

Sub.Code:1041

NEB-XII

2079(2023)

Model Answer (Set A)

Accounting

Candidates are required to give their answers in their own words as far as practicable.
The figures in the margin indicate full marks.

Time:3 hrs

Full marks :75

Group A

Very Short Questions (11*1=11)

1 State the meaning of private company ?

Answer : A private company is a registered company with 1 to 100 shareholders that cannot sell its shares to the public.

2 Write the meaning of cumulative preference share.

Answer : Cumulative preference shares are shares where unpaid dividends are carried forward

3 Give any two items of current asset.

Answer : Two current assets are cash and accounts receivable.

4 Write the meaning of Cost Accounting

Answer: Cost Accounting is the recording, classifying, and analyzing of production costs

5 Classify overhead according to controllability.

Answer: Overheads can be classified as controllable and uncontrollable

6 Give the meaning of periodic inventory system.

Answer: A periodic inventory system is where stock is counted and recorded at specific intervals.

7 State any two advantages of time wage system

Answer: A periodic inventory system is where stock is counted and recorded at specific intervals.

8 Mention any two disadvantages of computer system in accounting.

Answer: · High cost of setup and maintenance
· Risk of data loss or hacking

9 Prepare adjusting entry of commission earned but not received **Rs. 15000**

Answer:

Particulars	Debit	Credit
Commission receivable A/C	15000	
TO commission income A/C (Being Commission Receivable)		15000

10 Calculate amount of cash paid for purchase, from the following information.

Cost of Goods Sold (बिक्री गरिएका वस्तुको लागत): **Rs 3,50000**

Beginning Inventory (प्रारम्भिक भण्डार): **Rs 50000**

Ending Inventory (अन्त्य भण्डार): **Rs 40000**

Answer:

Particulars	Amount (Dr)	Amount (CR)
Cost Old goods	(350000)	
Decrease in inventory	10000	
Total		340000

11 If ordering cost per order is **Rs. 300**, carrying cost per unit is **Rs. 2**, and annual requirement is **30,000 units**, find out Economic Order Quantity (**EOQ**).

Answer:

Annual Requirements (A) = 30000 units

Ordering Cost per Order(O) = Rs 300

Carrying Cost per Unit(C) =Rs 2

$$\begin{aligned}\text{EOQ} &= \sqrt{\frac{2AO}{C}} \\ &= \sqrt{\frac{2 \times 30000 \times 300}{2}} \\ &= 3000 \text{ Units}\end{aligned}$$

Group B

Short Answer Questions

(8*5=40)

12 A Company Ltd. invited application for **30,000** shares of Rs **100** each at **10% premium**, payable as under:

On Application Rs 30

On Allotment Rs 40

On First and Final Call Rs 40

Applications were received for **42000** shares. The board of directors decided to allot **25000** applicants in full, **10000** applicants **50%** and **7000** applicants were rejected. It was decided to utilize excess application money in part payment of allotment. All money was duly received except a shareholder holding **200** shares failed to pay first and final call money

Required : Entries For

I) Share Application

II) Share Allotment

III) Share first and final call

Answer : Issued = 30000 Shares

Share Value = Rs 100

Premium = Rs 10

Price = Rs 110

Application received = 42000 Shares

Journal Entries

Date	Particulars	LF	Debit	Credit
	Bank A/c		126000	
	To Share Application A/c			
	(Being Application Money			
	Received for 42000 Shares			
	@Rs 30 Per Share)			1260000
			1260000	
	Share Application A/c			
	To Share Capital A/c			900000
	To Bank A/c			210000
	To Share Allotment A/c			150000
	(Application money			
	transferred to Share Capital			
	A/c; refund for 7,000 shares			
	excess to Allotment)			
	Share Allotment A/c		1200000	
	To Share Capital A/c			900000
	To Share Premium A/c			300000
	(Allotment due on 30,000			
	shares @ ₹40 (incl. premium)			
	Bank A/c		1050000	

	To share Allotment A/c (Being Allotment A/c Money Received)			1050000
	Share First and final Call A/c		120000	
	To share Capital A/c (Being First and Final Call Money due on 3000 Shares @Rs 40 Per Share)			120000
	Bank A/c		1192000	
	Calls In arrears A/c		8000	
	To Share First and final A/c (Being first and Final Call money received except on 200 Shares)			120000

13 a A company purchased the following assets at an agreed price of **Rs. 11,00,000.**

Plant Rs 520000

Land and Building(जमीन र भवन) Rs 730000

The Company paid the agreed price by issuing shares of
Rs 100 each at 20% discount

Requireded: Entries for purchase of assets and issue of
share

Answer : **A Company Dibash Magar Ltd**

Journal Enteries

Date	Particulars	L.f	Debit	Credit
	Plant A/c		520000	
	Land And Building A/c		730000	
	To Vendor A/c			1100000
	To Capital Reserve A/c			150000
	(Being Purchased Assests)			
	Vendor A/c		1100000	
	Discount on issues Of Share A/c		275000	
	To Share Capital A/c			1375000
	Being issued Shares			

13 b A Co.Ltd issued 8000,10% Debentures of Rs 1000 each at a Premium of 5% redeemable at a premium of 10% after 5 years .

Required : Journal entries for issuance and redemption of debentures

Answer: A Company Dibash Magar Litmed

Journal Entries

Date	Particulars	LF	Debit	Credit
	Bank A/c		8400000	
	Loss on Redemption A/c		800000	
	To 10% Debentures Premium A/c			8000000
	To Debentures Premium A/c			400000
	To debenture premium on Redemption A/c			800000
	(Issued 80,00 10% Debentures at premium, redeemable at premium.)			
	10% Debenture A/c		8000000	
	Debenture premium on Redemption A/c		80000	
	To Debenture Holders A/c			880000
	To Debenture Holder's A/c			8800000

	(Being Amount Due for the redemption of 8000 at Premium)			
	Debentures Holders A/c		8800000	
	To Bank A/c			8800000
	(Being Redemption Of Debenture)			

14 Following information was taken from a company as on 31st Ashad Last year is given as

Particulars	Amount
Prepaid insurance (अग्रिम बीमा शुल्क)	Rs 8000
Gross Profit (सकल नाफा)	RS 420000
Salaries (तलब)	Rs 42000
Carriage Outwards(बाहिरी खर्च)	Rs 5000

Selling expenses (बिक्री खर्च)	Rs 18000
Administrative expenses(प्रशासनिक खर्च)	Rs 25000
Interest expense (ब्याज खर्च)	RS 12000
Rent Expenses(भाडा खर्च)	Rs 36000
P&L appropriation account (नाफा नोक्सान विनियोजन खाता)	Rs 150000

Additional Information :

A Purposed dividened **Rs 9000**

B Prepaid insurance was expried **Rs 6000**

(Required): (Profit and Loss account,and Profit and Loss Appropriation account)

Answer: **Dibash Magar Ltd Compnay**

Profit and Loss Account

For the year 31ST Ashad

Particulars	Debit	Particulars	Credit
-------------	-------	-------------	--------

To Salaries	42000	By Gross Profit	420000
To Carriage outwards	5000	By P&L appropriation account	150000
To Selling Expenses	18000	By Net Profit b/d	276000
To Administrative Exp	25000		
To Interest Exp	12000		
To Rent Exp	36000		
To Insurance Exp	6000		
To Prossped Divided	90000		
To Balance c/d	336000		
To Net Profit	276000		
Total	846000	Total	846000

15 (The Trial Balance of a Co.Ltd as on 31st Chaitra last year is given below)

Particulars	Debit Rs	Particulars	Credit Rs
Office equipment(कार्यालय उपकरण)	180000	Capital(लगानी)	152000
Cost of goods sold(बिक्री गरिएका सामानको लागत)	121000	Creditors(ऋणदाता)	25000

Debtors(ऋणी)	25000	Sales(आम्दानी)	230000
Administrative expenses(प्रशासनिक खर्च)	12000		
Salaries(तलब)	24000		
Marketing expense(बिक्री प्रवर्द्धन खर्च)	18000		
Total	432000	Total	432000

Additional Information :

- i Salary payable Rs 6000
- ii Unearned income was earned Rs 4000

Required): Worksheet [5]

Answer: I sincerely apologize for not being able to provide the answer in a table format. However, I kindly request your understanding, as I will present the response in text form while keeping in mind the five groups: Unadjusted Trial Balance, Adjustment Trial Balance, Adjusted Trial Balance, Income Statement (P/L Account), and Balance Sheet. In each table there are Dr and Cr columns, except in the Balance Sheet, which has a sub-table for Assets and Liabilities.

16 Difference between cost accounting and financial accounting

Answer: Difference Between Cost Accounting and Financial Accounting

Point	Cost Accounting	Financial Accounting
Purpose	To Find The Costs of Products	To Find Profit or Loss and Financial Position
Focus	Internal management(helps in decision-making)	ExternalUsers(ShareHolders, Bank Govt,)
Reporting	No fixed format ,flexible	Standard Format(Balance Sheet,Profit And Loss A/c)
Time Period	Can be any Period	Usually Fincancial Year
Legality	Not Mandatory	Mandatory By law
Example	Cost Of Producing 1000 Pens	Total Sales,expenses

17 a . State the meaning of material classification with suitable examples

Answer: Material classification is the process of **grouping materials into different categories** based on their **nature, use, or importance** to make purchasing, storing, and controlling easier.

Example: Raw Materials -Cotton,Steel

Stores and spares -Bolts,Nuts

Consumables- Oil, Cleaning Supplies

b Following are the store transactions for the month of May :

May 1 : Beginning inventory 150 units @Rs 20

May 2 : Purchased 400 units @Rs 25

May 20 : Purchased 650 units @30

Sales during May 850 units

(Required): Cost of ending inventory and cost of goods sold using FIFO method under periodic inventory system

Answer: Total goods available for sale = Beginning Inventory + Purchase units

= 150 units + 400 units + 650 units

= 1200 units

Sales Unit = 850

Under FIFO method

Cost Of goods Sold = $150 \times 20 + 400 \times 25 + (300 \times 30)$

= Rs 3000 + Rs 10000 + Rs 9000

= Rs 22000

Closing Stock = Beginning Inventory + Purchase - Sales

= 1200 units - 850 units

Value Of Closing Stock = 350×20

$$=Rs\ 10500$$

18. a. The time allowed to produce 80 units of output is 2 hours. A worker produced 400 units during the month. Wages rate per hour is Rs 800

(Required): Wages of a worker

Answer: Time Allowed to Produce 80 Units = 2 hours

$$\text{Units Produced Per Hour} = 80/2 = 40 \text{ units}$$

$$\text{Wage Rate Per Hour} = Rs\ 800$$

$$\text{Time Taken to Produce 400 Units} = 400/40 = 10 \text{ hours}$$

Now,

Under Time Rate System

$$\text{Total Wages} = \text{Total Time Spent (in Hours)} \times \text{Wage Rate Per Hour}$$

$$= 10 \times 800$$

$$= Rs\ 8000$$

B. On reconciliation of Financial and Cost Accounting, following facts were disclosed:

- i Profit shown by cost account Rs 420000.
- ii Works overhead under recorded in cost account Rs 2500

iii Office overhead under recorded in Financial account Rs 15000

iv A profit on sale of fixed assets was shown in financial account Rs 5000

(Required): Cost reconciliation statement

Answer: **Cost Reconciliation Statement**

Particulars	Amount	Amount
Net Profit as Per Cost Accounting		420000
Add:		
1 Office Overhead under recovered in Financial Account	15000	
2 Profit On Sale Of Fixed Assests Was Shown In Financial Account	5000	20000
Less:		
1 Work Overhead under recovered in Cost Account	25000	25000
Net Profit As Per Financial Accounting		Rs 415000

19 Explain the features of accounting software

Answer: **Features of Accounting Software:**

1 User-Friendly Interface – Easy to use even for non-accountants

2 Automated Calculations – Automatically calculates totals, taxes, and balances.

3 Recording Transactions – Records all business transactions like sales, purchases, expenses.

4 Financial Reports – Generates reports like Profit & Loss, Balance Sheet, and Cash Flow.

5 Data Security – Protects data with passwords and access controls.

6 Multi-User Access – Allows multiple users to work simultaneously with proper access rights.

7 Cost and Time Saving – Reduces manual work and errors.

8 Inventory Management – Tracks stock levels and materials automatically (in advanced software).

Group C

Long answer questions

[3*8=24]

20 The Trial balance of a company Ltd as on 31 st

Chaitra last year is given below:

Particulars	Debit Rs	Particulars	Credit Rs
Opening inventory(सुरुमा रहेको भण्डारण)	60000	Sales(बिक्री रकम)	520000
Salescommission(बिक्री कमिशन)	40000	Creditors(ऋणदाता)	30000
Purchases(किनिएको सामान)	350000	Other service revenue(अन्य सेवा आम्दानी)	40000
Stationery(लिखाइ सामग्री)	9000	10%Debentures(१०% ऋणपत्र)	100000
Rent(भाडा)	20000	Share Capital(शेयर लगानी)	500000
Salary(तलब)	60000	Interest on investments	15000
Interim Dividened(अस्थायी लाभांश)	8000	Retained earnings(राखिएको नाफा)	40000
Prepaid insurance(अग्रिम बीमा भुक्तानी)	10000		
Cash (नगद)	17000		
Biologic assests(जीवित सम्पत्ति)	60000		
10% investment(१०%	150000		

लगानी)			
Advertisement expenses(विज्ञापन खर्च)	10000		
Land and building(जग्गा र भवन)	300000		
Account receviabes(लेनदार खाताहरू)	41000		
Interest expenses (ब्याज खर्च)	10000		
Total	1245000	Total	1245000

Additional Information:

i Closing inventory Rs 120000.

ii Prepaid insurance was expired to Rs 8000

iii Depreciation charged on equipment by 10% and
On building by 5%

iv Provision for income tax @25%

Required :

a NFRS Profit or Loss statement based on NFRS

b NFRS Statement of financial position based on -

NFRS

Answer:

Particulars	Notes	Amount	Amount
Revenue From Operation	1.1	520000	
Cost Of Goods Sold	1.2	(290000)	
Gross Profit			230000
Other Income	1.3	55000	
Distribution Exp	1.4	(50000)	
Administration Exp	1.5	(97000)	
Other Operating Exp	1.6	(25000)	117000
Profit From Operation			113000
Finance Cost	1.7	(10000)	
			(10000)
Profit Before Tax			103000
Income Tax Expenses		(25750)	
			(25750)
Profit From Continuing Operation			77250
Net Income for the year		77250	
<u>Profit Attribute To</u>			
<u>1</u> Owner Of the Company			77250
2 Non Controlling interest			0

Working Notes

1.1 Revenue From Operation

Sales : 520000

1.2 Cost Of Goods Sold

Opening Inventory :60000

Purchases :350000

Closing Inventory :(120000)

Total: 290000

1.3 Other Income

Other Service revenue: 40000

Interest On Investment : 15000

Total :55000

1.4 Distribution Exp

Sales Commiission: 40000

Advertisment Exp: 10000

Total : 50000

1.5 Administration Exp

Stationery :9000

Rent :20000

Salary :60000

Insurance Exp :8000

Total :97000

1.6 Other Operating Exp

Depreciation On equipment: 10000

Depreciation On Building :1500

Total :25000

1.7 Finance Cost

Interest Exp :10000

A Company Dibash Ltd

Statement Of Financial Position

As On 31st Chaitra

Assets	Lf	Amount	Amount
<u>Non Current Assests</u>			
Property,Plant And Machinery	2.1	375000	
	2.2	150000	
Investment Property	2.3	60000	585000
Bilological Assests			
Total Non Current Assets			585000
<u>Current Assets</u>			
Cash And Equivalent	2.3	17000	

Advance Payment	2.4	2000	
Inventories	2.5	120000	
Trade And Other Receivables	2.6	410000	180000
Total Current Assets		180000	
Total Assests			765000
Equity And Liability			
<u>Equity</u>			
Share Capital			500000
Reserve	2.7		109250
Total Equity		609250	
<u>Liabilites</u>			
Borrowing	2.8	100000	
Total Non-Current Liabilities			100000
<u>Current Libalities</u>			
Trade and other Payable	2.9	800000	
		25750	
Income Tax Payable			
Total Current Liab			55750
Total Libalitiy			155750
Total Equity and Liability			765000

Notes

2.1 property Plant And Equipment

Land And Building :300000

Less:Depreciation: 15000

Equipment :10000

Less:Deprciacation: 10000

Total: 375000

2.2 Investment Property

10% Investment :150000

2.3 Cash and Equivalence

Cash 17000

2.4 Advance Payment

Prepaid Insurance:10000

Less:Insurance Exp:8000

Total: 2000

2.5 Inventories

Closing Inventory :120000

2.6 Trade and Other Receivables

Accounts receivables :410000

2.7 Reserve

Net Profit :77250

Retained Earnings: 32000

Less: Interim dividend: 8000

Total: 109250

2.8 Borrowing

10% Debentures 100000

2.9 Trade and Other Payable

Creditors 30000

21 The Balance Sheet of a Co.Ltd as on 31st Chaitra last year is given below

Liabilities (दायित्वहरू)	Year I (Rs)	Year II (RS)	Assets	Year I (Rs)	Year II (RS)
Share capital	300000	300000	Fixed Assets	250000	325000
Retained Earnings	20000	60000	Inventory	10000	35000
Creditors	20000	30000	Debtors	40000	12500
Expense Payable	25000	17500	Bank Balance	65000	35000
Total	365000	407500	Total	365000	407500

Additional Information :

i Sales RS 300000

ii Cost OF goods Sold Rs 180000

iii Purchase Of Fixed Assets Rs 110000

iv Dividened Paid Rs 30000

v Operating Exp Rs 40000

Answer:

Dibash Magar Lmt Com

Cash Flow Statement

(Under Direct Method)

Particulars	Amt	Amt
<u>Operating Activities</u>		
<u>A</u> Cash Collection From Sales And Debtors		
Sales	300000	
Decrease in Debtors	27500	
		327500
<u>B</u> Cash Payment To Purchase And Creditors		
COGS	(180000)	
Increase in Inventory	(25000)	
Increase in Creditors	10000	
		(195000)

Cash Payment To Operating Exp		
Operating Exp	(40000)	
Decrease in exp Payable	(7500)	
		(47500)
Net Cash Flow Operating Activities		85000
<u>Investing Activities</u>		
Purchase of Fixed Assets	(110000)	
Sales Of Fixed Assets	25000	
		(85000)
Net Cash Flow From Investing Activities		(85000)
<u>Financing Activities</u>		
Payment of Dividend	(30000)	
		(30000)
Net Cash Flow From Financing Activities		(30000)
Net Cash Decrease		(30000)
Add: Opening Balance of Cash At Bank		65000
Closing Balance of Cash At Bank		35000

22 The Opening And Closing Balance of inventories are as below:

	Opening	Closing
--	---------	---------

Finished Goods	Rs 40000	Rs 45000
Work in Progress	Rs 25000	Rs 20000
Raw Materials	Rs 40000	Rs 50000

The Other Information Provided by the company for the month ended was as follows :

Purchase Of Raw Material : Rs 350000

Direct Labour Cost :Rs 420000

Profit :25% on Sales

Factory overhead 50% of direct Cost

Selling Exp 12% of Factory Cost

Administration Overhead 15% of factory Cost

Requireded: Cost Sheet

Answer : **Cost Sheet**

Particulars	Amt	Amt
Opening stock of raw materials	40000	
Add: Purchase of Raw Materials	350000	
Less: Closing stock of Raw Materials	50000	
Cost of Materials Consumed		340000
Direct Labout Cost	420000	
Prime Cost		760000
Factory work Overhead	210000	

Add: Opening Stock of work in progress	25000	
Less: Closing Stock of work in progress	(20000)	
Factory Cost		975000
Add: General And Administration	146250	
Cost Of production		1121250
Add: Opening Stock Of finished	40000	
Less: Closing Stock Of finished	(45000)	
Cost of Goods		1116250
Add : Selling And Distribution	117000	
Cost Of Sales		1233250
Add: Profit		411083.33
Sales		1644333.33

Working Notes:

Factory Overhead : 50% Of direct Labour

$$= 50 \times 420000 / 100$$

$$= 210000$$

Administration Overhead = 15% of Factory Cost

$$= 15 \times 975000 / 100$$

$$= 146250$$

Selling exp = 12% of factory Cost

$$= 12 \times 975000$$

$$= 117000$$

$$\text{Profit} = 25\% \text{ On Sales}$$

$$\text{Cost Of Sales} + \text{Profit} = \text{Sales}$$

$$1233250 + 25 \text{ of Sales} = \text{Sales}$$

$$\therefore \text{Sales} = 1644333.33$$