

ACCOUNTANCY
(Three hours and a quarter)

(The first 15 minutes of the examination are for reading the paper only. Candidate must NOT start writing during this time).

Answer Question 1 (compulsory) from Part I and any SIX questions from Part II

PART I (Compulsory)

Question 1

[10 × 2]

- (a). Define Accounting.
- (b). Differentiate between Book Keeping and Accounting. List two differences.
- (c). Explain the “Going Concern Assumption” in short.
- (d). Categorise the given accounts under Personal, Real and Nominal Account.
 - (i). Capital
 - (ii). Interest Account
 - (iii). Bank A/c
 - (iv). Stock A/c
- (e). List four Subsidiary books
- (f). What do you understand by Bank Reconciliation Statement?
- (g). Explain the effect of Depreciation on Profit and Loss Account and on Balance Sheet.
- (h). What is meant by dishonor of Bills of Exchange?
- (i). Explain computerized Accounting system.
- (j). Differentiate between Trade Discount and Cash Discount.

PART II

Answer any SIX questions

[6 × 10 = 60 marks]

Question 2

[10]

Journalise the following transactions in the books of Tashi and prepare the necessary ledger Accounts 2015

- June 1. Tashi started business with cash of Nu. 50, 000; Goods worth Nu.6,000 and furniture of Nu.5,000
- June 2. Purchased goods worth Nu.20, 000 from Karma
- June 4. Paid rent Nu.6, 000
- June 6. Returned goods worth Nu.1000 to Karma
- June 7. Received Nu.4, 000 from Kinley for the full settlement of his account of Nu.4,200.

Question 3

[10]

Prepare a Trial Balance from the following Ledger Accounts of Mr. Ngawang.

Particulars	Amount	Particulars	Amount
Capital-----	60,000	Depreciation-----	2,000
Rent-----	500	Commission received-----	1,500
Purchases-----	6,000	Return Inward-----	600
Sales-----	8,000	Cash-----	34,000
Debtors-----	10,000	Bad Debts-----	800
Creditors-----	8,200	Bank Overdraft-----	1,500
Outstanding wages-----	2,000	Machinery-----	25,000
Interest (Cr)-----	1,500	Discount Received-----	700
Salaries -----	500	Prepaid Rent-----	3,000
		Drawings-----	1,000

Question 4**[10]**

Prepare Bank Reconciliation Statement as on 31st March ,2015 from the following particulars

- (i). Nu.1,500 paid by bank as insurance premium for the business
- (ii). A customer paid Nu.4,800 directly into the bank
- (iii). out of the cheques issued for Nu.10,000 ,cheques of Nu.2,000 were not presented for payment.
- (iv). cheques of Nu.5,000 were paid into bank but were not credited.
- (v). An amount of Nu.200paid into bank was not entered in Cash Book.
- (vi). Nu.800 collected by the bank as interest was not entered in Cash book
- (vii). A wrong debit of Nu.500 was given by bank in pass book.
- (viii). Interest of Nu.1,000 was allowed in Pass Book only.
- (ix). The balance as shown by the Cash Book on March 31,2015 was Nu.40,000

Question 5**[10]**

The following is the Trial Balance of Mr.Arun as at 31st December,2015. Prepare the financial Statements from the following information and the adjustments.

Particulars	Amount	Particulars	Amount
Capital-----	1,00,000	Creditors-----	10,000
Furniture-----	15,000	Rent-----	7,000
Opening Stock-----	30,000	Bad Debts-----	1,000
Debtors-----	16,000	Discount Received-----	1,200
Purchases-----	25,000	Advertisement-----	4,000
Sales-----	50,000	Carriage Outward-----	2,000
Return Inward-----	5,000	Wages-----	4,000
Return Outward-----	3,000	Motor Vehicles-----	62,,700
Drawings-----	1,500	Bank Overdraft-----	9,000

Adjustments:

- (i). Closing Stock was valued at Nu.15,000
- (ii). Provide 10% provision for bad and doubtful debts .
- (iii). Provide depreciation of 10% on furniture.
- (iv). Wages of Nu.1000 paid in advance
- (v). Interest on drawings charged @ 5%

Question 6**[10]**

Prepare a Three Column cash Book from the following transactions:
2015

- March1 Cash in hand Nu. 40,000 and at bank Nu.13,000
- March 3 Bought goods for Nu.7,000
- March 5 Paid Mr. Dorji Nu.3000 for the full settlement of his account Nu.3,400
- March 7. Received a cheque of Nu.2000 from Tashi.
- March 10 Deposited the cheque received from Tashi into bank
- March 13 Paid for stationery Nu.500
- March 11 Sold goods for Nu.4,000
- March 13 Paid cash into bank Nu.700
- March 17 Purchased goods worth Nu.2,000 on credit from Karma .
- March 21 Received a cheque for goods sold Nu.2,500
- March 22 Paid to Karma Nu.1,800 to Karma for the full settlement of her account.
- March 26 Withdrew a cash of Nu. 1000 for domestic use.
- March 29 Withdrew cash of Nu.800 from bank

Question 7**[6 + 4 = [10]**

- (a) Pass the necessary journal entries in the books the Drawer and the Drawee from the given transactions:

[6]

On 1st Jan, 2014 Namgay sold goods worth Nu. 6,000 on credit to Nyima. On the same day Namgay drew a bill on Nyima for the amount at three months. Nyima accepted the bill and returned the bill to Namgay. The bill was duly honoured at maturity.

(b) Mrs. Dawa is a dealer in readymade garments. Prepare the necessary Subsidiary books from the following transactions : [4]

2013

July 1. Purchased from Karma Bros.
100 Shirts @ Nu.300 per shirt
50 pants @ Nu 500 per pant
Less: Trade Discount of 10%

July 6 Purchased from X.ltd
5 chairs @ Nu 800 per chair
Less : Trade Discount of 5%

July 9 Sold to Tashi
50 shirts @ Nu400 per shirt
July 13 Purchases from fashion Stores
10 Kiras @ Nu 1,500 per kira
5 ghos @ Nu.4, 000 per gho

July 19 Sold to Kinley
2 kiras @ Nu.1, 700 per kira

Question 8

[10]

On 1st January 2000, a firm purchased a machinery worth Nu.55, 000 and incurred Nu.5, 000 as installation expenses. On 1st July 2001 the firm buys an additional machinery for Nu.10, 000 and spends Nu.1, 000 on its erection. On 1st January, 2003 the firm sold the machinery purchased on 1st Jan 2000 for Nu.20, 000. The accounts are closed each year on 31st December. Provide depreciation at the rate of 10% p.a on original cost. Show the machinery account t for 5 years .

Question 9

[6 + 4 = 10]

(a) Show the Accounting Equation on the basis of the following transactions [6]

- (i). Sangay commenced business with Nu.15, 000; furniture Nu. 7,000 and Goods worth Nu.10,000
- (ii). Bought furniture from Tashi Nu.5,000 on credit
- (iii). Sold goods costing Nu.2,800 for Nu.3000
- (iv). Gave Nu. 4000 as charity
- (v). Paid Nu.4,500 to Tashi for the full settlement of his account
- (vi). Withdrew cash of Nu.500 for personal use
- (vii). Depreciation of Nu.300 on furniture

(b) Pass the narration for the journal entries (you do not have to copy the journal entries) [4]

(i). Bank A/c	Dr	Nu.3,000	
		To Cash A/c	Nu.3,000
-----)			
(ii). Drawings A/c	Dr	Nu.5000	
		To Purchases A/c	Nu.5000
-----)			
(iii). Rent A/c	Dr	Nu.4, 000	
Salaries A/c	Dr	Nu.2, 000	
		To Bank A/c	Nu.6, 000
-----)			
(iv). Tashi's A/c	Dr	Nu.8000	
		To Cash A/c	Nu.7, 900
		To Discount A/c	Nu.100
-----)			