

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2081
Bachelor of Business Studies (BBS)
Semester - VII

Subject: Accounting for Financial Institutions

Full Marks: 60 Pass Marks: 30

Course Code: ACC 476

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. What do you mean by indigenous bankers?
2. Write on credit control.
3. Define ratio analysis.
4. What is the break-even point?
5. Introduce an insurance agent.
6. Write any two assumptions of break-even analysis.
7. List out any four advantages of trial balance.
8. State, in brief, about the non-life insurance business.
9. Mention any two limitations of financial statement analysis.
10. Point out four types of accounting ratios.

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

Answer any **THREE** questions.

11. Introduce financial statement analysis and also mention the objectives.

[2+6]

12. Following transactions are given to you:

Kartik 3: Opened a bank account with Rs. 16,00,000

Kartik 12: Received a cheque of Rs. 25,000 and cash Rs. 40,000 for sale of goods.

Kartik 13: Sold a machinery costing Rs. 45,000 for Rs. 40,000 and deposit into bank.

Kartik 17: A cheque of Rs. 7,600 issued to creditor full settlement of her debts of Rs. 8,000

Kartik 24: Purchased furniture and land Rs 10,000 and Rs.16,00,000 respectively payment made by cheque.

Kartik 27: Sold goods and received a cheque of Rs. 90,000.

Required:

- a. Journal entries.

[6]

- b. Bank account (using balancing form method)

[2]

13. You have been provided the following information in respect of three products namely P1, P2 and P3.

Products	P1	P2	P3
SPPU (Rs.)	50	100	200
VCPU (Rs.)	30	50	120
Sales mix	5	3	2

Total fixed cost Rs. 410,000

Required:

- a. Overall BEP in units

[4]

- b. Product wise BEP in unit

[2]

- c. Product wise BEP in Rs and overall BEP in Rs.

[2]

14. Given below is the balance sheet of Karnali Company Ltd. as on Chaitra 31.

Liabilities	Rs.	Assets	Rs.
Bills payable	90,000	Sundry debtors	60,000
Interest Payable	18,000	Cash Balance	33,000
12% Debentures	150,000	Short-term loan	30,000
Reserve and surplus	60,000	Inventories	40,000
Equity capital of Rs. 100 each	300,000	Machinery	125,000
		Land and Building	325,000
		Preliminary expenses	5,000
Total	618,000	Total	618,000

Additional information:

- Debtors' turnover ratio: 10 times

- Net profit margin: 15%

Required:

- Sales amount
 - Liquid ratio
 - Debt-equity ratio
 - Average collection period
 - Earning per share
15. Write short notes on (any two):
- Loans by NRB
 - Provisions relating to general reserve

- Types of trial balance

[2]
[2]
[2]
[1]
[1]
[4+4]

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

Answer any **TWO** questions.

- What is bank? Write down the functions of a commercial bank.
 - List out the functions, duties, and powers of the Nepal Insurance Board.
- The balance sheets of a company for the past two years are:

[2+6]
[5]

Liabilities	2079	2080	Assets	2079	2080
Share capital	500,000	700,000	Land & building at cost	300,000	300,000
Share premium	50,000	70,000	Plant and machinery	360,000	630,000
10% debentures	100,000	50,000	Trade investment	40,000	-
Bank overdraft	50,000	100,000	Inventories	150,000	150,000
Accounts payable	100,000	80,000	Accounts receivable	100,000	150,000
Provision for taxation	50,000	60,000	Cash at bank	50,000	70,000
Provision for dividend	50,000	70,000			
Retained earning	100,000	170,000			
	1,000,000	1,300,000		1,000,000	1,300,000

Additional information:

- Depreciation on plant and machinery was written off by Rs. 70,000.
- Company paid a dividend and taxation of Rs. 50,000 each during the period 2080.
- Trade investments were sold for Rs. 80,000 and the profit realized was credited to profit and loss account.
- A premium of 10% was paid to debenture holders at the time of redemption of debenture debts.

Required:

- Cash available from operating activities
- Cash available from investing activities.
- Cash available from financing activities
- Net changes in cash and cash equivalent.

[4]
[4]
[4]
[1]

Given below is the trial balance of Himalayan Company Ltd. as on December 31, 2023

Particulars	Debit Rs.	Particulars	Credit Rs.
Salaries	76,000	Creditors	45,000
Rent- office	18,000	Bills payable	15,000
Rent- selling	21,000	Unearned commission	2,100
Prepaid insurance	6,000	Share capital	150,000
Debtors	72,500	Sales revenue	595,000
Office expenses	42,000	Retained earnings	50,000
Selling expenses	12,500		
Cash	14,000		
Inventory as on 1.1.2023	45,600		
Purchase	399,500		
Land and building	100,000		
Plant	50,000		
Total	857,100	Total	857,100

Additional information:

- Provision for tax Rs. 2,500.
- Outstanding rent (office) Rs. 6,000.
- Expired prepaid insurance of Rs. 4,500.
- Stock as on 31.12.2023 Rs. 56,800.
- Unearned commission earned Rs. 1,100 for the period.
- Depreciation on plant @10%.
- Declared dividend @ 20% of share capital.

Required:

- Income statement
- Statement of retained earnings
- Balance sheet

[5]

[2]

[6]

THE END