8,000 shares of Rs. 100 each.

II. Deposited into bank Rs.300,000.

III. Took a bank loan of Rs. 100,000 @ 10% interest. 10,000

IV. Sold merchandise goods for Rs.300,000 on account. (on credit) name उधारो बेचेको debtor

V. Purchased merchandise goods for Rs.180,000 on account उधारो ~~किनेको~~ creditor

VI. Paid Rs.10,000 for insurance premium.

VII. Received Rs.270,000 after deduction of 10% discount from the customers [D.s → 2,70,000 × $\frac{10}{100-10}$]

VIII. Paid Rs. 170,000 in full settlement of Rs.180,000 by cheque.

IX. Paid electricity bill Rs. 5,000

X. Pre-paid office rent Rs.26,000by issuing cheque.

Additional Information

a) Closing stock Rs. 20,000.

b) Prepaid rent expired Rs. 24,000. खर्च → Dr

c) Outstanding interest Rs.10,000

Required:

a. Journal entries for above transactions [6]

b. Accounts receivable and payable account [2]

c. Triple column cash book [4]

d. Adjusted Trial balance (triable balance) [3]

Basic idea

All expenses / losses → Dr
खर्च

फाइदा / Income → cr

A ↑ → Dr
↓ → cr

L ↑ → cr
↓ → Dr

(a)

Journal Entries

Date	Particulars	LF	Dr. Amt	Cr. Amt.
(i)	Cash a/c - Dr		8,00,000	
	To, Share Capital a/c			8,00,000
	[Being business started with cash]			
(ii)	Bank a/c - Dr	'c'	3,00,000	
	To, Cash a/c			3,00,000
	[Being cash deposited into bank]			
(iii)	Cash a/c - Dr		1,00,000	
✓	To, Bank loan a/c			1,00,000
	(Being took a bank loan)			
(iv)	Account receivable a/c - Dr		3,00,000	
	To, Sales a/c			3,00,000
	(Being goods sold on credit)			
(v)	Purchase a/c - Dr		180,000	
	To, Account payable a/c			180,000
	(Being purchase goods on credit)			
(vi)	Insurance premium a/c - Dr		10,000	
	To, Cash a/c			10,000
	(Being paid for insurance premium)			
(vii)	Cash a/c - Dr		2,70,000	
	Discount a/c - Dr $\left[2,70,000 \times \frac{10}{90}\right]$		30,000	
	To, Account receivable			3,00,000
	(Being cash received after deducting discount)			
(viii)	Account payable a/c - Dr		180,000	
	To, Bank a/c			1,70,000
	To, Discount received			10,000
	(Being paid to supplier)			
(ix)	Electricity Bill a/c - Dr		5,000	
	To, Cash a/c			5,000
	(Being paid electricity bill)			
(x)	Prepaid office rent a/c - Dr		26,000	
	To, Bank a/c			26,000
	(Being office rent paid)			

(b)

Account receivable

Dr | Cr

Particular	Amt	Particular	Amt
(iv) To, sales	3,00,000	(vii) By. cash	2,70,000
		By. Discount	30,000
Total	3,00,000	Total	3,00,000

T

A/R

3,00,000	2,70,000
	30,000
3,00,000	3,00,000

Account payable a/c

Dr | Cr

Particular	Amt.	Particular	Amt.
(viii) To, cash a/c	170,000	(v) By, purchase	180,000
To, Discount a/c	10,000		
Total	180,000	Total	180,000

Dr (c) **Triple column cash Book** Cr

Date	Particular	LF	Cash	Bank	Dis.	Date	Particular	LF	Cash	Bank	Dis.
(i)	To, share capital		8,00,000			(ii)	By, bank a/c	c	3,00,000		
(ii)	To, cash a/c	c		3,00,000		(vi)	By, insurance premium a/c		10,000		
(iii)	To, Bank loan a/c		1,00,000								
(vii)	To, Account receivable		2,70,000		30,000	(viii)	By, Account payable			170,000	10,000
						(ix)	By, Electricity bill		5,000		
						(x)	By, prepaid rent			26,000	
							By, Balance c/d		8,55,000	104,000	
	Total		1170,000	3,00,000	30,000		Total		11,70,000	3,00,000	10,000
(i)	To, balance b/d		855000	104,000							

(d) Adjusted trial Balance

Particular	Unadjusted T/B Dr	Unadjusted T/B Cr	Adjustment Dr	Adjustment Cr	Adjusted T/B Dr	Adjusted T/B Cr
cash	8,55,000				8,55,000	
Bank	1,04,000				1,04,000	
Discount	30,000	10,000			30,000	10,000
Share capital		8,00,000				8,00,000
Bank loan		1,00,000		10,000		110,000
Sales		3,00,000				3,00,000
Purchase	180,000				180,000	
Insurance premium	10,000				10,000	
Electricity bill	5000				5,000	
prepaid office rent	26,000			24,000	2,000	
Additional information						
(a) closing stock			20,000	20,000	20,000	20,000
(b) Prepaid rent expired			24,000		24,000	
(c) outstanding interest.			10,000		10,000	
Total	1210,000	12,10,000	54,000	54,000	12,40,000	12,40,000

Q.N.18

Balance Sheet

Liabilities	Year I	Year II	Assets	Year I	Year II
Equity share capital	800,000	1000,000	Land and building	300,000	340,000
Share premium	80,000	100,000	Plant and machinery	500,000	700,000
Bank loan	-	200,000	Inventories	230,000	300,000
Accounts payable	180,000	160,000	Accounts receivable	220,000	250,000
Provision for taxation	50,000	60,000	Provision for		
Profit and loss	140,000	280,000	doubtful debts	(40,000)	(30,000)
			Cash at bank	40,000	240,000
	1,250,000	1800,000		1,250,000	1800,000

A↑ → -

A↓ → +

L↑ → +

L↓ → -

exp^n → -

Income Statement

Particulars	Rs.	Rs.
Sales		1000,000
Less: Cost of goods sold		600,000
Gross profit		400,000
Less: Operating expenses	100,000	
Interest on bank loan	20,000	
Depreciation on machinery	40,000	
Provision for taxation	60,000	
Loss sales of machine (Book value Rs. 60,000)	40,000	260,000
Net income		140,000

Required: Cash flow statement by using direct method [6+3+4+2=15]

If Dividend नहुको

Dividend paid:

P/L a/c को

O - C + Net income

Working Note

machinery

Dr | | | Cr

Particular	Amt	Particular	Amt
To, balance b/d	5,00,000	By. Depreciation	40,000
		By. loss on sales	40,000
To, purchase of machine	3,00,000	By. sales [60,000 - 40,000]	20,000
		By. balance b/d	7,00,000
Total	8,00,000	Total	8,00,000

Cash flow statement

Particular	Amount	Amount
① **Cash flow from operating Activities**		
a) Cash sales and collection from Debtor:		
→ Sales	10,00,000	
→ Inc. in Account receivable	(30,000)	
→ Dec. in provision for doubtful debt	(10,000)	9,60,000
b) Cash purchase and paid to creditor:		
→ Cost of goods sold	(6,00,000)	
→ Dec. in Account payable	(20,000)	
→ Inc. in inventory	(70,000)	(6,90,000)
c) Cash paid to employee and other operating expenses:		
→ Operating Expenses	(1,00,000)	(1,00,000)
d) Interest paid / Taxi paid:		
→ Interest on bank loan	(20,000)	
→ Provision for texation [50,000 - 60,000 + 60,000]	(50,000)	(70,000)
∴ Net cash flow from operating Activities		1,00,000
② **Cash flow from Investing Activities:**		
→ Purchase of machinery	(3,00,000)	
→ Sales of machinery	20,000	
→ Inc. in land and Building	(40,000)	
∴ Net cash flow from Investing Activities		(3,20,000)
③ **Cash flow from financing Activities**		
→ Issue of share capital + premium	2,20,000	
→ Inc. in Bank loan	2,00,000	
→ Dividend paid [140,000 - 280,000 + 140000]	0	
∴ Net cash flow from Financing Activities		4,20,000
∴ Net change in cash flow (1-2+3)		2,00,000
		40,000

Add: opening cash

∴ closing cash Balance 2,40,000

Thank you!

Save our Number for

BBS 2nd Year

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