

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
End-Semester Examinations-2083  
Bachelor of Business Studies (BBS)  
Semester - I

Subject: Financial Accounting and Reporting  
Full Marks: 60 Pass Marks: 30

Course Code: BBS114  
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: SHORT ANSWER QUESTIONS (5 X 5 = 25 MARKS)**

Answer any **FIVE** questions.

1. What do you mean by accounting standard? Write its nature. [1.5+3.5]
2. Describe the meaning of annual reporting and its objective. [2+3]
3. The following information of a K&K company is given. [5]  
Jan 01: Invested Rs.5,00,000 capital in the business.  
Jan 02: Paid Rs.36,000 cash for rent. It includes Rs.6,000 for the same month (Jan).  
Jan 05: Bought a computer for Rs.20,000.  
Jan 08: Received Rs.20,000 as consultancy fees.  
Jan 09: Bought an office computer on credit Rs.30,000.  
Jan 15: Paid salary Rs.5,000 to the assistant for the the month.  
Jan 30: Paid half of the amount to the accounts payable the computer on date of Jan 9 purchase on credit.

**Required: Accounting Equation.**

4. Consider the following transactions of Aayans Traders: [5]

July 01: Cash in hand	Rs.25,000
July 06: Goods sales for cash	Rs.15,000
Goods sales on account	Rs.8,000
July 15: Withdrew cash from the bank for personal use	Rs.2,000
July 20: Rent paid through cheque	Rs.8,000
July 22: Cash received from customer Rs.7,800 in full settlement	Rs.8,000
July 25: Cash paid to supplier Rs.1,900 in the full settlement	Rs.2,000.

**Required: Triple column cash book in the book of Aayans Traders.**

5. Reconcile the bank balance of Shree Pvt. Ltd. as of 31st Shrawan, 2082 using the following: [5]
  - a. Balance as per cash book: Rs. 50,000
  - b. Cheque issued but not yet cleared: Rs. 5,000
  - c. Dividends collected by bank: Rs. 2,300
  - d. Interest charged recorded twice in the cash book: Rs. 1,000
  - e. Cheque credited by bank but not recorded in the company book: Rs. 6,000

6. Following information has been taken from the records of unadjusted trial balance of ABC Company. Its accounting year is December 31<sup>st</sup> 2025. [5]

Trial Balance

Account Titles	Debits (Rs.)	Credits (Rs.)
Cash	11,850	
Debtors	5,200	
Supplies	1,400	
Machinery	40,000	
Creditors		730
Unearned service		4,500
Capital stock		50,000
Stationery	3,000	
Service revenue		10,700
Office expenses	730	
Salary expenses	3,750	
Total	65,930	65,930

Additional Information

- Supplies of Rs.500 were consumed during the period.
- Rs 750 depreciation expenses on the machinery for the period.
- Rs. 180 accrual of salaries expenses at the end of the year.

Required: a. Adjusting entries.

b. Adjusted trial balance.

**SECTION B: LONG ANSWER QUESTIONS (2 X 10 = 20 MARKS)**

Answer any **TWO** questions.

7. Trial balance of Mid-Center Company Limited for the year ended 31<sup>st</sup> Chaitra 2082 is given below.

Particular	Debit (Rs)	Particular	Credit (Rs)
Bank	10,000	Sales	1,20,000
Machinery	80,000	Provision for bad debt	1,000
Opening stock	20,000	Accumulated depreciation	9,000
Purchase	70,000	Creditors	20,000
Office expenses	10,000	Capital Stock	1,00,000
Prepaid salaries	15,000	Retained earning	10,000
Rent	8,000		
Debtors	40,000		
Dividend paid	2,000		
Stock of supplies	5,000		
Total	2,60,000	Total	2,60,000

Additional Information

- Depreciation on Machinery @ 10%
- Closing stock Rs.30,000.
- Supplies in hand Rs.2,000.

- iv. Outstanding office expenses Rs.2,000.
- v. Prepaid salaries Rs.12,000 was expired.
- vi. Provision for bad debt 5 %
- vii. Provision for tax @ 25 % (income tax expenses)

Required: a. Multi-step Income Statement

[6]

b. Statement of financial position

[4]

8. The income statement of the year and the balance sheets Items of 2078 and 2079 have been given below:

Liabilities	2078	2079
Inventories	50,000	60,000
Accounts receivable	80,000	50,000
Account payable	40,000	70,000
Outstanding salaries	10,000	5,000
Debenture	150,000	1,00,000
Provision for taxation	30,000	20,000
Provision for dividend	20,000	30,000
Plant & Machinery (Net)	3,50,000	5,10,000
Investment at cost	50,000	1,00,000
Share capital	5,00,000	7,00,000
Cash at bank	30,000	50,000

**Income statement for the year 2078**

Particular	Amount
Sales revenue	5,00,000
Less: Cost of goods sold:	3,00,000
Gross profit	2,00,000
Less: Operating expenses:	
Office salaries and other expenses	60,000
Depreciation written off on machinery	50,000
Premium on redemption of Debentures	5,000
Interest on debenture	10,000
Provision for taxation	20,000
Total operating expenses	1,45,000
Net income before other income	55,000
Add: Gain on sale of plant and machinery (Book value being Rs.40,000)	10,000
Net Income	65,000
Less : Provision for dividend	30,000
Retained earning	35,000

Required: Cash flow statement using direct method

[5+3+2]

9. Define the concept of Ledger and It's various types.

[3+7]

**SECTION C: COMPREHENSIVE PROBLEM SOLVING QUESTION (1 X 15 = 15 MARKS)**

Answer any *One* questions.

10. Following are the transactions of a consultant agency during the month of Baishakh.

Baishakh 1 Collected Rs. 1,000,000 from owners of the agency in exchange of shares.

Baishakh 2 Deposited into bank Rs. 10,00,000

Baishakh 5 Paid 3 month's rent in advance Rs. 36,000

Baishakh 6 Purchased office equipment for Rs. 100,000 and paid 20% of cash and balance through cheque

Baishakh 10 Billed to customers for service provided Rs. 200,000

Baishakh 12 Purchased office supplies Rs. 45,000

Baishakh 14. Received Rs. 190,000 after deduction of 5% discount from the customers billed on Baishakh 10

Baishakh 20 Paid Rs. 10,000 to the advertising company

Baishakh 25 Paid electricity bill of Rs. 4,000

Baishakh 30 Paid office salary Rs. 50,000 by issuing cheques.

Required:

a. Journal entries for the above transactions

[5]

b. T accounts (ledger)

[4]

c. Trial balance

[6]

11. Explain about the users of accounting information. Why do they need such information?

[9+6]

**THE END**