

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Chance Examinations-2081  
Bachelor of Business Studies (BBS)  
Semester - VIII

Subject: Business Accounting  
Marks: 60 Pass Marks: 30

Course Code: ACC 485  
Time: 3:00 Hours

*You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.*

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)**

Answer **ALL** the questions.

1. Write any two characteristics of partnership firm.
2. List out any four factors affecting goodwill.
3. State any two purposes for admitting a new partner in partnership firm.
4. Calculate the amount of expenses to be incurred while valuing the consignment stock:
  - a. Forwarding and insurance expenses Rs. 10,000
  - b. Expenses incurred by the consignee: Carriage and clearing charges Rs: 3,500, unloading expenses Rs. 800, Godown rent Rs. 1,500, selling expenses Rs. 2,200.
5. What is meant by initial cash payment (cash down) in case of a hire purchase and installment system?
6. What accounts are prepared at the time of dissolution of a partnership firm? List out.
7. In a partnership firm, assets are Rs. 180,000 and liabilities are Rs. 60,000. The normal profit is 12%. State the amount of normal profit.
8. What entry is passed at the time of dissolution of a partnership firm when Rajesh, one of the partners, agrees to take over furniture worth Rs. 4,500?
9. A and B entered into joint venture business? A contributes Rs. 30,000 and B Rs. 20,000 respectively and they agree to share profit and loss in proportion to their capital contributions. If firm earn Rs. 15,000. how much profit will A receive?
10. A, B and C are partners in a firm sharing profits in the ratio of 4: 3: 2. B retires and the goodwill of the firm is valued at Rs. 72,000. Calculate B's share of goodwill.

**SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)**

Answer any **THREE** questions.

11. What is meant by hire purchase system? Explain the key differences between hire purchase and installment purchase system. [3+5]
12. A company purchased a machine on January 1, 2025, on hire purchase system. The total cash price of machine was Rs. 330,000, payable Rs. 100,000 on signing the agreement and three equal annual installments of Rs. 100,000 payable on 31<sup>st</sup> December for 3 years. Interest is charged at 15% per annum. Depreciation is charged on the machine at 10% per annum on diminishing balance.  
Required:
  - a. Total interest and total hire purchase price payable by hire purchaser [2]
  - b. Journal entries for the first years in the books of hire purchaser. [6]
13. Amrit and Ammar are partners sharing profits in the ratio of 3:1. On 1<sup>st</sup> Shrawan, 2080, their capitals were: Amrit Rs. 50,000 and Ammar Rs. 30,000. During the year ended 31<sup>st</sup> Asadh, 2080, they earned a net profit Rs. 50,000. The terms of partnership are:
  - a. Interest on capital is to allowed @ 6% per annum.
  - b. Amrit will get a commission @ 2% on turnover.
  - c. Ammar will get a salary Rs. 500 per month.

- d. Ammar will get a commission of 5% on profits. . . . .
- e. They are to be charged interest @ 5% on their drawings, which is Rs. 2,000 for Amrit and Rs. 1,500 for Ammar, irrespective of period.

Required: Prepare Profit & Loss Appropriation Account [8]

14. The net trading profits of the Company Ltd. after providing taxation for the last five years are:

- 1<sup>st</sup> Year Rs. 168,000  
 2<sup>nd</sup> Year Rs. 188,000  
 3<sup>rd</sup> Year Rs. 192,000  
 4<sup>th</sup> Year Rs. 148,000  
 5<sup>th</sup> Year Rs. 184,000

The capital employed in the business is Rs. 16,00,000 on which a reasonable rate of return of 10% is expected.

Required:

- a. Value of goodwill under capitalization of average profit method [3]  
 b. Value of goodwill under super profit method [3]  
 c. Value of goodwill under annuity of super profit method taking the present value of an annuity of Re. 1 for five years at 10% interest as 3.78 [2]

15. Rajan and Bibek entered into a joint venture business and they agree to share profits and losses in the ratio of 3:2 respectively. Rajan purchased goods worth Rs. 20,000 and incurred on freight Rs. 6,000. Bibek also purchased goods worth Rs. 80,000 and incurred Rs. 5,000 towards freight and other incidental charges. Bibek sold the entire stock of goods on behalf of joint venture for Rs. 175,000. Bibek was also entitled to a commission of 8% on sales. Bibek settled his account by remitting a bank draft.

- Required: (a) Joint venture A/c in the books of Bibek [5]  
 (b) Rajan's A/c in the books of Bibek [5]

**SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)**

Answer any TWO questions.

16. Following is the Balance Sheet of Susma and Sima who share profits in the ratio of 3:2.

Balance Sheet of Susma and Sima as on Shrawan 1, 2080

| Liabilities      | Rs.           | Assets            | Rs.           |
|------------------|---------------|-------------------|---------------|
| Sundry creditors | 20,000        | Cash at Bank      | 3,000         |
| Capitals:        |               | Sundry Debtors    | 12,000        |
| Susma            | 30,000        | Stock-in-trade    | 15,000        |
| Sima             | <u>20,000</u> | Furniture         | 10,000        |
|                  |               | Plant & Machinery | 30,000        |
|                  | <u>70,000</u> |                   | <u>70,000</u> |

On that date, Pratima is admitted into the partnership on the following terms:

- (i) Pratima is to bring in Rs. 15,000 as capital and Rs. 5,000 as premium for goodwill for 1/6 share.  
 (ii) The value of stock is reduced by 10% while plant and machinery is appreciated by 10%.  
 (iii) Furniture is revalued at Rs. 7,200.  
 (iv) A provision for doubtful debts is to be created on sundry debtors at 5%..  
 (v) A creditor of Rs. 1,000 is not likely to claim his money and is to be written off.

Required:

- a. Necessary Journal entries [5]  
 b. Revaluation Account [2]  
 c. Partners' Capital Account [1+ 1+1]  
 d. Balance Sheet after C's admission [3]

17. Krishna Stores, Kathmandu dispatched 10,000 units of goods at Rs. 2 per unit to Shahi Empex, Surkhet. The consignor paid the following expenses for sending goods:

|           |           |
|-----------|-----------|
| Freight   | Rs. 3,800 |
| Insurance | Rs. 1,200 |

During transit, 250 units were accidentally destroyed for which Insurance Company directly paid to the consignor Rs. 450 in full settlement of the claim.

Shahi Empex reported that 7,500 units of goods were sold at Rs. 3.50 per unit. The Consignee incurred the following expenses:

|                 |           |
|-----------------|-----------|
| Godown rent     | Rs. 200   |
| Advertisement   | Rs. 1,000 |
| Salesmen salary | Rs. 2,000 |

Shahi is entitled to a commission of 3% plus 1.5% del credere. The consignee reported a loss of 10% due to leakage which is considered normal loss. The consignee settled his account by bank draft

- a. Journal entries in the books of consignor [8]
- b. Consignment Account [3]
- c. Consignee Account [2]

18. Define dissolution of partnership firm. Discuss the different circumstances that may lead to dissolution of partnership firm. [3+10]

**THE END**