

PART I (Compulsory)

Question 1

[20 marks]

i) Pema and Karma started joint venture business. Their venture is large and it is likely to take a long period of time to complete. Mention an appropriate method to record the joint venture transactions of the two.

[2]

ii) Young Ltd. issued its shares at a premium. Premium received is kept in a separate account called 'share/securities premium account'. It is a non-distributable reserve and cannot be used to pay dividend. Identify **TWO** uses of share/securities premium account as per the Companies Act.

[2]

iii) Computerized accounting has gained popularity as it offers several benefits over manual accounting. State **TWO** uses to support the above statement.

[2]

iv) Tashi was allotted 1,000 shares at Nu 10 each. He paid the final call of Nu 3 along with allotment money. The time gap between allotment and final call was 3 months.

Calculate the interest on the call in advance as per the Companies Act.

[2]

v) Sonam and Tshering were partners in a firm. They admitted Pema as their new partner for which he brings Plant for Nu 10,000 and Stock for Nu 5,000 as his share of goodwill. Pass the journal entry for the goodwill brought by him.

[2]

vi) 'Increase in absolute figure of sales indicates increase in profit of the firm'. Do you agree? [2]

vii) You are furnished with the following information of Ms. Yangkee Tshongkhang which deals in grocery items for a period of one month:

[2]

Total sales	Nu 1,65,000 (including cash sale of Nu 85,000)
Credit Customers (in the beginning)	Nu 25,000
Credit Customers (at the end)	Nu 15,000

Calculate Debtors turnover ratio.

viii) Given below is the profit and loss appropriation account presented by A and B.

[2]

Profit and Loss Appropriation Account

Particulars	Amount(Nu)	Particulars	Amount(Nu)
To interest on Capital @ 10% p.a A=2,000 B=1,000	3,000	By Net profit	10,000
To salary A	500		
To profit(3:2) A=3,900 B=2,600	6,500		
	10,000		10,000

B felt that he was treated unfairly.

Redraft the account as per the provision, if there was no partnership deed.

ix) Why is depreciation added back to net profit while calculating cash from operating activities in cash flow statement?

[2]

x) Distinguish between 'dissolution of firm' and 'dissolution of partnership'. Explain any **TWO** differences.

[2]

PART II

Answer any **SIX** questions [**60 marks**]

Question 2

a) The following information in the spreadsheet is to be used with question 2a (i and ii).

	A	B	C	D
1	Partners	Capitals	Rate	Interest
2	Jigme	Nu 30,000	12%	Nu 3,600
3	Tashi	Nu 40,000		Nu 4,800
4	Dawa	Nu 60,000		Nu 7,200

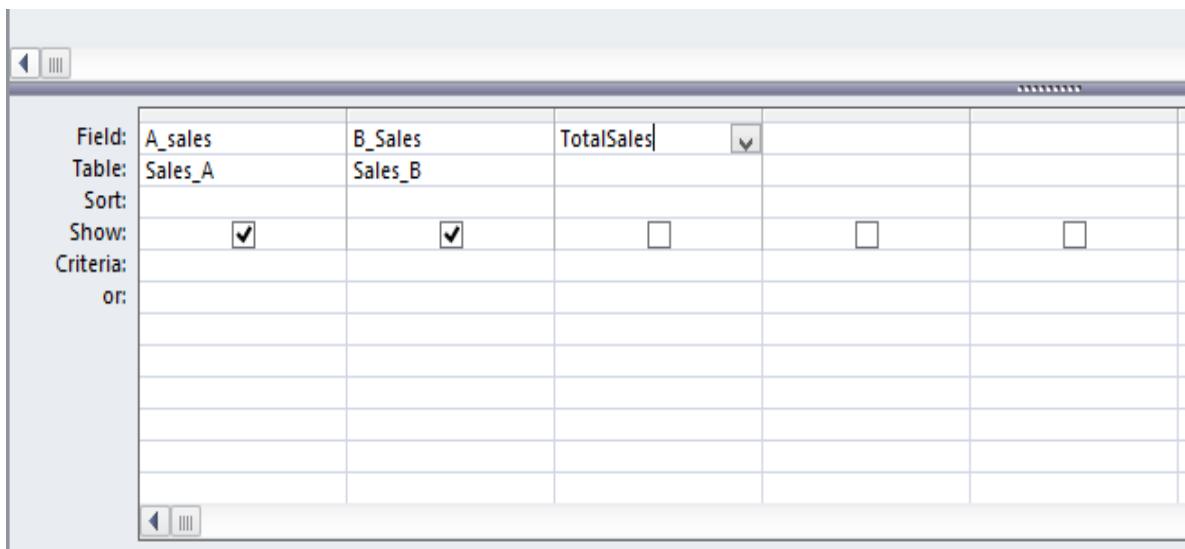
i) Write down the function/formula to generate interest on capital of Jigme in cell D2 using absolute referencing. [2]

ii) Write down the process to generate interest for Tashi and Dawa. [1]

b) i) Write down the formula to sort out the list of products starting with letter “P” in MS access. [1]

ii) Write down the syntax to arrive at “TotalSales” of the business in MS Access in the query given below.

[1]



Field:	A_sales	B_Sales	TotalSales	
Table:	Sales_A	Sales_B		
Sort:				
Show:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Criteria:				
or:				

c) From the following list of assets and liabilities of Thunder Ltd. as at 31.12.2018, prepare a balance sheet as per the schedule XIII A, Part I of the Companies Act of the Kingdom of Bhutan 2000.

[5]

Stores and spares	Nu 5,000
Unclaimed dividend	Nu 10,000
Public deposit	Nu 4,000
Brokerage	Nu 500
Profit and loss (Cr)	Nu 5,500
2100 Equity shares of Nu 10 each	
Livestock	Nu 35,000
Calls in arrears	Nu 1,000
Investment in shares of DCCL	Nu 15,000
7% debenture	Nu 16,000
Bills received discounted before due date	Nu 1,000

Question 3

[10]

Sherab and Pema entered into a Joint Venture as building contractors to construct a multi storied building for a contract price of Nu 10,00,000 for which Nu 8,00,000 is payable in cash and the balance is fully paid up shares. Sherab contributed Nu 1,00,000 and Pema contributed Nu 80,000 which were deposited into their joint bank account. They have agreed to share the profits and losses in the ratio 5:3. Their transactions were as follows.

- a. Material purchased Nu 75,000
- b. Engineers fees Nu 30,000
- c. Wages Nu 25,000
- d. Plant purchased by Pema Nu 50,000
- e. Materials supplied by Sherab Nu 10,000

The contract was completed and price duly received. Sherab took the shares for Nu 1,50,000 while Pema took over the plant at Nu 40,000.

Prepare:

- i) Joint Venture Account and
- ii) Coventurer's Personal Account.

Question 4**[10]**

Tshering and Lhamo were partners in a firm sharing profits and losses in the ratio 3:1. Their position of assets and liabilities as on 31st December, 2018 were as given below:

Balance sheet as at 31st December, 2018

Liabilities	Nu	Assets	Nu
Creditors	50,000	Building	60,000
Workmen compensation fund	10,000	Investment	40,000
Capital:		Debtors	12,000
Tshering	40,000	Less: provision	<u>2,000</u>
Lhamo	20,000	Cash	8,000
		Profit and loss A/C	2,000
	1,20,000		1,20,000

They have decided to admit Karma as a new partner under the following terms:

- Their new ratio for sharing the profits and losses will be 2:1:1.
- Karma shall contribute Nu 20,000 as capital, Nu 5,000 as share for goodwill in cash.
- Assets are revalued as: Building Nu 70,000; Investment Nu 38,200; Provision for doubtful debt required is at 10% on debtors.
- Claim against the workmen compensation amounted to Nu 5,000.

Prepare:

- Revaluation account. Why is it necessary to prepare revaluation account?
- Capital account of partners.

Question 5

a) Given below is the information extracted from the books of Druk Enterprise.

[5]

Cash sales	Nu 5,00,000
Credit sales	Nu 3,50,000
Sales return	Nu 50,000
Opening stock	Nu 3,00,000
Purchase of goods	Nu 2,00,000
Closing stock	Nu 1,00,000
Indirect expenses	Nu 2,00,000

Calculate:

- i) Gross profit ratio. In which situation will the business have a higher gross profit ratio?
- ii) Net profit ratio.

b) Balance sheet of P Ltd. and Q Ltd. is given to you. Prepare a common size balance sheet of the two firms and comment on their short term financial positions. [5]

Particulars	P Ltd.	Q Ltd.
<u>Liabilities:</u>		
Share capital	Nu 2,50,000	Nu 3,50,000
Short term loan	Nu 50,000	Nu 25,000
	Nu 3,00,000	Nu 3,75,000
<u>Assets:</u>		
Fixed Asset	Nu 2,00,000	Nu 2,00,000
Current assets	Nu 1,00,000	Nu 1,75,000
	Nu 3,00,000	Nu 3,75,000

Question 6

[10]

Following is the balance sheet of Lungten, Minjur and Nima as on 31.12.2017. They share profits and losses in the ratio 5:3:2.

Balance sheet as at 31.12.2017.

Liabilities	Nu	Assets	Nu
<u>Capital account:</u>			
Lungten 40,000		Land 50,000	
Minjur 30,000		Fixture 30,000	
Nima <u>30,000</u>	1,00,000	Stock 20,000	
Creditors	15,000	Debtors 22,000	
General reserve	30,000	Less: provision <u>2,000</u> 20,000	
Outstanding Expenses	5,000	Cash 30,000	
	1,50,000		1,50,000

Lungten died on 31.3.2018. The agreement states that executors of Lungten is entitled to:

- his share of goodwill from the firm's goodwill, valued at Nu 15,000.
- the share of profit till his death should be calculated based on average profit of last 3 years. Profits were: Year I-Nu 5,000, Year II-Nu 10,000 and Year III-Nu 15,000.
- land is to be appreciated by 10%, fixture is valued at Nu 28,000, provision for bad debt is to be increased by Nu 500 and Nu 500 is included in creditors which is not likely to be claimed.
- amount due to the Executors of Lungten is to be kept as loan in business.

Prepare:

- Profit and Loss Adjustment Account,
- Capital Account of the partners and
- Balance Sheet of the surviving partners.

Question 7**[10]**

Mountain Kingdom Ltd. issued application for 20,000 equity shares of Nu 10 each originally issued at a premium of Nu 2 per share, payable as follows:

- Nu 2 on application
- Nu 5 on allotment (including premium)
- Nu 2.5 on 1st call
- Nu 2.5 on 2nd and final call

Applications were received for 22,500 shares and directors decided to adjust 50% of excess application money towards allotment and the balance money was refunded. Call money was duly received, except for 500 shares which failed to make payment for the final call. Expenses on issue of shares amounted to Nu 1,500.

Pass journal entries and prepare cash book of the company.

Question 8

a) Pass journal entries for each of the following cases relating to issue of the debenture.

[5]

- i) Issued Nu 1,00,000, 6% debenture at par, repayable at a premium of 5%.
- ii) Issued Nu 50,000, 11% debenture at 10% premium repayable at par.
- iii) Issued Nu 20,000, 9% debenture at 10% discount repayable at par.

b) Prepare the cash flow statement from the following information.

[5]

Operating profit before change in working capital amounted to Nu 36,000.

Other information for the period ended 2017 and 2018 is given to you:

Particulars	2017 (Nu)	2018 (Nu)
Bills payable	5,000	3,000
Debtors	20,000	25,000
Creditors	5,000	15,000
Cash	30,000	54,000
Plant	50,000	1,00,000
Building	10,000	15,000
Share Capital	40,000	80,000

Question 9**[10]**

Rinchen, Sonam and Tenzin were partners sharing the profit and losses in the ratio 3:2:1. Their balance sheet stood as follows:

Balance sheet as at 31.12.2018.

Liabilities	Nu	Assets	Nu
<u>Capital account:</u>			
Rinchen	30,000	Plant	45,000
Sonam	30,000	Premises	50,000
Tenzin	<u>20,000</u>	Stock	6,000
	80,000	Debtors	2,000
Rinchens's wife's loan	15,000	Less provision	<u>500</u>
Bank loan	10,000	Cash	10,500
Creditors	5,000		
Outstanding legal charges	3,000		
	1,13,000		1,13,000

They decided to dissolve the firm and the following adjustments were made:

- Plant realized Nu 40,000, premises Nu 55,000;
- 50% stock realized Nu 4,000;
- Balance of stock was taken by Tenzin at book value;
- Rinchen decided to pay his wife's loan;
- Sonam liquidated bank loan; and
- Realization expenses amounted to Nu 1,000.

Prepare

- Realization account.
- If the loan of Nu 15,000 of Rinchen's wife in the above Balance sheet was the loan advanced by Rinchen himself, what would have been the treatment in realization account?

