

Second Term Test - Grade 12 - 2018

Index No : **Accounting I** **Two Hours**

Important

- ◆ Select the correct answers for questions no. 01 - 30 and write its number on the dotted line given.
- ◆ Write short answers for questions No. 31 - 50 on the dotted line given.
- ◆ Each question carries 02 marks
- ◆ Write your index number in the space provided above.

Question No.	Marks
01 - 30	
31 - 50	
Total	

01. Which of the following statements best describes the function of accounting in a firm.
 1. It converts the transactions and events of the firm into monetary information
 2. It analyze financial information of the firm for the use of its managers.
 3. It records the transaction and events of the firm in the books of accounts.
 4. It provides information about the firm for decision making to its stakeholders.
 5. It provides information for planning and controlling of the firm to its managers . (.....)

02. Which of the following statement presents about the general purpose financial statements?
 1. It prepares by considering the requirement of the owners
 2. It prepares for the objective of maximizing the welfare of common society.
 3. It prepares to fulfil the needs of the parties who can't obtain accounting information themselves.
 4. It prepares to take decisions for the managers
 5. It prepares which is not following recognized accounting principles, regulations, concepts and traditions. (.....)

03. The variables relate to social & cultural environment are,
 1. Exchange rates, population, accounting standards, price levels.
 2. Accounting policies, beliefs, exchange rates, companies act.
 3. Manners and customs, attitudes, population, interest rates.
 4. Beliefs, attitudes, public policies, distribution of population.
 5. Personal life styles, population, attitudes, migrating (.....)

04. The incorrect statement about assets is,
 1. Assets can be categorized as current and non current
 2. The legal ownership of assets is always belongs to the business
 3. Assets are arisen as a result of a past transaction
 4. Future economic benefits will flow into the business
 5. By recognizing an asset, its cost should be measured reliably. (.....)

05. What is the correct sequence of following functions of accounting process
 A- .Recording the transaction in the relevant prime entry book
 B- Occurring the transaction
 C- Preparing the source document for the transaction
 D- Posting the transaction into the ledger
1. B,A,C,D 2. B,C,A,D 3. B,C,D,A 4. C,B,A,D 5. C,B,D,A (.....)
06. After occurring a transaction the accounting equation is shown as follows of a sole proprietorship.
- | | | | | |
|--------|---|----------|---|-------------|
| Assets | = | equity | + | liabilities |
| - | = | + 10,000 | + | -10,000 |
- The transaction should be,
1. Paid Rs. 9000 to settle a creditor worth Rs. 10,000 from owner's personal cash. received discount Rs. 1000
 2. Purchased goods Rs. 10,000 on cash
 3. Paid Rs. 10,000 to settle creditors
 4. Paid cash Rs, 10,000 to settle a bank loan
 5. Paid Rs. 10,000 for accrued expense (.....)
07. The accounting equation of Hiruni's business is as follows,
- | | | | | |
|----------------|----------|----------------|----------|--------------------|
| Assets | = | Equity | + | Liabilities |
| 400,000 | = | 300,000 | + | 100,000 |
- Purchased goods on credit which was the listed price Rs. 10,000 under a 10% trade discount with 15% VAT. After occurring the transaction how is the accounting equation changed?
- | | | | | |
|---------------|----------|---------------|----------|----------------------|
| Assets | = | Equity | + | Liabilities |
| 1. 409,000 | = | 300,000 | + | 109,000 |
| 2. 410,350 | = | 300,000 | + | 110,350 |
| 3. 410,350 | = | 301,350 | + | 109,000 |
| 4. 410,350 | = | 301,000 | + | 109,350 |
| 5. 411,350 | = | 301,000 | + | 110,350 (.....) |
08. Thilina PLC indicates Rs. 2000 as provision for doubtful debts in their financial statements. What is the accounting concept relates to this adjustment?
1. Realization 2. Materiality 3. Consistency
 4. Prudence 5. Historical cost (.....)
09. In which of the following accounting concepts best describes of recognizing the cost of sales as an expense and the closing stock as an asset?
1. Going concern 2. Historical cost 3. Prudence
 4. Realization 5. Matching (.....)
10. Which of the following concept based to categorize assets and liabilities as current and non current?
1. Accrual 2. Consistency 3. Going concern
 4. Periodic 5. Realization (.....)
11. Which of the following concept based to recognize debtors and creditors in financial statements?
1. Accrual 2. Entity 3. Periodic 4. Matching 5. Realization (.....)

12. What is the accounting concept based to recognize depreciation of each accounting period in income statement?
- | | | | |
|-------------|--------------------|------------------|---------|
| 1. Accrual | 2. Matching | 3. Going concern | |
| 4. Prudence | 5. Historical cost | | (.....) |

13. What is the accounting concept based **not to recognize** the manager's skills in financial statements?
- | | | | |
|----------------------|----------------|----------------|---------|
| 1. Entity | 2. Prudence | 3. Materiality | |
| 4. Money measurement | 5. Realization | | (.....) |

14. Yomal's business has assets as at 01.01.2017 and 31.12.2017 as Rs. 600,000 and Rs. 1,200,000 respectively. Owner tells that closing liabilities are less by Rs. 150,000 than the opening liabilities. During the year owner has invested Rs. 300,000 as additional capital and the business has been paid Rs. 60,000 for the owner's personal bank loan instalment. The liabilities of the business as at 01.01.2017 was Rs. 300,00.

The profit or loss of the business for the year ending 31.12.2017 is,

- | | | | |
|----------------|------------------|----------------|---------|
| 1. Rs. 210,000 | 2. Rs. 510,000 | 3. Rs. 810,000 | |
| 4. Rs. 990,000 | 5. Rs. 1,110,000 | | (.....) |

15. The balance of the cash control account of Senura's business as at 28.02.2018 was Rs. 75,000, but the balance of the bank statement was Rs. 100,000. Later following reasons were revealed for the difference.

- Direct remittance Rs. 25000 has not been recorded in cash control account
- Issued but unrepresented cheques were Rs. 50,000
- Bank charges Rs. 5000 has not been recorded in cash control account

What is the amount of cheques deposited but not credited to the bank account as at 28.02.2018?

- | | | | |
|---------------|---------------|---------------|---------|
| 1. Rs. 5,000 | 2. Rs. 45,000 | 3. Rs. 50,000 | |
| 4. Rs. 55,000 | 5. Rs. 95,000 | | (.....) |

• **Following information relates to answer question No. 16 -18.**

Following information relates to bank transactions of Suhanda PLC for the month of February 2018.

	Summery according to cash control Acc. (Rs.'000)	Summery according to bank statement (Rs. '000)
The balance as at 01.02.2018	600	550
Cash deposits	300	300
Cheque deposits	1000	1060
Cheque issuing	600	400
Deposited but dishonoured cheques	-	50

During the month of February. Following transactions recorded in bank statement but not recorded in cash control account.

	(Rs. '000)
Direct remittance	10
Payment on standing orders (Insurance)	30

As at 01.02.2018 the difference of Rs. 50,000 of the bank balance of the cash control account and the balance of the bank statement has been occurred as unrealized cheques. These cheques were realized during the month of February 2018.

16. What is the bank balance which is recognized in the statement of financial position as at 28.02.2018?
- | | | | |
|------------------|------------------|------------------|---------|
| 1. Rs. 1,230,000 | 2. Rs. 1,300,000 | 3. Rs. 1,470,000 | |
| 4. Rs. 1,530,000 | 5. Rs. 1,580,000 | | (.....) |

17. The balance as at 28.02.2018 according to the bank statement is,
- | | | |
|------------------|------------------|---------|
| 1. Rs. 1,430,000 | 2. Rs. 1,440,000 | |
| 3. Rs. 1,460,000 | 4. Rs. 1,510,000 | |
| 5. Rs. 1,650,000 | | (.....) |

18. The amount of cheques issued but unrepresented during the month of Feb are,
- | | | | |
|----------------|----------------|----------------|---------|
| 1. Rs. 60,000 | 2. Rs. 200,000 | 3. Rs. 230,000 | |
| 4. Rs. 280,000 | 5. Rs. 310,000 | | (.....) |

19. Which of the following statement is correct in relation to the accounting process of a business?
1. The petty cash payment journal is used as an account of the general ledger
 2. All source documents are prepared by the accountant of the business
 3. All assets purchased on credit are recorded in purchases journal
 4. The balancing off the trial balance is confirmed the accuracy of the accounting process of the business
 5. The summarized information relates to credit sales of trade goods is recorded in debtors control account
- (.....)

20. To settle a creditor Rs. 50,000. The owner paid Rs. 48,000 from his own money. As this transaction the impact to the net assets and the net profit is,

Net assets	Net profit
1. Decreases by Rs. 50,000	- Increases by Rs.50,000
2. Increases by Rs. 48,000	- Increases by Rs. 48,000
3. Increases by Rs. 48,000	- Increases by Rs. 50,000
4. Increases by Rs. 50,000	- Increases by Rs. 2000
5. Not change	- Not change

(.....)

21. A certain business has done followings.

Transaction	Debited Account	Credited Account
A Acquired a motor vehicle on cash	Motor vehicle	Cash control
B Received a cheque from a debtor	Cash control	Debtors control
C Invested additional capital	Capital	Cash control
D Paid cash to a creditor	Creditors control	Cash control

What are the transactions which records correctly?

1. A,B & C 2. A,B & D 3. B,C & D 4. A & D 5. B & D (.....)

22. Total assets and total liabilities are Rs. 2,000,000 and Rs. 600,000 respectively of a firm as at 31.03.2017. When calculating these amounts following errors were occurred.

- On March received a sales advance Rs. 40,000 from a customer which expects to sell on April was recognized as sales for the current year.
- Paying building rent Rs. 10,000 for the month of March 2017 has been omitted from books.
- A sales invoice Rs. 20,000 has been recorded twice in the sales journal.

After rectifying above errors the assets and the total liabilities respectively of the business are,

- | | | | |
|------------------|---------------|------------------|---------------|
| 1. Rs. 1,980,000 | - Rs. 620,000 | 2. Rs. 1,980,000 | - Rs. 650,000 |
| 3. Rs. 2,000,000 | - Rs. 650,000 | 4. Rs. 2,040,000 | - Rs. 600,000 |
| 5. Rs. 2,050,000 | - Rs. 620,000 | | (.....) |

23. The Trial balance was not balancing off as at 31.03.2017 of Lahiru's business. Not considering of that the net profit was calculated. Later following errors were revealed

- Credit sales Rs. 120,000 has been debited only debtors control account.
- Discount allowed Rs. 20,000 has been credited to the discount received account. This is recorded correctly in debtors control account .
- Opening stock has been undercast by Rs. 10,000 when it was extracted to the Trial balance.

What is the impact to the net profit calculated with above errors?

- | | | |
|----------------------------------|----------------------------------|---------|
| 1. Under estimated by Rs. 40,000 | 2. Under estimated by Rs. 50,000 | |
| 3. Under estimated by Rs. 70,000 | 2. Over estimated by Rs. 80,000 | |
| 5. Over estimated by Rs. 100,000 | | (.....) |

24. Following information relates to a firm

	As at 31.03.2017	As at 01.04.2016
	(Rs.)	(Rs)
Creditors	65,000	52,500
Stock	40,000	45,000

During the year cash paid to creditors Rs. 225,000 This business is decided the selling price by adding 20% profit margin on cost of sales.

What is the amount of sales should be recorded in profit or loss statement for the year 2016/2017 according to above information.

- | | | | |
|----------------|----------------|----------------|---------|
| 1. Rs. 249,000 | 2. Rs. 261,000 | 3. Rs. 271,250 | |
| 4. Rs. 279,000 | 5. Rs. 291,000 | | (.....) |

25. The balance of debtors control account was Rs. 435,000 of Hirunika PLC as at 31.03.2017, but that balance was not agreed to the total of the debtors balances list. The reasons has been disclosed as follows.

- Credit sales Rs. 30,000 has not been recorded in debtors ledger.
- The total of the return inward journal has been under cast by Rs. 3000
- Written off Rs. 7500 as bad debts has not been recorded in general ledger

What is the total of debtors balances list which is appeared as at 31.03.2017?

- | | | | |
|----------------|----------------|----------------|---------|
| 1. Rs. 390,000 | 2. Rs, 394,500 | 3. Rs. 405,000 | |
| 4. Rs. 427,500 | 5. Rs. 435,000 | | (.....) |

26. "Re-received amount of written off as bad debts in a previous year." The corrected Journal entry to record this transaction is,

- | | | | |
|--|---|----------------------------|---------|
| 1. Cash control Acc. Dr | - | Received bad debts Acc. cr | |
| 2. Cash control Acc. Dr | - | Debtors control Acc. Cr | |
| 3. Debtors control Acc. Dr | - | Received bad debts Acc. Cr | |
| 4. Provision for doubtful dept Acc. Dr | - | Debtors control Acc. Cr | |
| 5. Cash control Acc Dr | - | Sales Acc cr | (.....) |

27. If sales commission debited to the sales account erroneously, which of the following would be underestimated?

- | | | | |
|------------------|-------------------------------|-----------|---------|
| 1. Gross profit | 2. Profit for the period | 3. Equity | |
| 4. Cost of sales | 5. Cash collects from debtors | | (.....) |

28. Following information relates to Malshan business,

	Rs.
• On 01.04.2016 - Stock	300,000
• On 01.04.2016 – Trade receivables	210,000
• On 31.03.2017 - Stock	450,000
• On 31.03.2017 trade receivables	270,000

During the year ends 31.03.2017 it has received from debtors Rs. 1,380,000 and sales on cash Rs. 1185,000. The business marks prices with 40% profit margin on cost.

What is the amount of purchases for the year ending 31.03.2017 ?

1. Rs. 1,701,000 2. Rs. 1,725,000 3 Rs. 2,025,000
 4. Rs. 2,325,000 5. Rs. 2,346,000 (.....)

29. It has been over cast the closing stock erroneously by preparing the income statement of Sayuru's business.

How it caused to followings,

- | | | | |
|----------------------------------|---|------------------------------------|---------|
| 1. Decreases cost of Sales | - | Decreases the profit for the year | |
| 2. Increases cost of sales | - | Not change the profit for the year | |
| 3. Not change the cost of sales- | | Increases the profit for the year | |
| 4. Decreases cost of sales | - | Increases the profit for the year | |
| 5. Decreases cost of sales | - | Not Change the profit for the year | (.....) |

30. Following information relates to Akila's business.

	(Rs. '000)
Stock as at 01.04.2016	180
Purchases (deducted trade discounts)	420
Carriage inwards	20
Trade discounts	50
Sales	700

On 31.03.2017 the whole stock having in the business was damaged by fire. If the gross profit ratio is 25% on sales, What is the amount of the cost of damaged stock?

1. Rs. 75,000 2. Rs. 85,000 3 Rs. 95,000
 4. Rs. 100,000 5. Rs. 120,000 (.....)

• **Write short answers for questions No. 30 – 50 on the dotted lines.**

31. State the difference between financial accounting and the managerial accounting in relation to the following aspects.

	Financial Accounting	Managerial Accounting
1. Reporting frequency
2. The nature of the reporting information

32. State 02 advantages of recording transactions in prime entry books at first.

1.
2.

33. State the relevant source document and the prime entry book used to record following transactions

	Transaction	Source document	Prime entry book
1.	Cash receipts	.....	.....
2.	petty cash payments	.....	.....
3.	Credit sales of trade goods	.....	.....
4.	Return outward of trade goods	.....	.....

34. State 04 transactions or events in relation to trade receivables (debtors) which are recording in the general journal

1.
2.
3.
4.

35. State the most suitable concept or concepts in relation to following transactions and events

Transaction / event	Accounting concept
1. Indicating "as at 31.03.2017" in the above of the statement of financial position of Janitha PLC.
2. Indicating the land as Rs. 500,000 in the statement of financial position in current year. It has purchased Rs. 500,000 before 10 years.
3. Write off Rs. 5000 as bad debts and recognizing it as an expense
4. Accrued income and income received in advance is indicated as current assets and current liabilities respectively in statement of financial position.

36. On 01.03.2018 a business has a petty cash balance Rs. 3300 and the main cashier gave Rs. 4700 to the petty cashier.

1. What is the petty cash imprest of this business?
.....
2. What is the amount of petty cash expenses for the month of February 2018?
.....

37. State prime entry books used to record following transactions & events.

	Transaction / event	Prime entry book
A	goods drawing of the owner	.....
B	Dishonouring a cheque deposited which was received from a debtor	.....
C	Return outward to creditors a part of credit purchases	.....
D	Sold property plant and equipment on cash	.....

38. Prepaid telephone charges of Sameera's business was Rs. 500 as at 31.12.2016. During the year 2017 paid Rs. 6000 as telephone charges including Rs. 1000 for the next year.

1. The relevant telephone charges for the year.2017 is,

.....

2. State 02 accounting concepts related to calculate the above answer

1.....

2.....

39. Dishonoured a deposited cheque Rs. 18000 which is received from a debtor under a 10% cash discount.

Write the journal entry to record this transaction

.....

40. Write the type of account in relation to following accounts.

Name of account	Type of Account
1. Motor vehicle accumulated depreciation account
2. Rent received in advance account
3. Prepaid insurance account
4. Return Inward account

41. State the compatible letter for the following conditions

- A - Comparability
- B - Substance over form
- C - Prudence
- D - Historical cost

	Condition	Compatible letter
1	Recognizing an asset to its cost	.....
2	Assets obtained on finance lease are recognized with its compatible liabilities	.....
3	The amounts of previous year are recorded in current year's financial statements	.....
4	After estimating the paying ability of debtors, it should be adjusted in the financial statements.	.....

42. State whether the following errors are caused to change the totals of the Trial balance or not.

	Error	Are caused to change / not
A	Purchased invoice Rs. 20,000 has been completely omitted from books	.....
B	Discount received Rs, 10,000 has been credited to discount allowed account. (Recorded correctly in creditors control account)	.....
C	Paying salary Rs. 50,000 has been recorded in salary account as Rs. 500	.....
D	Bank overdraft Rs, 10,000 has been extracted to the Trial balance as an asset	.....

43. Reconciliation statements are used to accounting control strategy. State 02 occasions preparing such reconciliation statements.

1.
2.

44. Following information relates to a firm.		Rs.
The balance of the debtors control Acc	-	140,000
Received cash from debtors during the year	-	635,000
Credit sales during the year	-	595,000
Provision for doubtful debts as at 31.03.2017	-	15,000

What is the balance of the debtors control account as at 31.03.2017?

.....

45. Roshan Brothers is a Vat registered business and the summery of the VAT control account for the year ended is as follows. All purchases and sales are occurred through cash.

	Dr (Rs.'000)	Cr (Rs.'000)
The balance as at 01.04.2016	-	300
Cash (added on sales)	-	5000
Cash (paid on purchases)	1300	-
Cash (paid to Inland Revenue dept)	3400	-

Calculate the VAT liability as at 31.03.2017.

.....

46. Goods sold on credit which was having list price Rs. 60.000 under a 10% trade discount with 15% VAT and later cash received form debtors under a 10% cash discount.

What was the amount received from debtors?

.....

47. The balance of the debtors control account of Chamara's business was Rs. 50,000 as at 31.03.2017. The business policy is to be making provision for doubtful debts 5% from the year end debtor balances. The balance of the provision for doubtful debts was Rs. 2000 as at 01.04.2016.

What is the amount of doubtful debts transfers to the income statement for the year ending 31.03.2017?

.....

48. Chamari's business acquired a Motor vehicle Rs. 2,500,000 under a finance lease from Indra Motors PLC. Write the double entry to record this transaction.
-
-

49. State whether the following statements are true or false.

		True/ false
A	Return outward journal is a prime entry book which records transaction by using debit note.	.....
B	Changing of liabilities in a business would be occurred by the impact of the assets as well as the equity	.....
C	Purchases invoice is the related source document for the transaction which "purchased a machine on credit for the purpose of business uses."	.....
D	Over statement of a transaction records in a prime entry book will not be affected to the agreement of the Trial balance	.....

50. State 02 circumstances that can be changed an accounting policy, which was followed continuously of a firm.

1.
2.





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Second Term Test - Grade 12 - 2018

Accounting II **Three Hours**

Important

- ◆ Answer six questions only. Including question No. 01 and 02.
- ◆ Begin each answer on a fresh sheet of paper.
- ◆ Relevant workings should be attached to the answer script.

01. The Trial balance as at 31.03.2017 of Vishva's business which buys and sells mobile phones & computer parts is as follows,

Name of the Account	Dr (Rs.)	Cr (Rs.)
Land & building	1,500,000	
Machinery & equipments	880,000	
Furniture & office equipments	300,000	
Purchases	920,000	
Inventory as at 01.04.2016	150,000	
Carriage inwards	20,000	
Import duty	80,000	
Trade receivables (debtors)	207,000	
Salary & Wages (gross)	120,000	
Rent and rates	20,000	
Loan interest paid	12,000	
Discount allowed	8,000	
Cash	22,700	
Advertising	18,000	
Donations	2,000	
Sales commission	14,000	
Cheque book charges	3,000	
Petty cash	5,300	
Stock damages	30,000	
Accumulated depreciation (as at 01.04.2016)		
Building		150,000
Machinery & Equipment		175,000
Furniture & Equipment		45,000
Sales		2,300,000
Trade payables (creditors)		280,000
Discount Received		20,000
10% bank loan		240,000
Sales advance		30,000
Capital		1,060,000
Accrued EPF		12,000
	4,312,000	4,312,000

The following adjustments have to be made before the preparation of financial statements for the year ending 31.03.2017

1. The cost of inventory as at 31.03.2017 was Rs. 200,000. On this date, net realizable value of inventory has been estimated as Rs. 160,000
2. The company claimed insurance compensations for damaged stock and the insurance company has been approved a 60% compensation for that.
3. It has paid rent and rates for the period of 05 quarters.
4. The employer and the employee contributions to the EPF 15% and 10% respectively and the employer contributes 3% to ETF. EPF & ETF are calculated on gross salary & wages. It has been done the crediting of EPF (10%) contribution to the accrued EPF account only.
5. The business is a VAT registered firm and the VAT percentage is 15% . If the above purchases and sales are included VAT but it has not recorded in the VAT control account.
6. The cost of land is Rs. 1,000,000. Except land all other PPE should be depreciated on cost at 10% per annum.
7. Write off as bad debts Rs. 7000 and a 10% provision is made for doubtful debts from the remaining debtors balance from the current year.
8. It has paid only semi annual bank loan interest. (only for 06 months)
9. A mobile phone has been gifted to the Vishwa's daughter's birthday. It has not been recorded any entry for that event

Required

- 1) The income statement for the year ended 31.03.2017
- 2) The statement of financial position as at 31.03.2017 (20 marks)

02. The statement of financial position of "Swa Sakthi" business as at 01.01.2018 is as follows

Non Current assets	(Rs.'000)
PPE (On cost Rs. 900,000)	600
12% investments	200
Current Assets	
Inventory	400
Trade Receivables (Debtors)	100
Cash	150
Total	1450
Equity	1000
Non current liabilities	
12% bank loan	200
Current liabilities	
Trade payables (creditors)	200
Other Payables	50
Total	1450

Following transactions and events occurred during the month of January 2018

Date	Transaction No.	Transaction/ event
01/01	1	Furniture purchased on credit Rs. 100,000 This amount is payable over period of 05 years.
01/03	2	Sold goods with a cost of Rs. 200,000 for Rs.250,000 on credit
01/05	3	Returned inward the sales amount Rs. 25,000 from the sales were done on 01.03
01/08	4	Purchased goods Rs. 120,000 on cash and Rs. 80,000 on credit.
01/10	5	Received Rs.72,000 from debtors after deducting 10% discount
01/16	6	Settled the creditors balance was on 01/01 and received discount Rs. 15,000
01/20	7	Paid employees salary Rs. 12,000. Received the electricity bill Rs. 2000 but it has not yet been paid.
10/25	8	Paid bank loan instalment Rs. 12,000 including loan interest Rs. 2000.
10/30	9	Monthly rent Rs. 5000 has been paid by the owner's personal cash
01/31	10	All PPE should be depreciated on cost at 12% per annum
	11	Monthly investment interest should be recorded

Additional Information

- i. Direct debtors remittance to the bank Rs. 20,000
- ii. Owner has taken Rs. 5000 of goods and Rs.15,000 of cash from the business for his personal uses.
- iii. The bank has paid insurance charges Rs. 2000 on standing orders

Required

- 1) Using the accounting equation, show the impact of above transactions (1-11 with values) and state whether each value increases (+) or decreases (-) in front of the value. (use the following format for this purpose)

Transaction No.	Assets					Equity	Liabilities	
	PPE	Investment	Inventory	Trade and other receivables	Cash		Bank & other long term loans	Trade and other payables

- 2) Calculate the amount of followings as at 31.01.2018
 1. Inventory
 2. Trade receivables
 3. Cash
- 3) The net profit or loss for the month of January 2018 using the net assets basis **(20 marks)**

03. a) The balance of the cash control account of the Rasika Traders as at 28.02.2018 was difference from the debit balance of the bank statement of Rs. 125,000. Later revealed following reasons for the difference.
1. A cheque worth Rs. 85,000 deposited by the business and the bank has been credited it to another account.
 2. After receiving the bank statement, It was disclosed a deposited cheque Rs.32,000 and an issued cheque Rs. 25,000 has been dishonoured by the bank.
 3. The cheque received from sales and deposited Rs. 40,000 has not been recorded in cash receipts journal.
 4. Issued a cheque for purchases Rs. 60,000 has been recorded in the cash payment journal as Rs. 6000.
 5. Followings are included only in the bank statement
 - Overdraft interest Rs. 5000
 - Paid insurance charges on standing orders Rs. 8000
 - Direct debtors remittance Rs. 12,000
 6. Deposited but unrealized chaques were Rs. 80,000 and issued but un presented cheques were Rs. 60,000

Required

- 1) Adjusted cash control account
- 2) Bank reconciliation statement **(10 marks)**

- b) "Kalana Business" controls their petty cash on imprest system. Monthly imprest is Rs. 8000. The balance of the petty cash control account as at 01.01.2018 was Rs. 1600. Transactions relate to petty cash expenses are as follows for the month of January 2018

	Rs.
Jan. 01 Reimburse the petty cash imprest	
Jan. 03 Purchased stationery	500
Jan. 07 Envelopes and stamps	400
Jan. 08 Travelling charges	750
Jan. 10 Cool drinks & Biscuits	360
Jan. 15 Harpic & Soaps	240
Jan. 16 A4 papers & pens	1200
Jan. 18 Three wheeler charges	750
Jan. 19 Letter registration fees and e-mail	800
Jan. 23 Equipment repair	1600
Jan. 24 Sugar and tea powder	500

Required

- 1) Petty cash payment journal with the analysis columns of stationery, postal, travelling, refreshments & other.
- 2) Petty cash control account and relevant ledger accounts. **(05 marks)**

04. The Trial balance prepared by Thulitha's Business as at 31.03.2017 was not equal and the difference transferred to a suspense account. On that day, the drafted net profit was Rs. 245,000.

Following reasons were affected to the difference.

1. A sales invoice Rs. 25,000 has been completely omitted from the books.
2. The total of the discount column of cash payments journal Rs. 5300 has been posted to the general ledger as Rs. 3500
3. Furniture purchased Rs. 240,000 on 01.03.2017 from Lanka Furniture has been recorded in purchases journal. Furniture should be depreciated on cost at 10% per annum
4. Paid insurance charges Rs. 8000 has been recorded twice in the prime entry books.
5. The balance of the motor vehicle account Rs. 500,000 has not been extracted to the Trial balance.
6. The total of the return outward journal Rs. 7500 has been recorded only in the return outward account.
7. Paid electricity bill Rs. 20,000 has been credited both cash control account and the electricity bill account.
8. Written off bad debts Rs. 5000 has been recorded in general journal, but not recorded in bad debt account
9. The total of return inward journal Rs. 4000 has been debited to debtors control account.
10. Accrued rent Rs. 24,000 has been recorded as follows,
 - Building owner's account debit
 - Accrued building rent account credit

Required

- 1) The relevant journal entries to rectify above errors
- 2) The suspense account
- 3) A statement of calculating the corrected net profit (15 marks)

05. Following transactions occurred during the month of January 2018 of " Samuditha's Business" which is registered VAT.

Creditor	Balance as at 01.01.2018	Credit purchases	return outward	Cash paid	Discount received	Charged delay interest
Amara	15,000	600,000	360,000	180,000	20,000	-
Binara	20,000	800,000	140,000	500,000	50,000	-
Chamara	30,000	500,000	-	100,000	-	40,000
Didula	Dr.(5000)	400,000	20,000	230,000	10,000	-
Total	60,000	2,300,000	520,000	1,010,000	80,000	40,000

Above purchases and return outwards are indicated without 15% VAT

Required

- 1) Purchases journal and return outward journal
- 2) relevant accounts in the general ledger
- 3) Accounts in the sub ledger and the balances list (15 marks)

06. The balance of the debtors control account of Athula's Business was not equal with the total of the balances of debtors sub ledger on 31.01.2018.

Later revealed following reasons affected to the difference.

1. Sales to Lahiru Rs. 32,000 has been recorded correctly in the journal, but it has recorded in his account as Rs. 23000.
2. The total of the discount column of cash receipts journal Rs. 4000 has been recorded only in general ledger.
3. A debtor balance Rs. 12,000 has been omitted from the balances list.
4. Written off as bad debts Rs.2000 has been recorded only in relevant debtor's account.
5. The total of VAT column of the sales journal Rs. 9000 has been credited to the debtors control account only.
6. A sales invoice Rs. 10,000 has been completely omitted from books.
7. A credit balance of debtors ledger Rs. 4000 has been written as a debit balance in the balances list.
8. Received Rs. 3000 from debtor Vimukthi has been recorded in cash receipts journal as Rs.300
9. About the compensation of a debit balance Rs. 500 in the debtors ledger with his credit balance Rs. 500 in the creditors ledger has been recorded in control account but not recorded in his account.

Required

- 1) A reconciliation statement with the total of the debtors balances for finding the balance of the debtors control account before adjusting the debtors control account.
- 2) Adjusted debtors control account.
- 3) A Statement which is finding the total of corrected balances list. **(15 marks)**

07. Following are some adjustments of " Renuka Super Centre" should be done for the year ending 31.03.2017 before preparing the financial statements

1. The inventory on cost is Rs. 160,000
2. The balance of the provision for doubtful debt account was Rs. 4000 as at 01.04.2016. The trade receivables (debtors) as at 31.03.2017 is Rs. 90,000. It should be made a 10% provision for doubtful debt from the year end debtors balance.
3. Owner has taken goods Rs. 8000 for his personal uses.
4. Paid rates Rs. 15,000 during the year. Rates relate to the final quarter has not been paid yet.
5. A part of a building has rented on 01.07.2016 for a monthly rent income Rs. 8000. It has been received for 06 months rent only.

Required

1) Using above adjustments fill the following table.

Adjustment No.	Relevant journal entry to the adjustment	Relevant accounting concept
1	<p>.....debit</p> <p>.....credit</p>	<p>.....</p> <p>.....</p>

2) After recording above adjustments, show the extracts of income statement and the statement of financial position. **(15 marks)**



Second Term Test - Answer Paper

Accounting - Grade 12

Part I

- | | | |
|--------|--------|--------|
| (1) 4 | (11) 1 | (21) 2 |
| (2) 3 | (12) 2 | (22) 2 |
| (3) 5 | (13) 4 | (23) 3 |
| (4) 2 | (14) 2 | (24) 5 |
| (5) 2 | (15) 2 | (25) 2 |
| (6) 1 | (16) 1 | (26) 1 |
| (7) 2 | (17) 1 | (27) 1 |
| (8) 4 | (18) 2 | (28) 3 |
| (9) 5 | (19) 5 | (29) 4 |
| (10) 3 | (20) 4 | (30) 3 |

31. Financial Accounting

1. Annual
2. Historical / monetary

Managerial Accounting

- on demand of managers
 - Historical & future oriented (financial or non financial)
- (01 x 4 = 04)

32. • minimize errors of omissions

- keeping the business affairs under a proper control.
 - maintaining similar transactions in the same journal.
 - ensuring reliability between customers and suppliers.
- (02 x 2 = 04)

33. Transaction No. Source document

1. receipt
2. petty cash paying voucher
3. Sales invoice
4. debit note

Prime entry book

- cash receipts journal
 - Petty cash ~~paying~~ voucher
 - sales journal
 - return outward journal
- (01 x 4 = 04)

34. 1. write off bad debts

2. charging delay interests from debtors.
 3. dishonouring cheques received from debtors.
 4. Transferring debtors balances to the creditors ledger.
- (01 x 4 = 04)

35. 1) Periodic / going concern

- 2) Historical cost
- 3) matching
- 4) accrued

(01 x 4 = 04)

36) 1. Rs. 8000 2) Rs. 4700 (02x2=04)

37) A - general journal C - return outward journal
B - general journal D - cash receipts journal

38) 1. Rs. 5500 (02)
2. (i) Accrued (ii) matching (01) (01x4=04)

39) Debtors control Acc Dr: 20 000
Cash control Acc cr. 18000
Discount received Acc cr. 2000 (04)

40) 1. Assets 3. Assets (01x4=04)
2. Liabilities 4. Income

41) 1 - D 2 - B 3 - A 4 - C (01x4=04)

42) A - not change C - would be changed
B - not change D - would be changed (01x4=04)

43) 1) To compare the balance of the cash control Acc. with the balance of the bank statement.
2) To compare the balance of the cash control Acc. with the total of the balances list of the debtors ledger.

44) Rs. 100 000 (04)

45) Rs. 600 000 (04)

46) Rs. 55890 (04)

47) Rs. 500 (04)

48) Motor vehicle Acc. Dr. 2500 000
Lease creditors Acc/Indra Motors PLC cr. 2500 000 (04)

49) A - True C - False
B - True D - True (01x4=04)

50) 1. when required by an Accounting standard.
2. Provide information in more reliable and relevant manner. (02x2=04)

Part II

Income Statement for ^{Vishwa} Business the year ended ⁽⁰¹⁾ 31.03.2017

Sales			2000 000
Cost of sales :- opening stock		150 000	
+ purchases	800 000		
- drawings	(20 000)	01	
	780 000		
+ Carriage inwards	20 000		
import Duty	80 000		880 000
		1030 000	
- closing stock		(200 000)	01 (830 000)
Gross profit			01 1170 000
other income			20 000
Discount received			1190 000
Distribution cost :- bad debts	7000	01	
doubtful debts	20000	01	
Discount allowed	8000		
Advertising	18000		
Sales Commission	14000		67 000
Administration cost	16 000	01	
rent			
Salary & wages	120 000	01	
EPF expenses	18 000	01	
ETF expenses	3 600	01	
building depreciation	50 000	01	
machinery depreciation	88 000	01	
Furniture depreciation	30 000	01	325 600
other expenses			
stock written off	40000	01	
stock damages	12000	01	
donations	2000		54 000
Financial expenses			
loan interest	24000	01	
cheque book charges	3000		27 000 (473 600)
Net profit - to the c/a			01 716 400
remaining 2 items give 01			mark ⁽⁰⁵⁾
			27

02 (i)

(RS '000)

Trans- action NO.	Assets					Equity	Liabilities	
	PPE	Investment	Stock	Trade & other receivables	Cash		bank loans & other long term loans	Trade & other payables
1	+100						+100	01
2			-200	+250		+50		02
3			+20	-25		-5		02
4			+200		-120			+80 02
5				-80	+72	-8		02
6					-185	+15		-200 02
7					-12	-12		+2 02
8					-12	-2	-10	02
9						-5		02
						+5		
10	-10					-10		02
11				+2		+2		01

20

(2) Stock = Rs. 420 000 (02) = (400 - 200 + 20 + 200)

Trade receivables = Rs. 245 000 (02) (10 + 250 - 25 - 80)

cash balance/over draft = (107 000) (03) (150 - 120 + 72 - 185 - 12 - 12)

07

(3) Net profit = closing net assets - opening net assets + drawings - extra capital
 = 1044 000 - 1 000 000 + 0 - 5000
 = Rs. 39 000 (03)

03

02 - 20 + 07 + 03 = 30

03 (a) Adjusted Cash Control Account

b/b/f	2000 01	deposited but dishonoured cheques	32000 01
Issued but dishonoured cheque	25000 01	Purchases	54000 01
sales	40000 01	Inter overdraft interest	5000 01
debtors remittance	12000 01	Insurance (Standing orders)	80000 01
b/c/f	20000 01		
	<u>99000</u>	b/b/f	<u>99000</u>
			20000

(10) Bank Reconciliation Statement

Overdraft according to bank Statement	125000 01
+ issued but unrepresented cheques	60000 01
	<u>185000</u>
- errors done by bank deposited but unrealized cheques	85000 02
	<u>(165000)</u>
Overdraft according to the adjusted cash control Account	<u>20000 01</u>

(b) Petty Cash Business Journal

Date	Description	Voucher No.	Payments (RS)	Analysis Columns				
				Stationary	Postage	Travelling	Entertainment	Other
01.03	Stationary		500	500				
07	envelope & stamps		400		400			
08	Travelling charges		750			750		
10	cool drinks & biscuits		360				360	
15	Harpic, soap		240					240
16	A4 sheets & pens		1200	1200				
18	Three wheeler charges		750			750		
19	register charges & E-mail		800		800			
23	equipment repairs		1600					1600
24	Sugar & tea powder		500				500	
			<u>7100</u>	<u>1700</u>	<u>1200</u>	<u>1500</u>	<u>860</u>	<u>1840</u>

(2) Petty cash account

b/b/f	1600	1-31 Stationary	1700
Cash control	6400	Postage	1200
		Travelling	1500
		entertainment	860
		other	1840
		b/c/f	900
	<u>8000</u>		<u>8000</u>

Petty cash account

b/b/f	1600	other accounts	7100
Cash	6400	b/c/f	900
	<u>8000</u>		<u>8000</u>
b/b/f	900		

b/b/f 900 for 03 items give 01 mark. maximum (02)

Stationery Acc.

Petty Cash	1700
------------	------

Postage Acc.

Petty cash	1200
------------	------

Travelling Charges Acc.

Petty cash	1500
------------	------

Entertainment Acc.

Petty cash	800
------------	-----

Other expenses Acc.

Petty cash	1840
------------	------

for 1 item give 1/2 maximum (01)

03 - $9 + 6 + 12 + 2 + 1 = 30$

Or

General Journal

Date/No.	Description	Debit (Rs)	Credit (Rs)
1	Debtors control Acc Dr Profit or Loss Acc / (Sales Acc.) (- - - -)	25000	02 25000
2.	Profit or Loss Acc / Discount allowed Debtors control Acc. (- - - -)	1800	02 1800
3.	Creditors control Acc. Dr Profit or Loss Acc / Purchases Acc. (- - - -)	240000	01 240000
	Furniture Acc - - - - - Dr Lanka Furniture traders (- - - -)	240000	01 240000
	Furniture Depreciation Acc / P & L Acc Dr Accumulated Depreciation Acc. (- - - -)	2000	01 2000
4.	Cash control Acc - - - - - Dr P & L Acc / Insurance Acc. (- - - -)	800	02 800
5.	Suspense Acc. Dr (- - - -)	-	01 500000
6.	Creditors control Acc Dr. Suspense Acc)	7500	02 7500

7.	P & L Acc / Electricity bill Acc Dr Suspense Acc	40000	02 40000
8.	P & L Acc. / Bad debts Acc Dr Suspense Acc	5000	02 5000
9.	Suspense Acc. Debtors control Acc	4000	02 4000
10.	P & L Acc / building rent Acc Dr Building rent owner's Acc.	24000	24000 02

20

2

Suspense Account (Rs)

the difference	548500	motor vehicle	500000
debtors control	4000	creditors control	7500
		electricity expenses	40000
		Bad debts	5000
	<u>552500</u>		<u>552500</u>

for 3 items give 01 mark maximum 02

3

Statement of correction of the net profit (Rs)

drafted net profit		245000
+ Sales	25000	01
Furniture	240000	01
Insurance	800	01
		<u>510800</u>
- Discount allowed	1800	01
Furniture depreciation	2000	01
bad debts	5000	01
building rent	24000	01
		<u>(32800)</u>
corrected net profit		01 <u>478000</u>

(4) 20 + 2 + 8 = 30

05

Purchases Journal (Rs '000)

Supplier	Amount	VAT	Total amount
Amara	600	90	690
Binara	800	120	920
Chamara	500	75	575
Didula	400	60	460
Posted to the general ledger	2300	345	2645

Return Inward Journal (Rs '000)

Supplier	Amount	VAT	Total amount
Amara	360	54	414
Binara	140	21	161
Didula	20	3	23
Posted to the general ledger	520	78	598

(1) Creditors control Acc.

b/b/f	5	b/b/f	65
return outward	520	Purchases	2300
VAT	78	VAT	345
Cash	1010	Late interest	40
Discount received	80		
b/c/f	1057		
	<u>2750</u>		<u>2750</u>

(Rs '000) Purchases Acc

creditors control	2300
return outward Acc	
creditors control	520
Discount received Acc	
creditors control	80

VAT control Acc.

creditors control Acc	345	creditors control Acc	78
-----------------------	-----	-----------------------	----

Late interest Acc

creditors control	40
-------------------	----

(2) Amara's Acc.

VAT	54	b/b/f	15
return outward	360	Purchases	600
Cash	180	VAT	90
Discount received	20		
b/c/f	91		
	<u>705</u>		<u>705</u>

Binara's Acc.

VAT	21	b/b/f	20
return outward	140	Purchases	800
Cash	500	VAT	120
Discount received	50		
b/c/f	229		
	<u>940</u>		<u>940</u>

Chamara's Acc.

Cash	100	b/b/f	30
		Purchases	500
		VAT	75
		Late interest	40
b/c/f	545		
	<u>645</u>		<u>645</u>

Didula's Acc.

b/b/f	5	Purchases	400
return outward	20	VAT	60
VAT	3		
Cash	230		
discount received	10		
b/c/f	192		
	<u>460</u>		<u>460</u>

except closing balance remaining
02 items 01 mark each 10

10

Balances List Rs '000 →

Amara 91 01
 Binara 229 01
 Chamara 545 01
 Didula 192 01
1057

(05) 05 + 11 + 10 + 4 = 30

104

(06) W. Debtors Reconciliation Statement.

Total of the balances according to debtors balances list		150 000
+ sales to Lahiry	9 000 01	
- Discount allowed	4 000 01	
- debit balances omitted	12 000 01	25 000
		175 000
- bad debts	2 000 01	
- VAT	18 000 02	
- recording a credit balance as a debit balance	8 000 02	
- compensations	500 02	(28 500)
The balance of debtors control Acc.		<u>146 500</u>

110

(2) adjusted debtors control Acc.

b/b/f	146 500 01	Discount Allowed	4 000 01
VAT	18 000 01	Cash	2700
Sales	10 000 01	b/e/f	167 800 01
	<u>174 500</u>		<u>174 500</u>
b/b/f	167 800		

5

(3) Statement of correction of balances list

The total of balances list		150 000 01
+ sales to Lahiry	9 000 02	
- debit balances omitted	12 000 02	
+ Sales	10 000 02	31 000
		181 000
- received from Vimukthi	27 000 02	
- bad debts	2 000 02	
- recording a credit balance as a debit balance	8 000 02	
- compensations	500 02	(13 200)
The total of corrected balances.		<u>167 800</u>

115

(6) 10 + 5 + 15 = 30

07 - ①

⑦ - 20 + 10 = 30

Adjustment No.	Journal Entry	relevant concept
1.	Stock account Dr 160 000 Trade account Cr 160 000	matching ⁰²
2.	doubtful debt Acc. Dr 5000 Provision for doubtful debt Cr 5000	Prudence/ ⁰² matching
3.	Drawings Acc Dr 8000 Purchases Acc Cr 8000	entry ⁰²
4.	rates Acc Dr 5000 Accrued rates Acc Cr 5000	accrual ⁰²
5.	Accrued rent income Acc Dr 24000 rent income Cr 24000	Accrual/ ⁰² realization

extracts of financial statements

income statement

(1) Income Statement

cost of sales	
closing stock - - -	(160 000) 01

(2) Income Statement

Distribution cost	
doubtful debt - - -	5000 01

(3) Income Statement

Purchases	xx
Drawings - - -	(8000) 01

(4) Income Statement

administration expenses	
rates - - -	20 000 01

(5) Income Statement

other income	
rent income - - -	24 000 01

Financial position statement
statement of financial position

S. O. F. P.

current assets	
closing stock - - -	160 000 01

S. O. F. P.

current assets	
debtors - - -	9000
- Provision for doubt ful debts	(7000)
	81000 01

S. O. F. P.

capital	xxx
- drawings	(8000) 01

S. O. F. P.

current liabilities	
accrued rates - - -	5000 01

S. O. F. P.

current assets	
accrued rent income	24 000 01