Only for 2021 to 2024 AD admitted Students

TRIBHUVAN UNIVERSITY

FACULTY OF MANAGEMENT

Office of the Dean

May 2026

Full Marks: 100
Pass Marks: 50
Time: 3 Hrs.

BIM / Third Semester / ACC 201: Financial Accounting

Candidates are required to answer the questions in their own words as far as practicable.

Group "A"

Brief Answer Questions: ***[10 × 2 = 20]***

1. What is accounting?
2. What is an intangible asset?
3. Write about Accounting Period concept.
4. Write about cash discount and trade discount.
5. Define accounting standards.
6. The following transactions are given below of a merchant:
   - Started a business with bank balance Rs 100,000 and cash balance of Rs 50,000.
   - Rent received Rs 60,000 including Rs 10,000 as an advance rent.

   Required: Accounting Equation
7. You are given the following information of Beby Champs Co. for the year ended 31st Ashadh, 2082.

Net profit for the year	Rs 100,000
Exchange gain on translation of foreign operations	Rs 15,000
Loss on revaluation	9,000
Gain on sale investments	10,500
Gain from cash flow hedges	10,000

   Required: Statement of other comprehensive income as per NFRS
8. You are given the following data of Diamond Company for the year ended 31st Ashadh 2082.

   Balance at 01-04-2081 (in Rs '000):

Share capital	Rs 80,000
Share premium	8,000
Retained earnings	12,500

   Other information during the year (in Rs '000):

Net income after tax	Rs 25,000
Issue of share capital	Rs 25,000
Premium on issue	Rs 2500
Dividend distributed to shareholders	Rs 5,000

   Required: Statement of Changes in Owners' Equity as per NFRS.

9. An Equipment was purchased on 1st Baishakh 2081 at a cost of Rs 190,000, the cost of installation being Rs 10,000. The estimated working life of the machine was 20,000 hours. During 2081 and 2082 it was operated for 2,000 hours and 3,000 hours respectively.

Required: Depreciation amount for the year 2081 and 2082

10. Show whether the following are related with capital or revenue item.
   - Purchase of finished goods by trader for resale purpose worth of Rs 200,000.
   - Payment of utility bills of Rs 15,000.
   - Installation of close circuit camera (CC Camera) inside the business premises of Rs 5,000.
   - Rs 120,000 was incurred to construct permanently compound wall of the campus premises.

Group "B"

Short Answer Questions:(Attempt any SIX Questions) ***[6 × 5 = 30]***

11. Differentiate between Capital expenditures and Revenue expenditure.
12. What is Ledger? Explain the three objectives of Ledger.
13. Define cheque? Explain the different parties involved in cheque.
14. The following transactions are given to you of Atul Concern, Bhaktapur for a month of Sharawan:
   - Commencement of startup business with Cash Rs 100,000 and Bank Balance Rs 400,000.
   - Purchased Goods from Arosh Suppliers for Rs 350,000 by paying Rs 150,000 cash immediately.
   - Sold Goods for cash Rs 200,000 and for credit Rs 500,000 to Better Choice Store, Koteshwor.
   - Received a cheque of due amount of Rs 490,000 from Better Choice Store, in the full settlement after adjusting Rs 10,000 discount.
   - Issued a cheque to Arosh Suppliers Rs 190,000 in the full settlement for the amount due after adjusting.

   Required: Journalize the above financial transactions
15. The bank statement of ABC company shows a balance of Rs 42,000, on 30th Ashad 2082. However, the company balance showed a different balance of Rs 38,000. On the investigation, the following differences were noticed:
   - Outstanding cheque Rs 10,000
   - Deposit in transit Rs 13,000
   - A customer's cheque of Rs 4,000 was return with the bank statement marked NSF.
   - Collection of notes receivable for Rs.4,000 and interest on investment Rs 3,000
   - Bank charge Rs 2,000 for the service provided by the bank
   - A cheque of Rs 10,000 was paid by the bank. However, the co. recorded Rs 16,000 in its statement.

   Required: Bank Reconciliation Statement as on 30th Ashad, 2082.

16. The Surya Company has following data on 31st Ashad 2082:

Particulars	Amount	Particulars	Amount
Sales Revenue	1,500,000	Salary and wages	200,000
Raw materials consumed	900,000	Interest on loan	15,000
Production expenses	60,000	Income Tax paid	25,000
Administration expenses	70,000	Depreciation	15,000
Distribution expenses	50,000	Other incomes	30,000

Required: Value added statement with net profit after tax for the year 2082

17. The following is the Income Statement of a Co. for the year ended December 31st 2023:

Sales	Rs 200,000
Cost of goods sold	Rs 125,000
Gross profit	Rs 75,000
Operating expenses	Rs 20,000
Selling and Distribution expenses	Rs 15,000
Finance Expenses	Rs 5,000
Tax Expenses	Rs 15,000
Net Income after tax	Rs 20,000

Required: Prepare a Vertical Analysis of income statement

Group "C"

Long Answer Questions:(Attempt any THREE Questions) ***[3 × 10 = 30]***

18. Explain the accounting cycle with diagram.

19. "Financial statements are reliable information to all the stakeholders for different purposes." Explain this statement with the help of importance of financial statements.

20. Following is unadjusted trial balance of TATA Suppliers Co. Ltd. as on 31st Ashadh, 2082

Particulars	Debit (Rs)	Credit (Rs)
Equity Share capital	--	400,000
Plant, property and equipment	300,000	--
Current assets	100,000	--
Copyright	30,000	--
Cash and cash equivalents	95,000	--
Net Purchases of materials	300,000	--
Freight on purchase	30,000	--
Sales and other services revenue	--	735,000
Trade receivables	60,000	--
Trade payables	--	30,000
Salary and wages	200,000	--
Prepaid insurance	45,000	--

Rent and rates	50,000	--
Miscellaneous income	--	35,000
Interest on debenture	20,000	--
Investment	150,000	--
General expenses	20,000	--
10 % Debenture	--	200,000
Total	**1,400,000**	**1,400,000**

Additional information:

- Closing stock Rs 40,000
- Prepaid insurance expired Rs 15,000.
- Income tax rate is 25%.
- Depreciate plant, property and equipment by 15% p.a.

Required: (a) Profit or loss statement as on end of 31st Ashad 2082 as per NFRS.

(b) Statement of financial position as on end of 31st Ashad 2082 as per NFRS.

21. The Profit and Loss Statement and Two years' Statement of Financial Position of Taleju Hydropower Limited as on Ashad 31, are as follows

Profit or Loss Statement For the year ended Ashadh, 2082

Particulars	Notes	Amount
Revenue from operations		20,00,000
Less: Cost of sales		(1,500,000)
Gross Profit		**500,000**
Add, Other Income (including interest Rs 5,500 and dividend received Rs 4,500		80,000
Less: Distribution expenses		(100,000)
Less: Administrative expenses (including depreciation on furniture Rs 135,000 and trademark write off Rs 15,000)		(350,000)
Profit from operations		**130,000**
Less: Finance costs		(18,000)
Profit before tax		**112,000**
Less: Income tax provision		(33,600)
Profit after tax		**78,400**
Less: Dividend paid		31,360
Retained earnings		**47,040**

Statement of Financial Position of Taleju Hydropower Limited As on 31st Ashadh

Assets	Notes	2081	2082
Non- Current assets:			
Property, plant and equipment		850,000	950,000
Intangible assets (Trademark)		55,000	40,000
Investments		95,000	210,000
Total non -current assets A		**1,000,000**	**1,200,000**
Current assets:			
Inventories		50,000	80,000
Bills Receivable		70,000	95,000
Trade and other receivables.		50,000	35,000
Cash and cash equivalents		80,000	90,000
Total Current assets B		**250,000**	**300,000**
Fictitious Assets: C		--	--
Total Assets (A+B+C)		**1,250,000**	**1,500,000**
Equity:			
Share Capital@ 100 each		900,000	10,50,000
Reserves/Retained earnings		50,000	97,040
Non - controlling interests		--	--
Total Equity (A)		**950,000**	**1,147,040**
Liabilities			
Non-Current liabilities			
Bank Loans and borrowings		150,000	250,000
Total Non- Current liabilities (a)		**150,000**	**250,000**
Current liabilities			
Trade and other payable		85,000	69,360
Income taxes payable		--	33,600
Provisions		65,000	--
Total Current liabilities (b)		**150,000**	**102,960**
Total Non-Current and Current Liabilities (a+b) B		**300,000**	**352,960**
Total equity and liabilities (A+B)		**1,250,000**	**1,500,000**

Required: Statement of Cash flow as per NFRS *[4+2+2+2]*

Group "D"

Comprehensive Answer / Case / Situation Analysis Questions: *[20]*

22. SMART Investment Company's Statement of Profit and Loss account and Statement of Financial Position for two years have been given below:

SMART Investment Company

Profit and Loss Statement for 2082

Particulars	**Notes**	**Amount**
Revenue from operation		2,500,000
Less: Cost of Sales		(1,400,000)
Gross profit		**1,100,000**
Add: Other income		50,000
Total Revenue		1,150,000
Less: Administration expenses		(620,000)
Less: Distribution expenses		(350,000)
Less: Finance cost (interest on long term debt and borrowings)		(37,500)
Operating Profit		**142,500**
Less: Tax Provision 30%		42,750
Net profit after tax		**99,750**

SMART Investment Company

Statement of Financial Position as on 31st Ashad, 2082

Assets:	**Note**	**2081**	**2082**
Non-current assets:			
Plant, property and equipment		800,000	1,000,000
Investment in securities		80,000	210,000
Total non-currents assets A		**880,000**	**1,210,000**
Current assets:			
Trade and Receivables		150,000	115,000
Inventory		90,000	170,000
Cash and cash equivalents		120,000	150,000
Total Current assets B		**360,000**	**435,000**
Fictitious assets:			
Preliminary expenses **C**		10,000	5,000
Total Assets (A+B+C)		**1,250,000**	**1,650,000**
Liabilities and Equity:			
Equity:			
Equity share capital of Rs. 100 each.		750,000	850,000
Share premium		75,000	85,000
Retained earnings and reserves		50,000	149,750
Total Equity A		**875,000**	**1,084,750**

Non-current liabilities:			
10% Long term debt		250,000	300,000
Total non-current liability a		**250,000**	**300,000**
Current liabilities:			
Trade and Payables		41,000	79,000
Short term loan		54,000	36,000
Bank overdraft		30,000	107,500
Provision for tax		--	42,750
Total current liabilities b		**125,000**	**265,250**
Total liabilities a+b B		**375,000**	**565,250**
Total Capital and Liabilities A+B		**1,250,000**	**1,650,000**

Required for the year 2082:

1. Ratios on:
   - i. Current Ratio (2:1)
   - ii. Quick Ratio (1:1)
   - iii. Debt to Total Capital Ratio (less than 40%)
   - iv. Inventory Turnover Ratio (at least 8 times)
   - v. Total Assets Turnover Ratio (more than 1 times)
   - vi. Net Profit Ratio (at least 12%)
   - vii. Return on Equity (at least 7%)
   - viii. Return on Investment (at least 8%)
   - ix. Interest Coverage Ratio (more than 1 times)
   - x. Receivable Turnover Ratio (at least 8 times)
2. Comment on the calculated ratios:

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