

## ACCOUNTING

Time allowed – 2:15 hours

Total marks – 100

*[N.B. – The figures in the margin indicate full marks. Questions must be answered in English. Examiner will take account of the quality of language and of the manner in which the answers are presented. Different parts, if any, of the same question must be answered in one place in order of sequence]*

- |  | Marks |
|--|-------|
| 1. (a) What are the information needs to be prominently displayed on each financial statements?  | 5     |
| (b) When is inventory required to be written off? Does inventory written off cause any problem in calculating gross profit?  | 5     |
| (c) It is rare that the balance as shown on the bank statement will be the same as that on the cash book. What are the common reasons for this disagreement?   | 6     |
| 2. Ismail set up a business for selling fitness equipment. He puts Tk.10,000 of his own into the business bank account. In his first period of trading, the following transactions occurred:<br>(a) Purchased inventories on credit Tk.7,500.<br>(b) Borrowed money from a bank Tk.12,000.<br>(c) Purchased equipment for office use (for cash) Tk.3,200.<br>(d) Sale of goods: cash Tk. 11,000 and credit Tk.3,500.<br>(e) Payment against inventory purchased Tk.6,500.<br>(f) Received from customers against credit sale Tk.3,000.<br>(g) Interest accrued on loan Tk.120.<br>(h) Payment of salary Tk.900.<br><b>Required:</b> Analyze the transactions by putting them in an accounting equation.  | 12    |
| 3. The Trial Balance of Uttara Ltd on 30th June 2018 was not agreed and consequently opened a suspense account to tally the trial balance. While checking the ledger, the following errors were detected:<br>(a) The addition of sundry purchase column in the Purchase journal was short by Tk. 450 but other totals were in order.<br>(b) A bill of exchange for Tk.3,500 received from Purbani Ltd. had been returned by the Bank as dishonored and had been credited to the Bank and debited to Bill Receivable account. A cheque was later received from Purbani Ltd. and duly deposited in the Company's Bank Account. But no entry was made for the later transaction.<br>(c) Goods of Tk.550 returned by Mr. Pandit, a customer, had been posted to the debit of Mr. Pandit and also to the sales return.<br>(d) Sundry items of Furniture sold for Tk.3,800 had been entered in the Sale Day Book, the total of which had been posted to sales account.<br>(e) An amount of Tk.4,300 due from Mirza, a customer, had been omitted from the schedule of sundry debtors.<br>(f) Discount amounting to Tk.220 allowed to a customer had been duly posted in his account but not posted to discount account.<br>(g) Insurance premium of Tk.3,200 paid on 30th June 2017 for one year was not brought forward.<br><b>Required:</b> Prepare the necessary journal entries to rectify the above mistakes and draw the suspense account. | 15    |
| 4. The Bank balance as per book of XYZ Ltd. showed debit balance of Tk.3,78,085 on 30.06.2018. The Bank statements as on that date showed credit balance of Tk.4,99,720. While checking the statements, the following facts were discovered:<br>(a) A customer's cheque amounting Tk.15,000 deposited in the Bank on 26.06.18 dishonored by the customer's bank due to insufficient balance in the account.<br>(b) An amount of Tk.3,500 credited by the bank on account of interest for the period.<br>(c) An amount of Tk.8,900 was given to the office bearer to deposit in the bank on 28.06.18 but he kept the money in his pocket erroneously up to 2.7.18.<br>(d) Bank debited Tk.365 for bank charges on collection of cheques and remittances.  |       |

- (e) An amount of Tk.95,000 transferred by a customer on 29.06.18 in settlement of invoices. The intimation has not been reached to the cashier as yet.
- (f) A cheque of Tk.54,700 was issued but not yet presented to bank for payment.
- (g) As per standing order bank is paying Tk.35,000 to the XYZ Bank on the last working day of every month which has not been recorded by the cashier.
- (h) A cheque issued to Hira & Sons as “Account Payee only” for an amount of Tk.25,000 on 28.06.18 was stolen. This was informed to the bank in writing. The stolen cheque was subsequently deposited which was discovered by the bank on 7.7.18 but the depositor could not be traced. The matter has been reported to the police. The case is under investigation.
- (i) An amount of Tk.9,600 deposited to the bank on 30.06.18 which was credited by the bank correctly, but the cashier debited the cash book erroneously for Tk. 6,900.

**Required:**

Prepare a bank reconciliation statement of XYZ Ltd.as on 30.06.2018

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5. The initial trial balance of SHOVA Corporation as at 31 December 2018 is as follows:

	Debit (Tk.)	Credit (Tk.)
Current assets	90,000	
Capital at 1.1.18		1,00,000
Freehold land and buildings - cost at 1.1.18	1,00,000	
Freehold land and Buildings- accm dep at 1.1 18		15,000
Plant and Equipment—cost at 1.1.18	45,000	
Plant and Equipment – accm dep at 1.1 .18		18,750
Motor Vehicle- cost at 1.1 .18	25,000	
Motor Vehicle- accm dep at 1.1.18		14,650
Current liabilities		18,000
Expenses	5,800	
Purchase	58,770	
Sales		2,00,970
Drawings	43,000	
Suspense		200
	<u>3,67,570</u>	<u>3,67,570</u>

The following issues have been discovered:

- (a) On 1.1.18 Shova disposed off an item of plant that had cost Tk. 10,000 on which Tk.1,250 depreciation had been charged. She received a cheque for Tk.7,950. The only accounting entry made was to debit cash.
- (b) On 1.1.18 she also traded in a car that had cost Tk.8,000 on which Tk.4,500 depreciation had been charged for a new car costing Tk.13,300. She also paid him a cheque of Tk.7,750. The only entry with regard to this transaction was in the cash book.
- (c) Depreciation estimated on the (i) Freehold Building of Tk.5,000,(ii) Plant and Equipment of Tk.5,290 and (iii) Motor Vehicles of Tk.6,900.

**Required:**

Calculate the net profit of SHOVA Corporation for the year ended on 31.12.18

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6. Opsora Beauty Saloon started business on 1 July 2018. It’s Trial Balance as on 31 December 2018 (for 6 months) was as follows:

<u>Account Name</u>	<u>Debit Taka</u>	<u>Account Name</u>	<u>Credit Taka</u>
Cash and bank	33,320	Service revenue	120,020
Pre-paid insurance	7,650	Accounts Payable	7,650
Supplies	4,420	Unearned Revenue	7,820
Equipment	154,000	Borrowings	61,880
Furniture and fittings	77,200	Share capital	170,000
Employee and administrative expense	90,780		
	<u>367,370</u>		<u>367,370</u>

Other information:

- Unearned Revenue of Tk.3,800 was earned up to 31 December 2018.
- Salaries of Tk.980 were earned at 31 December 2018, but not paid or recorded.
- An inventory count on 31 December shows Tk.890 supplies on hand.
- The balance in pre-paid insurance is a one-year premium paid on 1 July 2018.
- Annual depreciation rates are equipment @ 15%, furniture and fittings @ 10%.  
Salvage value is estimated to be 10% of cost.

**Required:**

Prepare a worksheet from the data provided for the period ended on 31 December 2018.

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7. Following is the trial balance of Jamal & Co. Ltd. as on 30 April 2019:

Account name	Taka	Account name	Taka
Cash in hand and at bank	108,360	Accumulated depreciation- Plant & equipment	39,600
Accounts receivable	32,040	Accumulated depreciation- building	10,800
Inventory	10,800	Accounts payable	8,352
Land and building (land Tk. 180,000)	288,000	Salaries payable	1,692
Plant and equipment	198,000	Borrowings	136,368
Sales return	21,456	Share Capital (Tk. 1 each)	180,000
Freight-in	16,200	Retained earnings	93,204
Direct manufacturing cost	132,480	Share premium	20,160
Administrative expenses	72,000	Sales revenue	434,160
Selling and distribution expenses	36,000	Other income (rent from office sublet)	12,600
Finance cost	21,600		
	936,936		936,936

**Additional information:**

- On 10 April 2019 the company issued bonus shares at 20:1 of the ordinary shares outstanding. No entry was passed in this regard.
- An inventory count at 30 April 2019 listed some damaged goods that had cost Tk.7,200. These items could be sold for an estimated sum of Tk.6,900.
- Finance costs include an ordinary dividend of Tk.0.1 per share which was paid in January.
- A customer has been declared bankrupt. Only Tk. 7,200 out of the total due of Tk.9,000 is expected to be collected.
- The Company maintains the allowance for doubtful debt @ 3% of net sales.
- Plant and equipment is depreciated @ 10% on a reducing balance basis. Building is depreciated @ 5% on straight line basis. Depreciation of plant and equipment and building should be charged to cost of goods sold and administrative expenses respectively.
- The rate of corporate income tax is 35%.

**Required:**

Prepare Income Statement for the year ended 30 April 2019 and a statement of financial position of the company. Show necessary workings.

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