SHAID SMARAK COLLEGE

Kirtipur, Kathmandu

Assignment of Financial Accounting

Submitted by :-

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Amir Maharjan

Submitted to :-

Bikram Maharjan

Bachelor in Computer Application (BCA)
II Semester
Financial Accounting

ASSIGNMENT – III

Answer the following questions

1. **Define double entry system. Explain the features of its.**

Double entry book keeping system is a system of accounting that states the recording of transactions showing double effects. It is based on the fact that every transaction has a double or dual effect on the position of a business as recorded in the accounts.

Features of Double entry system are as follows:

- Double effect: Double entry system is based on the fact that each and every transaction must have double effects. The double effects are shown through debit and credit.
- Equal effect: Under double entry system, the two and opposite sides of a transaction are affected equally i.e., with the same amount. More precisely, the debit amount must be equal with credit amount.
- Scientific system: Double entry system is based on various principles, conventions and assumptions which have made it scientific. Under this system recording of transactions are made systematically, using a set of principles and thus, it can be said a scientific system of recording.

2. **Explain the advantages of double entry system.**

The advantages of double entry system are as follows:

- Provides a complete record: It enables a complete record of business transactions under different accounts as assets, capital, liabilities, etc.
- Provides a check on arithmetical accuracy: It provides a check on arithmetical accuracy of different books of accounts as it is based on the fact that every debit must have its corresponding credit with same amount.
- Depicts the result of business operations: It provides the result of business operations during a particular period of time i.e., profit earned or loss suffered through income statement.
- Disclose the financial position: It discloses the financial position of a firm by presenting the assets and liabilities on a particular date through a statement of assets and liabilities called balance sheet.

3. **What is journal? Define the advantages of journal.**

Whenever transactions take place, they are recorded for future reference. Such transactions are primarily recorded in a book called journal book. So, the journal is the primary or original record of transactions.

The advantages of journal are as follows:

- Identify the Accounts: The affected accounts of an accounting transactions are identified.
- Recognize the type of Accounts: Another advantage is recognized the affected account of every transaction.
- Apply the Rules of Debit and Credit: The rules of 'debit' and 'credit' are applied to the affected accounts.

4. **Explain the objectives of journal.**

The objectives of journal are as follows:

- To maintain a systematic and chronological records of the business transactions.
- To provide the records with details of accounts debited and credited together with their respective amount.
- To facilitate the preparation of ledgers.
- To use as legal evidence of financial transactions.

5. **What is ledger? Explain the objectives of ledger.**

The statement or book that records the transactions at one place to a particular subject to help determine the net result is known as Account. The book which contains all the accounts i.e., group of related accounts is known as ledger and procedures or writing up the accounts is non as posting.

The objectives of ledger are as follows:

- To classify the financial transactions: The ledger is prepared to classify the transactions into different account headings. The transactions are classified according to their nature and types.
- To help in preparing trial balances: A trial balance is prepared to check the arithmetical accuracy of the individual ledgers. It is prepared on the basis of the balances transferred from the ledgers.
- To help
- in preparing the financial statements: Ledgers provide balances of different expenses and revenues. An income statement is prepared with the balances to ascertain the result of business operation.

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ASSIGNMENT – IV

Questions

1. Define purchase book and sales book
2. The purchase transactions of Mr. Rabin of a furniture shop are given below.
   Chaitra 1: Purchased from Surakshya furniture
   10 moving chairs @ Rs. 800 each
   2 computer tables @ Rs. 3000 each
   Chaitra 15: Purchased from Rakshya furniture
   1 set dinning table @ Rs. 10000 per set
   2 sofa sets @ Rs, 6000 each
   (Less trade discount @ 10%)
   Chaitra 29: Purchased from chandrika furniture on cash
   10 plastic chairs @ Rs. 150 each
   20 arm chairs @ Rs. 500 each
   (Less trade discount @ 10%)
   Required: Purchase Book and Purchase Account
3. The sales transaction of Mr. Hari are given below
   Falgun 1: Sold to Rupesh
   10 quintals of mansuli rice @ Rs. 3000 per quintal
   5 quintals of basmati rice @ Rs. 3500 per quintal
   Falgun 5: Sold to Narayani store
   500 Kgs of Pokhreli rice @ Rs. 4000 per quintal = 500 kg / 100 kg = 5 quintal
   200 Kgs of Pulse @ Rs. 4500 per quintal = 200 kg / 100 kg = 2 quintal
   Falgun 15: Sold to Bagmati store on cash
   10 bags of wheat flour @ Rs. 300 per Kg
   Required: Sales Book and Sales Account
4. **Following transactions of ABC Company are provided to you.**

July 1: Cash in hand	Rs, 100000
July 2: Deposited in the bank	Rs. 25000
July 3: equipment purchased for cash	Rs. 25000
July 4: sundry expenses paid	Rs. 1000
July 5: Goods purchased	Rs. 10000
July 6: Cheque issued ti Bhim in full settlement (creditors of Rs. 15000)	Rs. 14500
July 7: Goods sold to Arjun for cash	Rs. 5000
July 8: Cheque received from Nakul in full settlement (debtors of Rs. 20000)	Rs. 19000
July 8: Nakuls cheque deposited into bank	-------
July 10: Withdrawn from the bank for office use	Rs. 5500
July 12: Domestic expenses paid in cash	Rs. 500
July 14: Advance salary paid to Mr. Gautam	Rs. 2000
July 15: Bank had paid life insurance premium as per instruction	Rs. 10000
July 16: -----	
July 17: Electricity bill paid	Rs. 3000

   Required: Triple column cash book

5. The following transactions of XYZ Traders are given to you
   Jan 1: Cash in hand Rs. 10000 and bank balance Rs. 100000
   Jan 5: Furniture purchased for Rs. 10000 and paid by issuing cheque
   Jan 10: Goods purchased from Kumar for Rs. 20000
   Jan 15: Withdrawn cash of Rs. 10000 from bank for office use
   sss
   Jan 25: Goods sold Rs. 15000 on cash
   Jan 30: Rent paid for cash Rs. 12000
   Required: Double column cash book with cash and bank column

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ASSIGNMENT – VII

Questions

1. A company limited purchased a machinery for Rs. 200000 on 1st Baishak 2073. Another machinery of Rs. 100000 was purchased on Kartik 1, 2074. On 30th Ashwin 2075, the company disposed off the machinery which was purchased on 2073 at Rs. 160000. On the same date another machinery was purchased for Rs. 150000. Depreciation is to be charged @ 10 % per annum on straight line basis. Accounts are closed on 31st Chaitra each year.
   Required: Machinery account for 2073 to 2075.
   Ans: Gain on sale Rs. 10000

2. Sharma & company, whose accounting year is calendar year, purchased on 1st April, 2015 machinery costing Rs. 30000. It purchased another machinery on 1st October, 2015 costing Rs. 20000 and on 1st July, 2016, costing Rs. 10000. On 1st January, 2017 one third of the machinery installed on 1st April, 2015 become obsolete and was sold for Rs. 3000.
   Required: Machinery account for first 3 years, if the machinery is depreciated by fixed installment method at 10% p.a.
   Ans: Loss on sale Rs. 5250, Balance Rs. 38500

3. A company whose accounting year is calendar year purchased a vehicle on 1st Baishak 2072 for Rs. 200000. It further purchased another vehicle costing Rs. 250000 on 1st Kartik 2073. On 1st Kartik 2074, original vehicle was found unsuitable and disposed off for Rs. 140000. It was replaced on that date by new vehicle costing Rs. 300000. Depreciation is to be provided at the rate of 10% p.a. on written down value method or diminishing balance method.
   Required: Vehicle account from 2072 to 2074
   Ans: Balance Rs. 498750

4. ABC company depreciates its machinery at the rate of 15% under diminishing balance method had a debit balance of machinery account Rs. 170000 on 1st January, 2015. The machinery was purchased on 1st January 2014. On 1st October 2016, a part of the machinery costing Rs. 40000 was sold for Rs. 27000 and on the same date, new machinery was purchased and installed at a cost of Rs. 100000.
   Required: Machinery account from January 2015 to December, 2017.
   Ans: Original cost Rs. 200000, loss on sale Rs. 1351.25, Balance on 1st January, 2017 Rs. 165333.50