

## Important theory questions

1. Write the meaning of book-keeping and state any two objectives of book keeping.
2. Give the meaning of accounting and mention any two limitations of it.
3. Mention any three functions of accounting.
4. Mention any three objectives of accounting.
5. Write any three differences between book-keeping and accounting.
6. Write in brief about Business Entity concept.
7. Write in brief about Money Measurement Concept.
8. Write in brief about Going Concern Concept.
9. Write in brief any three advantages of double entry system of book keeping.
10. Mention any three importance of double entry system of book keeping.
11. What is trial balance? State any two objectives of preparing trial balance.
12. Write the meaning of Errors of principles with suitable examples.
13. Write the meaning of Errors of omission with examples.
14. Write the meaning of Errors of commission with suitable examples.
15. Write the meaning of capital expenditure and revenue expenditure with suitable examples.
16. Mention any two differences between reserve and provision.
17. State any three differences between government accounting and commercial accounting.
18. Write in brief any three objectives of new accounting system.
19. Write in short about operating and central level accounting.
20. What do you understand by budget sheet?

## Accounting equation

1. Following transaction are given:

- i. Introduce business with cash Rs. 100,000.
- ii. Purchased goods on cash Rs. 5,000 and credit Rs. 10,000.

**Required:**

Accounting Equation

2. Following transactions are given:

- i. Ranjan started business with cash Rs. 250,000 and furniture Rs. 100,000
- ii. Furniture purchased on credit Rs. 150,000
- iii. Furniture sold for Rs. 100,000 on cash
- iv. Paid rent Rs. 20,000 including advance rent Rs. 5,000

**Required:**

Accounting Equation

3. Following transaction are given:

- i. Started business depositing Rs. 100,000 into bank
- ii. Cash withdrawn form Bank Rs. 5,000
- iii. Cash deposited into Bank Rs. 10,000
- iv. Cash withdrawn form Bank Rs. 2,000 for private use
- v. Goods purchased from Hari Rs. 10,000
- vi. Commission received Rs. 5,000
- vii. Furniture costing Rs. 7,000 was sold for Rs. 9,000
- viii. Paid salary Rs. 20,000

**Required:**

Accounting Equation

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## Journal Entries and Ledger Account

1. Following Transactions are given:

- i. Goods purchased for Rs, 20,000
- ii. Goods sold for Rs. 50,000 on cash and Rs. 20,000 on credit
- iii. Goods purchased from Ram of Rs. 10,000
- iv. Cash paid to Ram Rs. 9,500 in full settlement of his account
- v. Cash withdrawn form Bank Rs. 6,000
- vi. Cash deposited into Bank Rs. 12,000
- vii. Cash withdrawn form Bank Rs. 3,000 for private use
- viii. Commission received Rs. 5,000
- ix. Furniture costing Rs. 7,000 was sold for Rs. 9,000
- x. Paid salary Rs. 20,000

**Required:**

- a. Journal entries
  - b. Cash Account
  - c. Ram Account
  - d. Bank Account
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## Subsidiary Books

1. Following Transactions are given:

Falgun 1: Sold to Hari:

10 Table @ Rs. 4,000 each  
40 Chairs @ Rs. 2,000 each  
(10% Trade Discount on both)

Falgun 10: Sold to Sita:

20 Beds @ Rs. 10,000 each  
5 Table @ Rs. 4,000 each

Falgun 12: Sold to Geeta on Cash:

10 Beds @ Rs. 10,000 each  
10 Chairs @ Rs. 2,000 each

**Required:**

- a. Sales Book
  - b. Sales Account
2. Following Transactions are given:

Magh 1: Purchased from Shyam:

10 Tables @ Rs. 5,000 each  
30 Chairs @ 2,000 each  
(10% trade discount on both)

Magh 5: Purchased from Bimal for Cash:

2 Almirahs @ Rs. 4,000 each  
1 sofa set @ Rs. 10,000 each

Magh 20: Purchased Computer for office use from Hari on credit Rs. 25,000

Magh 22: Purchased from Rahul:

20 Tables @ 5,000 each  
15 chairs @ 2,000 each

**Required:**

- a. Purchase Book
- b. Purchase Account

## Cash and banking Transactions

1. Following transactions are given:

Chaitra 1: Balance in cash in hand Rs. 100,000 and cash at Bank Rs. 150,000.

Chaitra 5: Goods Purchased for Rs. 25,000.

Chaitra 12: Cash Deposited into Bank Rs. 10,000.

Chaitra 15: Cash Paid to Creditors Rs. 5,400 after deducting 10% discount.

Chaitra 16: Cash withdrawn from Bank Rs. 10,000 for office use.

Chaitra 17: Cash withdrawn from bank Rs. 2,000 for personal use.

Chaitra 19: Salary paid Rs. 10,000.

Chaitra 20: Commission Received Rs. 5,000.

Chaitra 22: Purchased Goods for cash Rs. 25,000.

Chaitra 25: Paid rent Rs. 10,000 and wages Rs. 20,000 by Cheque.

Chaitra 27: Cash received from Debtors Rs. 4,500 after deducting 10% discount.

Chaitra 28: Goods purchased for Rs. 10,000 and received a discount of 10%.

Chaitra 29: Purchased goods for Rs.15,000 and paid Rs. 9,000 through Cheque and the balanced amount is paid in Cash after receiving discount of Rs. 500.

Chaitra 30: Goods purchased from Rajesh Dai Rs. 6,000.

**Required:** Triple column cash book

### Bank Reconciliation Statement

1. Following information are given:
  - i. On Falgun, the balance of Pass Book was Rs. 100,000. On reconciliation with cash book, the following differences are located.
  - ii. Cheque issued but not presented for payment Rs. 5,000.
  - iii. Cheque sent for collection Rs. 15,000 not deposited by Bank.
  - iv. Interest on saving account allowed by Bank Rs. 1,000.
  - v. Insurance of Rs. 5,000 directly paid by the bank.
  - vi. Rs. 3,000 directly deposited by customer in Bank account but not recorded in Cash Book.

**Required:** Bank reconciliation statement.

2. Following information are given:
  - i. Overdraft as per cash book on Ashad 31<sup>st</sup>, 2075 Rs. 45,000.
  - ii. Interest on overdraft Rs. 500 not credited in Cash Book.
  - iii. Bank charges debited to Pass Book but not credited in Cash Book Rs. 400.
  - iv. Cheque issued but not cashed by customer prior to Ashad 31<sup>st</sup> Rs. 2,400.
  - v. Cheque paid into Bank but not credited prior to Ashad 31<sup>st</sup> Rs. 3,000.
  - vi. A customer directly deposited Rs. 1,000 into the bank has not been recorded in Cash Book.

**Required:** Bank reconciliation statement.

3. Following information are given:
  - i. Balance as per cash book Rs. 15,000.
  - ii. Bank statement showed a cheque of Rs. 2,000 deposited into bank but not recorded in cash book.
  - iii. A Cheque of Rs. 2,000 is deposited but not collected by the Bank.
  - iv. Bank charges recorded twice in the Cash book Rs. 100.
  - v. A Cheque of Rs. 3,000, which was debited in cash book, is not sent to Bank yet.
  - vi. Interest earned Rs. 300 credited only in Pass Book.

**Required:** Bank reconciliation statement.

### Trial Balance and Accounting errors

1. Following errors were located before preparing Trial Balance:
  - i. Purchased of goods worth Rs. 1,000 on credit from Shyam is recorded as purchased.
  - ii. Sales book has been under-casted by Rs. 2,000.
  - iii. Goods worth Rs. 400 was returned to Shyam but not recorded in Shyam's account.

**Required:** Entries for Rectification.
2. Following errors were located after preparation of Trial balance:
  - i. A credit purchase of Rs. 2,000 from Hari has been recorded to Sales Book.
  - ii. Carriage paid for Machinery Purchase was posted to carriage expenses account Rs. 5,000.
  - iii. Paid to Hari Rs. 3,000 was omitted to be posted to his Account.

**Required:** Entries for Rectification.
3. Following errors were located before [preparation of Trial Balance:
  - i. Sales of Old Machine amounting Rs. 25,000 has been credited to Sales Account.
  - ii. Rent paid Rs. 6,000 was recorded as Rs. 600.
  - iii. Goods purchased from Sally for Rs. 50,000 was recorded to Sales Account.

**Required:** Entries for Rectification.

## Adjusted Trial Balance

1. An unadjusted trial balance of a firm is given below:

| Particulars  | Debit (Rs.)    | Credit (Rs.)   |
|--------------|----------------|----------------|
| Capital      |                | 200,000        |
| Sales        |                | 500,000        |
| Loan         |                | 100,000        |
| Purchase     | 300,000        |                |
| Machinery    | 420,000        |                |
| Debtors      | 60,000         |                |
| Rent         | 40,000         |                |
| Wages        | 20,000         |                |
| Other Income |                | 50,000         |
| Commission   | 10,000         |                |
| <b>Total</b> | <b>850,000</b> | <b>850,000</b> |

**Additional Information:**

- i. Rent due Rs. 4,000.
- ii. Depreciate Machinery 10%.

**Required:** Adjusted Trial Balance.

2. An unadjusted trial balance of a firm is given below:

| Particulars      | Debit (Rs.)    | Credit (Rs.)   |
|------------------|----------------|----------------|
| Sales            |                | 500,000        |
| Creditors        |                | 70,000         |
| Purchases        | 300,000        |                |
| Capital          |                | 200,000        |
| Debtors          | 150,000        |                |
| Cash             | 50,000         |                |
| Salaries         | 30,000         |                |
| Wages            | 40,000         |                |
| Office Materials | 10,000         |                |
| Commissions      |                | 10,000         |
| Machineries      | 200,000        |                |
| <b>Total</b>     | <b>780,000</b> | <b>780,000</b> |

**Additional Information:**

- i. Depreciate Machinery 10%.
- ii. Prepaid wages Rs. 1,000.
- iii. Salaries to be paid Rs. 2,000.

**Required:** Adjusted Trial Balance.

## Preparation of Final Account

1. The following is the Trial Balance of a firm for the year Ashad, 2076

| Debit                 | Rs.              | Credit                 | Rs.              |
|-----------------------|------------------|------------------------|------------------|
| Building              | 624,000          | Capital                | 800,000          |
| Drawing               | 75,000           | 12% Loan               | 50,000           |
| Furnitures            | 30,000           | Sales                  | 900,000          |
| Plant and Machineries | 90,000           | Commission             | 4,000            |
| Purchases             | 525,000          | Creditors              | 185,000          |
| Opening Stock         | 275,000          | Bills Payable          | 50,000           |
| Wages                 | 50,000           | Provision for Bad Debt | 3,000            |
| Insurance             | 10,000           |                        |                  |
| Debtors               | 150,000          |                        |                  |
| Cash at bank          | 25,000           |                        |                  |
| Bills Receivable      | 50,000           |                        |                  |
| Salaries              | 75,000           |                        |                  |
| Advertisement         | 10,000           |                        |                  |
| Interest Paid         | 3,000            |                        |                  |
| <b>Total</b>          | <b>1,992,000</b> | <b>Total</b>           | <b>1,992,000</b> |

### Additional Information:

- i. Closing Stock Rs. 250,000.
- ii. Bad Debt Rs. 10,000.
- iii. Increase the provision for Bad Debt to Rs. 5,000 from Rs. 3,000.
- iv. Wages outstanding Rs. 10,000.
- v. Accrued interest on loan for 6 months.
- vi. Depreciate furniture and plant and Machinery @ 10% p.a.
- vii. Insurance prepaid Rs. 2,000.

### Required:

- a. Trading Account.
- b. Profit and loss account.
- c. Balance sheet.

2. The following is the Trial Balance of a firm for the year Ashad, 2076

| Debit         | Rs.              | Credit                 | Rs.              |
|---------------|------------------|------------------------|------------------|
| Opening Stock | 100,000          | Sales                  | 1,480,000        |
| Purchases     | 1,000,000        | Creditors              | 170,000          |
| Wages         | 60,000           | Discount on Purchase   | 20,000           |
| Carriage      | 20,000           | Capital                | 400,000          |
| Sales Return  | 40,000           | Interest on Investment | 10,000           |
| Printings     | 10,000           |                        |                  |
| Salaries      | 80,000           |                        |                  |
| Rent          | 50,000           |                        |                  |
| Insurance     | 20,000           |                        |                  |
| Building      | 400,000          |                        |                  |
| Investment    | 100,000          |                        |                  |
| Debtors       | 70,000           |                        |                  |
| Machineries   | 100,000          |                        |                  |
| Cash In hand  | 30,000           |                        |                  |
| <b>Total</b>  | <b>2,080,000</b> | <b>Total</b>           | <b>2,080,000</b> |

**Additional Information:**

- i. Closing Stock Rs. 140,000.
- ii. Interest in Investment due Rs. 5,000.
- iii. Outstanding wages Rs. 10,000.
- iv. Prepaid Insurance Rs. 2,000
- v. Write off bad debt Rs. 5,000 and make a provision for bad debt @ 10%.
- vi. Depreciate Machinery @ 10% p.a.

**Required:**

- a. Trading Account.
- b. Profit and loss account.
- c. Balance sheet.

**Depreciation**

1. A company purchased 2 vehicles of Rs. 1,000,000 each on 1<sup>st</sup> Baishakh, 2073. On 1<sup>st</sup> Kartik, 2075, it disposed off one of the vehicles purchased on 1<sup>st</sup> Baishakh 2073 for Rs. 750,000 and purchased another one at a cost of Rs. 1,500,000 on the same date. The company follows diminishing balance method with 20% depreciation rate. The accounts are closed at the end of Chaitra each year.  
**Required:** Vehicle's account from 1<sup>st</sup> Baishakh, 2073 to 31<sup>st</sup> Chaitra, 2075.
2. A company purchased a machinery on 1<sup>st</sup> Baishakh, 2074, for Rs. 95,000 and spent Rs. 5,000 for its installation. On 30<sup>th</sup> Aswin, 2075, additional Machinery costing Rs. 50,000 was purchased. On 1<sup>st</sup> Kartik, 2076, the Machinery purchased on 1<sup>st</sup> Baishakh, 2074 becomes obsolete and was sold for Rs. 40,000. On the same date another machine was purchased at a cost of Rs. 75,000. Depreciation are provided @ 10% p.a. using fixed installment method. The accounts are closed on 31<sup>st</sup> Chaitra, each year.  
**Required:** Machinery Account from 2074 to 2076.
3. A company purchased 3 motor-cycles at Rs. 200,000 each on 1<sup>st</sup> Jan, 2016. The company purchased another two motor-cycles at a cost of Rs. 600,000 on 1<sup>st</sup> July, 2016. On 31<sup>st</sup> Dec, 2018, the company sold 2 motor-cycles purchased on 1<sup>st</sup> Jan, 2016 for Rs. 350,000. Accounts of the company are closed at the end of December each year and depreciation are charged @ 15% p.a. using fixed installment method.  
**Required:** Motor-cycle account from 2016 to 2018.

### Provision for Bad Debts Accounts

1. From the following information, prepare provision for Bad Debts Account.
  - i. Beginning Balance of reserve for doubtful debts Rs. 20,000.
  - ii. Bad Debts Rs. 10,000.
  - iii. Closing Debtors Rs. 200,000.
  - iv. Maintain provision for doubtful debt @ 10%.
2. From the following information, prepare provision for Bad Debts Account.

| Description                     | Dr. (Rs.) | Cr. (Rs.) |
|---------------------------------|-----------|-----------|
| Sundry Debtors                  | 300,000   |           |
| Opening provision for bad debts |           | 15,000    |
| Bad debts                       | 6,000     |           |

Additional information:

- a. further bad debts Rs. 15000.
- b. Make a provision for doubtful debts @ 4%.

### Accounting for incomplete records

1. A trader started business with Rs. 200,000, at the end of year his position was as under:  
Furniture: Rs. 100,000 Cash: Rs. 50,000 Creditors: Rs. 20,000 Debtors: Rs.100,000 Cash: Rs. 30000  
Additional information:
  - i. Drawing for his personal use: Rs. 40,000
  - ii. Bad debts: Rs. 5000
  - iii. Depreciate furniture: 10%

#### Required:

- i. Closing statement of affairs
  - ii. Statement of profit and loss.
2. A trader started business with cash Rs. 100,000 and furniture Rs.50,000. At the end his position is as under:

Machinery Rs. 80,000 Expenses due Rs. 2000  
Loan Rs. 10,000 Creditors Rs. 20,000  
Debtors Rs. 50,000 Cash in hand Rs. 5000  
Bank Balance Rs. 16000

**Additional information:** He had drawn Rs. 1500 per month for his personal use. Write off bad debts Rs. 1000 and depreciate furniture @10% p.a.

#### Required:

- a. Closing statement of affairs
- b. Statement of profit and loss.



## General Journal Voucher

1. Following transactions of government offices are given:
  - i. Issued a cheque of Rs. 25,000 to purchase computer.
  - ii. Mr. Thapa's furniture advance has been cleared against the bill of Rs. 84,000 and bank vouchers Rs. 16,000 submitted by him.
  - iii. Issued a cheque to distribute salary Rs. 35,000 after deducting P. f. Rs. 10,000, income tax Rs. 2,000 and Sharma's salary advance cleared Rs. 8,000.

**Required: Journal Vouchers.**
2. Following transactions are conducted:
  - i. Received budget release and bank order for the actual expenditure of last month Rs. 2,50,000.
  - ii. Issued a cheque to Mr. Karki for furniture purchase advance of Rs. 40,000.
  - iii. Petty cash fund of Rs. 5,000 is established.
  - iv. Mr. Karki submitted furniture purchased bill for Rs. 50,000 and his advanced is cleared and rest amount is paid by issuing a cheque.

**Required: Journal Vouchers.**
3. Following transactions are conducted:
  - i. Received bank order and budget release order of Rs. 175,000 and Rs. 200,000 respectively.
  - ii. Issued a cheque of Rs. 10,000 for the payment of house rent.
  - iii. Out of total salary of Rs. 110,000 current month salary has been distributed after deducting provident fund of Rs. 20,000 and provident fund loan of Rs. 4000.

**Required: Journal vouchers.**

## Bank cash book

1. Following transactions are given:
  - i. Jestha 1: Balance at Bank Rs. 65000.
  - ii. Jestha 5: Received bank order Rs. 150,000 and budget released order Rs. 175000.
  - iii. Jestha 16: Issued a cheque of Rs. 30,000 to pay house rent.
  - iv. Jestha 22: TADA advance of Na. Su. Subash is cleared on the submission of bills of Rs. 16,000, expenditure of Rs. 1,000 is reimbursed through cheque.
  - v. Jestha 26: After deducting Rs. 10,000 for P. f. the rest amount of salary was distributed through cheque.

**Required: Bank cash book.**
2. Following transactions are given:

Chaitra 1: Opening bank balance of Rs. 210,000.

Chaitra 5: Issues a cheque of Rs. 15000 to Ranjan as advance for TADA.

Chaitra 10: Received a bank order letter of Rs. 150,000 as additional revolving fund release.

Chaitra 25: Paid house rent of Rs. 30,000 through cheque.

Chaitra 26: Issued a cheque of Rs. 230,000 for the payment of salary of the month after deducting provident fund of Rs. 30,000, income tax of Rs. 5,000 and provident fund loan of Rs. 10,000.

**Required: Bank cash book.**

## Statement of expenditure

1. The following information are given:

| Budget heads  | Annual budget<br>(Rs.) | Expenditure up to poush<br>(Rs. ) | Expenditure up to<br>magh(Rs.) |
|---------------|------------------------|-----------------------------------|--------------------------------|
| Salaries      | 500,000                | 3,50,000                          | 40,000                         |
| Rent          | 100,000                | 40,000                            | 10,000                         |
| Miscellaneous | 80,000                 | 30,000                            | 5,000                          |
| Furniture     | 150,000                | 100,000                           |                                |
| Machinery     | 200,000                | 100,000                           | 50,000                         |

Additional information:

- i. Revolving fund received Rs. 910,000
- ii. Petty cash fund Rs. 2000
- iii. Deposited received Rs. 10,000.

**Required: Statement of expenditure showing balance at bank.**

2. The following information are given:

| Budget heads              | Annual budget<br>(Rs.) | Expenditure up to falgun<br>(Rs. ) | Expenditure of chaitra(Rs.) |
|---------------------------|------------------------|------------------------------------|-----------------------------|
| Salaries                  | 180,000                | 120,000                            | 15,000                      |
| Allowances                | 60,000                 | 40,000                             | 5,000                       |
| Rent                      | 36,000                 | 24,000                             | 3,000                       |
| Office supplies           | 48,000                 | 32,000                             | 4,000                       |
| Electricity and Telephone | 24,000                 | 16,000                             | 2000                        |
| Furniture                 | 96,000                 | 70,000                             |                             |

Additional information:

- i. Revolving fund received Rs. 350,000
- ii. Petty cash fund Rs. 1000
- iii. Unclear allowance advance Rs. 2000.

**Required: Statement of expenditure showing balance at bank.**

## Accounting for Non-Profit Organization

The balance sheet and receipts and payment account of youth club are given below:

### Balance sheet as on 31<sup>st</sup> Chaitra 2068

| Liabilities          | Rs.           | Assets        | Rs.           |
|----------------------|---------------|---------------|---------------|
| Capital fund         | 70,000        | Cash and Bank | 11,000        |
| Subscription         | 15,000        | Equipment     | 65,000        |
| Outstanding Salaries | 5,000         | Subscription  | 14,000        |
| <b>Total</b>         | <b>90,000</b> | <b>Total</b>  | <b>90,000</b> |

### Receipts and Payment account as on 31<sup>st</sup> Chaitra 2069

| Receipt                 | Rs.            | Payments            | Rs.            |
|-------------------------|----------------|---------------------|----------------|
| To balance b/d          | 11,000         | By Salaries         | 25,000         |
| To subscription         |                | By Stationery       | 2,000          |
| • For 2068: Rs. 14,000  |                | By Sports Materials | 30,000         |
| • For 2069: Rs. 55,000  |                | By equipment        | 35,000         |
| • For 2070: Rs. 1,000   | 70,000         | By Balance c/d      | 8,000          |
| To entrance fee         | 8,000          |                     |                |
| To legacy               | 7,000          |                     |                |
| To miscellaneous income | 4,000          |                     |                |
| <b>Total</b>            | <b>100,000</b> | <b>Total</b>        | <b>100,000</b> |

**Additional Information:**

- i. Outstanding Subscription: Rs. 10,000.
- ii. Outstanding Salary: Rs. 10,000.
- iii. Depreciate Equipment @ 10%.
- iv. Half of the entrance fee is to be capitalized.

**Required:**

- a. Income and Expenditure Account.
- b. Balance sheet as on 31<sup>st</sup> Chaitra 2069.