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33 E I

Third 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 | |

1. Which of the following statement / statements true in relation to management accounting
- A - It is used to planning, supervising and controlling the operational activities of an organization.
 - B - It provides information to external parties to make their decisions and to control
 - C - It is a part of the information management system.
 - D - Government can obtain information to prepare rules and regulation.
1. A only 2. B only 3. A and C only
 4. A,B and C only 5. All above (.....)

2. Following have been given some accounting environmental factors and some changes in accounting due to those factors. Select the correct answer.

| Environmental Factor | Change |
|---------------------------------------|---|
| 1. Economic environment | Using international standards |
| 2. Legal environment | Introducing social responsibility accounting |
| 3. Professional environment | Introducing inflation accounting |
| 4. Technological environment | Introducing computerize accounting systems |
| 5. Economic and political environment | Introducing environmental management accounting |

(.....)

3. Some steps of accounting procedure are given below.
- A - Posting to ledger
 - B - Transactions and events
 - C - Preparing source documents
 - D - Recording in prime entry books
 - E - Preparing the trial balance
- What the correct sequence in which the above activities take place in the accounting process?
1. BACDE 2. BCADE 3. BCDAE 4. DABEC 5. BCAED (.....)

4. Select the answer having transactions which help to change equity.
- A - Investing a motor vehicle worth of Rs. 1,500,000 by the owner
 - B - Paying an electricity bill of the owner's home by the business
 - C - Paying a telephone bill of the business for Rs. 10,000
 - D - Purchasing furniture's worth of Rs. 100,000 for the use of the business
 - E - Receiving Rs. 25000 as the interest for the fixed deposit.
1. ABCE 2. ABCD 3. ABDE 4. BCDE 5. ABC only (.....)
5. A building was air-conditioned by paying Rs. 1,000,000. The effect of above transaction to the accounting equation is,
- 1. Decrease in assets Rs. 1,000,000 increase in expense Rs. 1,000,000
 - 2. Decrease in assets Rs. 1,000,000 increase in assets Rs. 1,000,000
 - 3. Decrease in assets Rs. 1,000,000 increase in liabilities Rs. 1,000,000
 - 4. Decrease in assets Rs. 1,000,000 decrease in liabilities Rs. 1,000,000
 - 5. Decrease in assets Rs. 1,000,000 increase in equity Rs. 1,000,000 (.....)
6. Thilina settled a creditor worth of Rs. 100,000 by paying Rs. 90,000 from his personal money. Received discount is Rs. Rs. 10,000 . The effect of above transactions is shown in the accounting equation as,
- | | Assets (Rs.) | = | Equity (Rs) | + | Liabilities (Rs.) | |
|----|---------------------|---|--------------------|---|--------------------------|---------|
| 1. | -90,000 | = | +10,000 | | -100,000 | |
| 2. | +10,000 | = | +100,000 | | -90,000 | |
| 3. | -10,000 | = | +90,000 | | -100,000 | |
| 4. | - | = | +90,000 | | -90,000 | |
| 5. | - | = | +100,000 | | -100,000 | (.....) |
7. The total assets of a business has been increased by Rs. 180,000 during the year ending 31/3/2018. Liabilities has decreased by Rs. 40,000. Owner has withdraw Rs.400 per week within the year. He has invested Rs. 50,000. as additional capital Calculate the profit for the period.
1. Rs. 60,800 2. Rs. 70,800 3. Rs. 110,800 4. Rs. 180,800 5. Rs. 190,800 (.....)
8. What is the correct sequence of the source documents in which the following activates take place in the accounting process of a textile shop?
- A - Selling clothes on cash basis
 - B - Destroying some clothes by flood
 - C - Purchasing clothes on credit basis
 - D - Returning some clothes due to mismatching the fashion.
- 1. Counterfoil, Journal voucher, Invoice, Credit note
 - 2. Receipt, Journal Voucher, Invoice , Debit note
 - 3. Invoice, Journal Voucher, Receipt, Debit note
 - 4. Receipt, Voucher, Invoice, Debit note
 - 5. Receipt, Invoice, Debit note, Journal voucher. (.....)

• Use following information to answer question No. 09 and 10

A business sold a stock on credit basis which the marked price was Rs. 100,000 under a trade discount of 5%. The customers returned Rs. 20000 worth of goods stating that these goods are damaged. Later customer paid cash to settle the remaining balance under discount of 5%.

9. The order of source documents to record these transactions is,
- | | |
|--|--|
| 1. Invoice, Debit note, Payment voucher | 2. Invoice, Credit note, Payment voucher |
| 3. Invoice, Credit note, Receipt | 4. Invoice, Credit note, Journal voucher |
| 5. Invoice, Journal voucher, Payment voucher | (.....) |
10. The cash discount allowed to the customer is,
- | | | | | | |
|-------------|-------------|-------------|-------------|-------------|---------|
| 1. Rs. 1000 | 2. Rs. 3800 | 3. Rs. 4000 | 4. Rs. 4750 | 5. Rs. 5000 | (.....) |
|-------------|-------------|-------------|-------------|-------------|---------|
11. Which of the following transactions is not recorded in the general journal of an entity?
1. Purchasing office equipment's by a cheque
 2. Providing for bad and doubtful debts
 3. Investing a motor vehicle as an additional capital by the owner.
 4. Purchasing furniture for the use of the business on credit basis.
 5. Providing for depreciation for PPE. (.....)
12. Janith's business introduced a petty cash imprest stem. It is reimbursed at the ended date of every month. There was Rs. 1200 at the petty cashier as at 31/05/2018 and there was only 1500 at the petty cashier as at 30/06/2018. Total petty expenses within the month of May is Rs. 5600. It was decided to increases petty cash float by Rs. 500. Calculate the amount should be reimbursed as at 30/06/2018
- | | | | | | |
|-------------|-------------|-------------|-------------|-------------|---------|
| 1. Rs. 5600 | 2. Rs. 5800 | 3. Rs. 5900 | 4. Rs. 6100 | 5. Rs. 6400 | (.....) |
|-------------|-------------|-------------|-------------|-------------|---------|
13. The balance of the bank statement as at 31/3/2018 was Rs. 600,000. However, it did not agree with the cash control account balance. The followings were revealed later.
- Value of the cheques issued but not presented is Rs. 180,00
 - Value of the cheque deposited but not realized is Rs. 120,000
 - Direct deposits which are not recorded in the cash control account are Rs. 50,000 and bank charges Rs. 10,000
- What is the balance of the cash control account before adjusting above,
- | | | |
|----------------|----------------|----------------|
| 1. Rs. 480,000 | 2. Rs. 500,000 | 3. Rs. 520,000 |
| 4. Rs. 530,000 | 5. Rs. 540,000 | (.....) |
14. Which of the following errors helps not to tally the trial balance.
- A - Totally omitting a purchase invoice
 - B - Not recording a paid electricity expense to electricity expense A/C
 - C - Crediting a paid amount to creditor control account
 - D - Recording an expense to an asset account
- | | | |
|-----------------|-------------------|-----------------|
| 1. A and B only | 2. A,B and C only | 3. A and D only |
| 4. B and C only | 5. B,C and D only | (.....) |

15. Draft net profit for the year ending 31/3/2018 of a business is Rs. 600,000. The subsequent investigation revealed the following errors.

- An allowed discount for Rs. 6000 has been debited to creditors control account and credited to discount received account.
- A stock which the cost was Rs. 2000 has been missed from the closing stock.
- Paid salaries for Rs. 52000 has been debited to salary account as Rs. 25,000

What is the corrected net profit after rectifying above errors,

1. Rs. 550,000 2. Rs. 555,000 3. Rs. 563,000
 4. Rs. 570,000 5. Rs. 574,000 (.....)

16. Following have been given some ledger account,

- A - Pre-paid telephone charges
- B - Receivable commission
- C - provision for warranty certificate.
- D - Provision for depreciation
- E - Drawings

Which of the following answers show the correct category of above accounts

| | Assets | Liability | Equity |
|----|--------|-----------|--------|
| 1. | A,B,D | C | E |
| 2. | A,B | C,D | E |
| 3. | A,D | C | B,E |
| 4. | A,E | C,D | B |
| 5. | A,B,C | D | E |

(.....)

17. The balance of the debtors control account as at 31/3/2018 of a business was Rs. 120,000 but the total of debtor's balance as per debtors ledger was not agree. The subsequent investigation revealed the following.

- The total of the sales journal of Rs. 750,000 has been recorded in the debtors control account as Rs. 650,000
- Charged interest for Rs. 20000 from debtors balances has not been recorded in the debtors ledger.
- An offsetting a debtor balance for Rs. 10,000 with a creditors balance has not been recorded in the debtors ledger.

The total of the debtors ledger as at 31/3/2018 before rectifying above errors is,

1. Rs. 180,000 2. Rs. 190,000 3. Rs. 200,000
 4. Rs. 210,000 5. Rs. 220,000 (.....)

18. Followings relevant for a business for the year ending 31/3/2018 which has been registered for VAT.

| | Rs. '000' |
|-----------------------------------|-----------|
| Sales (including VAT) | 920 |
| Purchase (including VAT) | 460 |
| Cost of the stock as at 1/4/2017 | 120 |
| Cost of the stock as at 31/3/2018 | 80 |
| VAT 15% | |

The gross profit for the year ending 31/3/2018 is

1. Rs. 360,000 2. Rs. 380,000 3. Rs. 400,000
 4. Rs. 420,000 5. Rs. 440,000 (.....)

19. Followings were in a business
- A - Sold a stock for Rs. 200,000 on credit basis while that was recognized as sales income
 - B - Providing for doubtful debts for above debtors
 - C - Recognizing debtors as an asset in the statement of financial position.
- The most suitable accounting concept apply for above events respectively is ,
1. Realization, entity, Going concern
 2. Realization, Prudence, Accrual
 3. money measurement, Prudence, entity
 4. Substance over form, realization, Accrual
 5. Accrual, Materiality, Going concern (.....)
20. Which accounting concept provides the basis to reduce the closing stock when calculating cost of sales.
1. Prudence
 2. Consistency
 3. Matching
 4. Going concern
 5. Money measurement. (.....)
21. Which accounting concept provides the basis to recognize a stock damage as an expense from followings,
1. Historical cost
 2. Money measurement
 3. Periodic
 4. Realization
 5. Matching (.....)
22. The accounting concept provides the basis to providing for doubtful debts is,
- A - Matching
 - B - Going concern
 - C - Prudence
1. A Only
 2. B only
 3. A and B only
 4. A and C only
 5. A,B and C all (.....)
23. Which of the following statement / statements is / are correct,
- A - All the assets are considered as current assets of the business which have not a going concern
 - B - The increment of the value of a land should be accounted as per prudence concept.
 - C - The selected accounting policies should be used continuously as per consistency concept.
1. A only
 2. B only
 3. C only
 4. A and B only
 5. A and C only (.....)
24. Followings were extracted form a business which is not kept its accounts records properly.
- | | Rs. |
|---------------|------------|
| Opening stock | 340,000 |
| Closing stock | 360,000 |
| Purchases | 1,220,000 |
- Gross profit margin is 40% on sales. The value of the Sales of this period is,
1. Rs. 1,200,000
 2. Rs. 1,680,000
 3. Rs. 2,000,000
 4. Rs. 2,800,000
 5. Rs. 3,200,000 (.....)
25. Followings were extracted form final financial statements of a business.
- | | Rs. |
|------------------------------|------------|
| Opening stock as at 1/4/2017 | 8,000 |
| Purchases | 52,000 |
| Sales | 60,000 |
- Gross profit ratio is 20% on sales. The closing stock of this business destroyed due to fire. The insurance company has agreed to recover 75% out of the above damage. The loss from above damage is,
1. Rs. 3000
 2. Rs. 8000
 3. Rs. 9000
 4. Rs. 12000
 5. Rs. 15000 (.....)

26. Following information related for a manufacturing business for the year ending 31/3/2018

| | Rs. |
|-------------------------|--------|
| WIP - as at 1/4/2017 | 14,000 |
| as at 31/3/2018 | 20,000 |
| Used direct material | 6000 |
| Direct labour | 4000 |
| Manufacturing overheads | 4000 |

The manufacturing cost of above goods is,

1. Rs. 6000 2. Rs. 8000 3. Rs. 10000 4. Rs. 12000 5. Rs. 14000 (.....)

27. Following information is relevant for "Hiru" sports club for the year ending 31/3/2018

| | As at 31/3/2018 | as at 31/3/2017 |
|---------------------------------|-----------------|-----------------|
| Receivable members fee | 120 | 100 |
| Members fee received in advance | 40 | 50 |
| Life time members fee | ? | 800 |

There were 100 members at the sports club as at 1/4/2017 and 10 members are life time members out of above 100. 5 new members were recruited on 1/4/2017 while the annual members subscription per member is Rs. 10,000. Life time members were recruited on 1/4/2011 and it has been decided to recognize 10% from above members subscription as annual income.

Calculate the members subscription income including life time members fee for the year ending 31/05/2018 and the members fee received by cash within the period.

| | Total members fee income (Rs. 000) | Members fee received by cash by (Rs. 000) | |
|----|---------------------------------------|--|---------|
| 1. | 950 | 900 | |
| 2. | 1000 | 900 | |
| 3. | 1150 | 920 | |
| 4. | 1150 | 950 | |
| 5. | 1100 | 980 | (.....) |

28. Following information was extracted from "Wayamba Tharu" sports club for the year ending 31/3/2018

| | Rs. |
|----------------------------------|---------|
| Building of the sports club | 127,500 |
| Furniture and sports equipment's | 51,950 |
| Members fee received in advance | 6,500 |
| Accrued members fee | 10,500 |
| Payable expenses | 5,000 |
| Stock at the juice bar | 20,550 |
| Cash at hand | 4,600 |

The accumulated fund as at 1/4/2018 of the sports club is,

1. Rs. 162,000 2. Rs. 195,000 3. Rs. 195,600 4. Rs. 200,000 5. Rs. 203,600 (.....)

29. Not a term of section No. 24 of the partnership ordinance is,

1. Profit and loss should be shared equally.
2. Partners are entitled to an annual interest of 5% for the capital
3. all partners must engage in the administration of the business, there is no entitlement to a salary in respect of such assistance.
4. Each partner is entitled to an interest of 5% per annum for the loan provided by them.
5. If a partner has spent his personal funds for business activities he is entitled to be reimbursed. (.....)

30. A partnership business was commenced by Akila and Kokila on 1/4/2017 by investing Rs. 600,000 and Rs. 300,000 respectively. Profit and loss sharing ratio is 3:2 . Each partner is entitled to an annual interest of 10% for the capital balances and a monthly salary for Rs. 8000. Net profit earned during the year ending 31/3/2018 is Rs. 362,000. The current accounts balances as at 31/3/2018 are,

| | Akila (Rs.) | Kokila (Rs.) | |
|----|--------------------|---------------------|---------|
| 1. | 198,000 | 164,000 | |
| 2. | 204,000 | 158,000 | |
| 3. | 217,200 | 144,800 | |
| 4. | 220,000 | 142,000 | |
| 5. | 804,000 | 458,000 | (.....) |

• **Write short answers from Questions No. 31- 50**

31. Indicate whether the following statements relating to the financial accounting in a firm are "True" or "False"

| | True / False |
|---|---------------------|
| A- It provides historical information | |
| B- It provides information only to the internal parties | |
| C- It provides information prescribed in the accounting standards | |
| D- It is not a legal requirement for companies | |

32. State whether the equity of a business would "increase" , "decrease" or "not change" in each of the following situations.

| | Increase / Decrease / Not change |
|---|---|
| A Owner withdrawing for his personal usage | |
| B Owner settling an expense of the business by his personal money | |
| C Purchasing office equipment's for administrative purposes | |
| D Owner setting a creditor of the business by his personal money | |

33. A stock which the cost was Rs. 50000 was sold for Rs. 80000 on credit basis while a debtors balance of Rs. 10000 was sett off with a creditors balance.

Write the net effect from above transactions to assets liabilities and the equity.

| | |
|---------------|-------|
| A Assets | |
| B Liabilities | |
| C Equity | |

34. Write the source document applicable to following transactions

| Transaction | Source document |
|--|-----------------|
| A Owner investing furnitures worth of Rs. 50000 as capital | |
| B Purchasing a stock for Rs. 180,000 for the purpose of resale on credit basis | |
| C Receiving Rs. 5000 for written off bad debts in the previous year | |
| D Returning some goods worth of Rs. 15000 to creditors | |

35. The balance of the cash control account as at 31/3/2018 of Lahiru's business was Rs. 180,000 and it was not agree with the balance as per bank statement. Followings were revealed later.

- A standing order payment for Rs. 15,000 and a deposited but dishonored cheques for Rs. 30,000 has not been recorded in the cash control account
- There were deposited but not realized cheques worth of Rs. 40,000 and unrepresented cheques worth of Rs. 75,000as at 31/3/2018

(a) Calculate the balance as per cash control account should be shown in the statement of financial position as at 31/3/2018

.....

(b) Calculate the balance as per bank statement as at 31/3/2018

.....

36. State two possible items which are not adjusted in the cash control account when the balance as per cash control account is not agree with the balance as per bank statement.

1.....

2.....

37. Calculate the value of the net assets of Shanaka Traders as at 1/4/2017 by using following information.

| assets | Rs. |
|--|---------|
| Net assests as at 31/3/2018 | 850,000 |
| Profit for the year | 250,000 |
| Cash drawings within the period | 100,000 |
| Cost of the goods withdrawn by the owner within the period. (This is not accounted) | 25,000 |

Net assets as at 1/4/2017

38. A sales invoice for Rs. 42000 has been recorded in the sales journal as Rs. 24000 and it has been posted to general ledger as same.

(a) Write the journal entry to rectify above error. (Narration is not required)

.....

(b) If this is not rectified state the effect to the profit whether it increase, decrease or not change

Rs.

39. State the accounting concept which has been violated by following situations.

| Situation | Accounting concept |
|---|---------------------------|
| A- An advance received for a service should be provided for next year, considering as an income | |
| B- Not categorizing assets as current and non- current in the statement of financial position | |
| C- An asset which is acquired on leasing is not recognized as an asset | |
| D- Not recoding owners cash drawings | |

40. The following information relates to Harsha's Business for the year ending 31/3/2018 which is registered for value added tax. All the sales and purchases are on cash basis.

| | Dr (Rs. '000') | Cr (Rs.'000") |
|-------------------------------------|-----------------------|----------------------|
| Balance as at 1/4/2017 | - | 300 |
| Cash (added on sales) | - | 5000 |
| Cash (paid on purchases) | 1300 | - |
| Cash (Paid to inland revenue dept.) | 3400 | - |

Calculate the VAT liability as at 31/3/2018

41. Categorize following cost items as manufacturing and non- manufacturing

| | Manufacturing / Non manifesting |
|--|--|
| A Storing cost of finished goods | |
| B Carriage inward cost of raw material | |
| C Damaging of raw material stock | |
| D Paid salaries for office staff | |

42. State two major elements of manufacturing cost

1.
2.

43. Followings relevant to a drama played by a commerce society of a school

| | (Rs. '000') |
|--|--------------------|
| Income received by cash from selling tickets | 170 |
| Receivable income from tickets | 30 |
| Fee for the Troupe | 50 |
| Payable rent for the hall | 30 |
| Tickets printing expenses | 20 |

Calculate the surplus or deficit from above show

.....

44. State two differences between an income statement and receipt and payment account (cash A/C) of a not for profit motive organization.

1.
2.

45. State a similarity and a dissimilarity between Profit and loss statements of a profit motive organization and an income statement of a not for profit motive organization.

| | Profit and loss statement of a profit motive organization | Income statement of a not for profit motive organization |
|------------------|--|---|
| 1) Similarity | | |
| 2) Dissimilarity | | |

46. State two main characteristics should be there in a partnership business

1.
2.

47. State two instances that the profit and loss sharing ratio of a partner can be changed

1.
2.

48. State two differences between the partner's current account and partners capital accounts

| | Capital accounts | Current accounts |
|----|-------------------------|-------------------------|
| 1. | | |
| 2. | | |

49. Sumudu and Kumudu are the partners sharing profit or loss at 3:2 Pubudu was admitted for $\frac{1}{3}$ from the profit. compute the new profit and loss sharing ratio

.....

50. Write the term in the section no 42 of the partnership ordinance

.....
.....



Third 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. Anura, Binara and Chameera were carrying a partnership business. The terms of the agreement are given below

- Profits and losses are shared between Anura, Binara and Chameera in the ratio of 2:2:1
- Each partner is entitled to an annual salary of Rs. 240,000
- Partners are entitled to an interest of 10% per annum for the invested capital
- All transactions relating to partners should be done through their current accounts.

The trial balance as at 31/3/2018 is given below.

| Description | Dr. (Rs.'000') | Cr (Rs. '000') |
|---|----------------|----------------|
| PPE (at cost 1/4/2017) | 18,000 | |
| Trade receivables | 420 | |
| Stock as at (1/4/2017) | 150 | |
| Purchases | 6,800 | |
| Distribution expenses | 720 | |
| Administrative expenses | 1900 | |
| Drawings Anura | 60 | |
| Binara | 40 | |
| Chameera | 30 | |
| Cash | 1050 | |
| Petty cash | 10 | |
| Capital Accounts 1/4/2017 | | |
| Anura | | 5000 |
| Binara | | 4800 |
| Chameera | | 2500 |
| Sales | | 12000 |
| Current Accounts 1/4/2017 | | |
| Anura | | 200 |
| Binara | | 100 |
| Chameera | 50 | |
| PPE Accumulated depreciation (1/4/2017) | | 3000 |
| Provision for doubtful debts (1/4/2017) | | 30 |
| Loan provided by Anura (1/10/2017) | | 40 |
| Additional capital invested by Binara (1/10/2017) | | 100 |
| Trade payables | | 1100 |
| | 29,230 | 29,230 |

Additional information ,

- i. The cost of inventory as at 31/3/2018 was Rs. 300,000. On this date, the net realizable value of the inventory was estimated as Rs. 350,000
- ii. The invoice price of the goods sent on sale or return basis was Rs. 120,000. That stock has not been sold yet while the allowed date has not expired. The invoice price has been marked by adding a 20% profit margin on cost.
- iii. All PPE except land are depreciated on cost at 10% per annum on straight line method. Cost of the land is Rs. 8000000
- iv. A building belongs to Chameera is used for the partnership business as the warehouse from 1/10/2017. There is no any entry has been recorded regarding this.
- v. During the year Anura and Binara have obtained goods worth of Rs. 30,000 and Rs. 20,000 respectively as drawings. No any entry has been recorded for that.
- vi. Every partner has been settled 6 month salary by cash and paid salary has been recorded in administrative expenses.
- vii. Rs. 20,000 should be written off as bad debts and 10% should be provided for doubtful debts on the remaining balance of debtors.
- viii. The interest for the loans provided by the partners have not been accounted yet.

Required,

- 1) Income statement (Including appropriations to partners) for the year ending 31/3/2018
- 2) Partners capital and current accounts for the year ending 31/3/2018
- 3) The statement of financial position as at 31/3/2018

(20 marks)

02. Tikiri engage in curd retail and whole sale distributing business. Following accounts balances were there as at 1/06/2018

| | |
|------------------------------------|-------------------|
| 1/6/2018 Trade receivables | (Rs. 000) |
| Amal Traders | 120 |
| Bimal groceries | 100 |
| chamal Traders | 90 |
| 1/6/2018 Trade payables | (Rs. 000) |
| Nimal stores | 80 |
| Mali Traders | 70 |
| pathum Groceries | 65 |
| | (Rs.'000') |
| Cash balance as at 1/6/2017 | 480 |

Transactions in the month of June 2018 are given below.

| | |
|--------------------------------|---------|
| i. Cash purchases | 400,000 |
| ii. Cash sales | 900,000 |
| iii. Paid expenses | 140,000 |
| iv. Class fee for his son | 5000 |
| v. Invested additional capital | 200,000 |

vi. Information relates to credit sales are given below

| Customer | Transactions | | | |
|-----------------|----------------------------|-------------------------------|-----------------------------|-------------------------|
| | Credit sales (Rs.'000') | Return in word (Rs. '000') | Cash received (Rs.'000') | Discounts (Rs.'000') |
| Amal traders | 200 | 20 | 180 | 20 |
| Bimal Groceries | 150 | - | 108 | 12 |
| Chamal Traders | 140 | 40 | 135 | 15 |
| Demel Stores | 100 | - | 54 | 6 |

vii. Information relates to credit purchases

| Supplier | Transactions | | | |
|-----------------|-------------------------------|-----------------------------------|-------------------------|-------------------------|
| | Credit purchase (Rs.'000') | Return out ward (Rs. '000') | Paid cash (Rs.'000') | Discounts (Rs.'000') |
| Nimal stores | 150 | 10 | 190 | 10 |
| Mali Traders | 130 | 20 | 152 | 8 |
| Patum Groceries | 120 | - | 95 | 5 |

Business has registered for value added Tax (VAT). All above sales, Purchases, Return inward and return outward values have been given excluding VAT . The applicable VAT rate is 15%

Required,

- 1) Following prime entry books
 - i. Cash receipts journal
 - ii. Cash payments journal
 - iii. Sales and sales return journals
 - iv. Purchase and purchase return journals
- 2) Following accounts in general ledger
 - i. Cash control account
 - ii. Sales Account
 - iii. Purchase account
 - iv. Sales return account (Return inward)
 - v. Purchase return Account (Return outward)
 - vi. VAT control Account
 - vii. Debtors control account
 - viii. Creditors control account

(20 marks)

03. Wishwa Kumar commenced a computer and mobile phone repairing business on 1/4/2018. Some transactions of the business which took place during April 2018 have been recorded using the accounting equation as follows.

(Rs.'000')

| Date | PPE | Repair materials | Trade receivables | Cash | Trade payables | Bank loan and other loans | Equity |
|------|------|------------------|-------------------|------|----------------|---------------------------|--------|
| 4/1 | +500 | | | +100 | | | +600 |
| 4/2 | | +200 | | -60 | +140 | | |
| 4/5 | | | +50 | +20 | | | +70 |
| 4/8 | | | | +80 | | +80 | |
| 4/10 | | -20 | | | -20 | | |
| 4/12 | | -120 | | | | | -120 |
| 4/15 | | | | +150 | | | +150 |
| 4/18 | | | -30 | +27 | | | -3 |
| 4/20 | +100 | | | | | +100 | |
| 4/22 | | | | -15 | | | -15 |
| 4/25 | | | -5 | | | | -5 |
| 4/28 | | | | -10 | | -8 | -2 |
| 4/29 | | | | -72 | -80 | | +8 |
| 4/30 | -5 | | | | | | -5 |
| 4/30 | 595 | 60 | 15 | 220 | 40 | 172 | 678 |

Required,

- 1) Describe transactions from 1/4 -30/4 with values. (The owner has not withdrew or invested additional capital)
 - 2) Calculate the profit or loss for the month ending 30/4//2018
 - 3) Statement of financial position as at 30/4/2018 by categorizing assets and liabilities as current and non- current
- (15 marks)**

04. Siriyalatha makes doormats by using waste pieces of clothes. Some information for the year ending 31/3/2018 given below.

| Stocks | 31/3/2018 Rs. | 1/4/2017 Rs. |
|----------------|---------------|--------------|
| Raw material | 120,000 | 45,000 |
| WIP | 126,000 | 195,000 |
| Finished goods | ? | 100,000 |

| | |
|---|--------------|
| | (Rs.) |
| Raw material purchases | 873,000 |
| Carriage inward cost | 10,000 |
| Loading and unloading charge | 5000 |
| Return outward of raw material | 48,000 |
| Direct salary | 400,000 |
| EPF expense for the employees engage in manufacturing process | 60,000 |
| Rent and rates at factory | 36,000 |
| Sewing machine depreciation | 12,000 |
| Machinery repair | 4,000 |
| Production supervisor's salary | 120,000 |
| Factory electricity | 14,000 |
| Lubricants | 2000 |

Additional information,

- 30,000 door mats were produced withing the year. There were 2500 finished door mats as at 1/4/2017 and 31000 doormats including opening finished doormats have been sold within the period.
- There was no any entry has been recorded for payable EPF Rs. 18000 for supervisors salary.
- Door mats are sold by adding a 25% profit margin at cost.

Required,

- Manufacturing account for the year ending 31/3/2018 (cost sheet)
- Cost of a doormat
- Cost of finished goods as at 31/3/2018
- Calculate the gross profit by selling 1000 doormats.

(15 marks)

05. (a) A summary of the bank statement which was sent by the bank as at 31/5/2018 for Bandara's business is given below.

| Date | Description | Debit (Rs.) | Credit (Rs.) |
|------------|-------------------------------|-------------|--------------|
| 2018.05.01 | Balance | | 50,000 |
| | Cash deposits | | 180,000 |
| | Cheque deposits | | 425,000 |
| | Cheque paid | 520,000 | |
| | Interest for FD | | 40,000 |
| | Loan installment and interest | 32,000 | |
| | Cheque book charges | 2,000 | |
| | Standing order (Insurance) | 16,000 | |
| | | 570,000 | 695,000 |
| 2018.05.31 | Balance | | 125,000 |

Additional information,

- Details of the unrepresented cheques and unrealized deposits as at 1/5/2018 are given below.

| | Balance as at 1/5/2018 | Amount in the bank statement in the month of May 2018 |
|-----------------------|------------------------|---|
| Unrepresented cheques | 90,000 | 75,000 |
| Unrealized deposits | 120,000 | 65,000 |

- In addition to above, cheques issued to suppliers amounting Rs. 130,000 from the issued cheques by the business in the month of May 2018 have not been presented and cheques deposited in the bank amounting Rs. 215,000 have not been realized.
- Following have been recorded only in the bank statement
 - Interest for FD Rs. 40,000
 - Loan installment and interest 32,000
 - Insurance fee paid by a standing order 16,000

Required,

- Balance of the cash control account as at 1/5/2018
- Value of the unrepresented cheques and unrealized cheques as at 31/5/2018
- The balance of the adjusted cash control account as at 31/5/2018
- Bank reconciliation statement as at 31/5/2018

(10 marks)

- (b) The trial balance of Kalpa Traders as at 31/3/2018 did not tally. The difference was transferred to a suspense A/C. There was a profit for Rs. 640,000 in the draft financial statement prepared on that date. The subsequent investigation revealed the following errors and omissions.
1. A cash sale amounting Rs. 30,000 has been recorded in the sales journal as a credit sale.
 2. Purchased furniture worth of Rs. 120,000 on 1/1/2018 has been debited to purchase A/C. PPE are depreciated 20% on straight line method.
 3. The total of the discount column in the cash receipt journal amounting Rs. 7500 has been credited to discount received account as Rs. 5700
 4. The balance of the creditors control account for Rs. 225,000 has been recorded in the trial balance as Rs. 252,000.
 5. There is no any entry for written off bad debts amounting Rs. 8000.

Required,

- 1) Journal entries to rectify above errors
- 2) Calculate corrected net profit for the year ending 31/3/2018.
- 3) Suspense account

(05 marks)

(15 all marks)

06. Narilatha who conducts a retail business had not maintained proper books of accounts. Following information has not been provided for the year ending 31/3/2018

Assets and liabilities as at 31/3/2018 and as at 1/4/2017 are as follows.

| | 31/3/2018 (Rs.) | 1/4/2017 (Rs.) |
|-------------------------------|------------------------|-----------------------|
| PPE (carrying amount) | 1,500,000 | 900,000 |
| Stock | 130,000 | 125,000 |
| Trade receivables | 81,000 | 36,000 |
| Pre- paid electricity expense | 3000 | 2000 |
| Trade payables | 54,000 | 72,000 |
| Accrued rent | 4000 | - |
| Cash | ? | 68,000 |

Cash receipts and payments recorded by Narilatha as follows.

| | (Rs.) |
|----------------------------|--------------|
| Electricity expense | 12,000 |
| Received from debtors | 319,000 |
| Paid for creditors | 288,000 |
| Paid rent | 44,000 |
| Cash purchase of furniture | 640,000 |
| Obtained bank loan | 1,200,000 |
| Paid interest | 15,000 |
| Cash sales | 260,000 |
| Salaries | 24,000 |
| Drawings | 6000 |

All the purchases are only on credit basis and sales on cash and credit basis

Required,

- 1) Cash balance as at 31/3/2018
- 2) Income statement for the year ending 31/3/2018
- 3) Statement of financial position as at 31/3/2018

(15 marks)

07. A commerce society was established in a school of North Western Province by 50 old commerce student on 1/4/2017. Followings are relates for that society.
- i). Entrance fee per member is Rs. 2000 and it is recognized as an income in the received year. Monthly members subscription is Rs. 500. 20 new members were admitted on 1/10/2017
 - ii). 10 members have not settled their members subscription for 3 months while 15 members have settled their members subscription for two months in the next year.
 - iii). First annual general meeting was conducted on 31/3/2018 and following information is relavent for that.

| | (Rs.) |
|---|--------------|
| Printing expenses for the sournior | 20,000 |
| Payable printing expense for the sournior | 5000 |
| Refreshment expenses | 70,000 |
| Stage decoration expenses | 8,000 |
| Received cash from well wishers | 50,000 |
| Purchased stationaries | 4000 |

- iv). A laptop worth of Rs. 120,000 was purchased on 1/10/2018 and the useful life time of above was estimated as 4 years.
- v). A walk was organized to commence a Library found. Received amount from above walk is Rs. 800,000. The library was built up and completed on 31/3/2018 by using above fund
- vi). Closing stock of stationary is Rs. 1200
- vii). Rs. 100,000 was invested in a fixed deposit.

Required,

- 1) Cash account for the year ending 31/3/2018
- 2) Income statement for the year ending 31/3/2018
- 3) The accumulated fund of the commerce society as at 31/3/2018

(15 marks)

Third Term Test - 2018 - Answer Paper

Accounting - Grade 12

Part I

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

(Marks 120)

Part II

- 31 A) True (1) B) False (1) C) True (1) D) False (1)
- 32 A) Decrease (1) B) Not change (1)
C) Not change (1) D) Increase (1)

- 33 A - Increase by Rs 20,000 }
B - Increase by Rs 10,000 }
C - Increase by Rs 30,000 }

For all correct answers (04)
02 correct answers (03)
01 correct answer (01)

- 34 A Journal Voucher (1)
B Invoice (1)
C Receipt (1)
D Debit note (1)

35) a) Rs 135,000 (02) b) Rs 170,000 (02)

36) 1) Deposited but not realized cheques (02)
2) Issued but not presented cheques (02)
3) Errors by the bank (2 marks for each correct item)

37) Rs 700,000 (04)

38) a) Debtors' control Alc Dr 18000 }
Sales Alc cr 18000 } (02)
b) Decrease by Rs 18000

39) A - Realization (01) B Going concern (01)
C - Substance overform (01) D Entity (01)

40) Rs 600,000 (04)

41) A - Non manufacturing (01) B Manufacturing (01)
C) Non manufacturing (01) D Non-manufacturing (01)

42) 1) Prime cost (02) 2) Manufacturing OH (02)

43) Rs 100,000 (Surplus) (04)

44) Give 02 marks for each correct answer

45)

| | Profit or loss statement of a profit motive organization | Income statement of a not for profit motive organization |
|-----------------|--|--|
| ↳ Similarly | on accrual basis | on accrual basis (02) |
| ↳ Dissimilarity | calculate profit or loss | calculate surplus or deficit (02) |

- (46)
- 1) Having two or more persons
 - 2) Having a business activity
 - 3) Objective of earning profit
 - 4) Having a common agreement.

$$(2 \times 2 = 4)$$

- (47)
- 1) Admitting a new partner (02)
 - 2) Retiring, bankrupting of an (02) existing partner

| (48) Capital A/c | Current A/c |
|------------------------------------|--|
| 1) Shows the fixed equity | Shows short term / variable equity |
| 2) Normally shows a credit balance | Can have a credit balance or a debit balance |
| 3) Usually there are fixed balance | Balance are undergoing changes |

$$2 \times 2 = 4$$

(49) Between Sumudu, Kumudu and Pubudu respectively is 6 : 4 : 05

(4)

(50) If the amount should be settled to a retiring partner is not settled by cash and if it is transferred to a loan A/c an annual interest of 5% should be settled.

(01)

| | | |
|---------|---|------------|
| 1 - 30 | = | 120 |
| 31 - 50 | = | 80 |
| Total | | <u>200</u> |

Part - II

Anura, Binara and Chameera Partnership ①
Income statement for the year ending 31/3/2018

| | Rs 000 | Rs 000 |
|-----------------------------------|---------|----------|
| Sales | | 12 000 ① |
| <u>Cost of Sales</u> | | |
| Opening stock | 150 ① | |
| Purchases | 6800 ① | |
| Drawings | (50) ① | |
| | 6900 | |
| Closing stock | (400) ② | (6 500) |
| Gross profit | | ① 5 500 |
| Expenses :- | | |
| Loan interest | 10 | ① |
| Depreciation for PPE | 1000 | ① |
| Rent | 60 | ② |
| Doubtful debts | 10 | ① |
| Administrative expenses | 1540 | ② |
| Bad debts | 20 | *① |
| Distribution expenses | 720 | (3 360) |
| Net profit | | 2 140 |
| Interest on capital - Anura | 500 | |
| Binara | 485 | |
| Chameera | 250 | (1 235) |
| Salaries for the partners - Anura | 240 | |
| Binara | 240 | |
| Chameera | 240 | (720) |
| Share of profit - Anura | 74 | |
| Binara | 74 | |
| Chameera | 37 | (185) |

Partner's Capital Accounts (Rs 000)

| | Anura | Binara | Chameera | | Anura | Binara | Chameera |
|-------|-------|--------|----------|-------|-------|--------|----------|
| | | | | B/B/f | 5000 | 4800 | 2500 |
| B/c/d | 5000 | 4900 | 2500 | Cash | - | 100 | - |
| | | (01) | | | | | |
| | | | | B/B/f | 5000 | 4900 | 2500 |

(009 marks)

Partner's Current Accounts (Rs 000)

| | Anura | Binara | Chameera | | Anura | Binara | Chameera |
|------------------|-------|---------|----------|--------------------------|-------|--------|----------|
| B/B/f | | (01) | 50 | B/B/f | 200 | 100 | - |
| Drawings | 60 | 40 | 30 | Rent | - | - | 60(01) |
| Drawings (goods) | 30 | 20 | - | Salaries (01) | 240 | 240 | 240 |
| Paid salaries | 120 | 120 | 120 | Loan interest (01) | 10 | | |
| B/c/d | 814 | 719(01) | 387 | interest on capital (01) | 500 | 485 | 250 |
| | | (01) | | Share of profit (01) | 74 | 74 | 37 |
| | 1024 | 899 | 587 | | 1024 | 899 | 587 |
| | | | | B/B/f | 851 | 719 | 387 |

(11 marks)

Anura, Binara and Chameera Partnership (01)

Statement of financial position as at 31/3/2018 (Rs 000)

| Non Current Assets | Cost | Accumulated Depreciation | Carrying Amount |
|--------------------------------|-------|--------------------------|-----------------|
| PPE | 18000 | (01) 4000 | (01) 14000 |
| | 18000 | 4000 | 14000 |
| <u>Current Assets</u> | | 400(02) | |
| Stock | | | |
| Trade receivables | 400 | | |
| - Provision for doubtful debts | (40) | 360(02) | |
| Cash | | 10502(01) | |
| Petty cash | | 101 | 1820 |
| | | | 15820 |

| <u>Capital Accounts</u> | | | |
|--------------------------------|------|------|--------------|
| Anura | | 5000 | |
| Binara | | 4900 | |
| Chameera | (01) | 2500 | 12400 |
| <u>Current Accounts</u> | | | |
| Anura | | 814 | |
| Binara | (01) | 719 | |
| Chameera | | 387 | 1920 |
| <u>Non-current liabilities</u> | | | |
| Loan Account - Anura | | | 400 (01) |
| <u>Current liabilities</u> | | | |
| Trade Payables | | | 1100 (01) |
| | | | <u>15820</u> |

(11 marks)

$$\textcircled{1} \frac{18}{18} + \frac{02}{02} + \frac{09}{09} + \frac{11}{11} = \frac{40}{40}$$

(2)

Cash receipts Journal (Rs 000)

| Date | Description | Discount | Cash | Analysis of receipts | | | |
|------|-----------------|----------|------|----------------------|--------------|------------|-------|
| | | | | Cash sales | From debtors | Income | Other |
| | Sales | | 900 | 900 | | | |
| | Capital | | 200 | | | (01) ← 200 | |
| | Anil Traders | 20 | 180 | | 180 | | |
| | Bimal Groceries | 12 | 108 | (02) | 108 | | |
| | Chamal Traders | 15 | 135 | | 135 | (02) | |
| | Demel Stores | 6 | 54 | | 54 | | |
| | | 53 | 1577 | 900 | 477 | - | 200 |

(7 marks)

Cash Payments journal (Rs 000)

| Date | Description | Discount | Cash | Analysis of Payments | | | |
|------|-------------|----------|------|----------------------|----------------------|------------|----------|
| | | | | Cash Purchase | Payments to creditor | Expenses | Other |
| | Purchases | | 400 | 400 | | | |
| | Expenses | | 140 | | | (01) ← 140 | |
| | Drawings | | 5 | | | | (01) ← 5 |
| | Nimal | 10 | 190 | (02) | 190 | | |
| | Mali | 08 | 152 | | 152 | | |
| | Pethum | 05 | 95 | | 95 | (01) | |
| | | 23 | 982 | 400 | 437 | 140 | 5 |

(6 marks)

③ (1)

- 1/4 Owner invested Rs 100000 cash and PPE worth Rs 500000 as initial capital (02)
- 2/4 Purchased repair materials worth of Rs 60000 on cash basis and Rs 140000 on credit basis (02)
- 5/4 Provided a service for Rs 50000 on credit basis and Rs 20000 on cash basis (02)
- 8/4 Obtained a bank loan of Rs 80000 (01)
- 10/4 Returned some repair materials worth of Rs 20000 to suppliers (02)
- 12/4 Used repair materials worth of Rs 120000 (02)
- 15/4 Received Rs 150000 from providing services (01)
- 18/4 Received Rs 27000 from debtors. Discount received is Rs 3000 (02)
- 20/4 Purchased PPE worth of Rs 100000 on credit basis (01)
- 22/4 Paid expense for expenses Rs 15000 (01)
- 25/4 Write-off Rs 5000 as bad debts (02)
- 28/4 Paid Rs 8000 for loan instalment and Rs 2000 interest (02)
- 29/4 Paid Rs ~~72000~~ for creditors and discount received is Rs 8000 (02)
- 30/4 Depreciate PPE Rs 5000 (01)

(23 marks)

$$\begin{aligned}
 (2) \text{ Profit or Loss} &= \text{Closing net assets} - \text{Opening net assets} - \text{Additional capital} \\
 &= 678000^{(02)} - 600000^{(02)} \\
 &= \text{Rs } 78000
 \end{aligned}$$

(4 marks)

3) Statement of financial position (Rs 000)

| | | |
|--------------------------------|------------|------------|
| <u>Non current Assets</u> | | |
| PPE | | *595 |
| <u>Current Assets</u> | | |
| Repair materials | *60 | |
| Trade receivables | *15 | |
| Cash | *220 | 295 |
| | | <u>890</u> |
| Capital | *600 | |
| + Net profit | *78 | 678 |
| <u>Non current Liabilities</u> | | |
| Bank and other loans | <u>172</u> | *172 |
| <u>Current liabilities</u> | | |
| Trade Payables | <u>40</u> | *40 |
| | | <u>890</u> |

one mark for each correct item
maximum 03

Sales journal

(RS 000)

| Date | S no | Customer | Amount | VAT | Total Amount | L/f |
|------|------|-----------------------|--------|------|--------------|--------|
| | | Amal Traders | 200 | 30 | 230 | } (01) |
| | | Binoal Groceries | 150 | 22.5 | 172.5 | |
| | | Chamal Traders | 140 | 21 | 161 | |
| | | Demel Stores | 100 | 15 | 115 | |
| | | Transferred to G/L | 590 | 88.5 | 678.5 | |

20/6/18

(3 marks)

Return Inward journal (RS 000)

| Date | credit note | Customer | Amount | VAT | Total Amount | L/f |
|------|-------------|-----------------------|--------|-----|--------------|--------|
| | | Amal Traders | 20 | 3 | 23 | } (01) |
| | | Chamal Traders | 40 | 6 | 46 | |
| | | Transferred to G/L | 60 | 9 | 69 | |

20/6/18

(2 marks)

Purchase journal (RS 000)

| Date | In no | Suppliers | Amount | VAT | Total Amount | L/f |
|------|-------|-----------------------|--------|------|--------------|--------|
| | | Ninoal Traders | 150 | 22.5 | 172.5 | } (01) |
| | | Mali Traders | 130 | 19.5 | 149.5 | |
| | | Pethum Groceries | 120 | 18 | 138 | |
| | | Transferred to G/L | 400 | 60 | 460 | |

20/6/18

(2 marks)

Return Outward journal (RS 000)

| Date | debit note | Supplier | Amount | VAT | Total Amount | L/f |
|------|------------|-----------------------|--------|-----|--------------|--------|
| | | Ninoal stores | 10 | 1.5 | 11.5 | } (01) |
| | | Mali Traders | 20 | 3.3 | 23 | |
| | | Transferred to G/L | 30 | 4.5 | 34.5 | |

20/6

(2 marks)

Cash Control Account (Rs 000)

| | | | |
|-----------------|-----|-------------------|-----|
| 1/6/2018 B/B/f | 480 | Purchases | 400 |
| Capital A/c | 200 | Creditors control | 437 |
| Sales | 900 | Drawings | 5 |
| Debtors control | 477 | Expenses | 140 |

2057 (one mark for two items) 2057 (4 marks)

Sales A/c (Rs 000)

Return inward A/c (Rs 000)

| | | | |
|-----------------|---------------------|----------|--------------------|
| Debtors control | 590 ⁽⁰¹⁾ | Deb. con | 60 ⁽⁰¹⁾ |
| Cash | 900 ⁽⁰¹⁾ | | |

Purchase A/c (Rs 000)

Return outward A/c (Rs 000)

| | | | | |
|-----------------|---------------------|--|-------------------|--------------------|
| Credit. control | 400 ⁽⁰¹⁾ | | Creditors control | 30 ⁽⁰¹⁾ |
| Cash | 400 ⁽⁰¹⁾ | | | |
| B/C/D | 24 | | | 93 |

VAT control A/c (Rs 000)

| | | | | |
|-------------------|----|-----------------|------|--|
| Debtors control | 9 | Debtors control | 88.5 | (one mark for two items) maximum 2 marks |
| Creditors control | 60 | credi. cont. | 45 | |

Debtors control A/c (Rs 000)

| | | | |
|----------------|--------------|------------------|--------------|
| 1/6/2018 B/B/f | 310 | Return inward | 60 |
| Sales | 590 | VAT | 9 |
| VAT | 88.5 | Discount allowed | 53 |
| | | Cash | 477 |
| | | B/c/d | 389.5 |
| | <u>988.5</u> | | <u>988.5</u> |

(one mark for two items including balances) maximum 3

Creditors Control A/c (Rs 000)

| | | | |
|----------------|------------|--------------|------------|
| Return outward | 30 | 1/6/18 B/B/f | 215 |
| VAT | 4.5 | Purchases | 400 |
| Discount recv. | 23 | VAT | 60 |
| Cash | 437 | | |
| B/C/D | 182.5 | | |
| | <u>675</u> | | <u>675</u> |

(One mark for two items maximum 03)

(22 + 18 = 40)

④ Manufacturing Account.

| | | | |
|--|---------|----------|------|
| 1) Opening stock of raw material | | 45000 | (01) |
| Purchase of raw material | 873000 | | (01) |
| + Carriage inward cost | 10000 | | |
| loading and unloading charge | 5000 | | |
| | 888000 | | |
| Return outward | (48000) | 840000 | (01) |
| | | 885000 | |
| closing stock of raw material | | (120000) | (02) |
| Cost of raw materials consumed | | 765000 | |
| Direct wages (40000 + 60000) | | 460000 | (03) |
| Prime cost | | 1225000 | (01) |
| <u>Manufacturing overheads</u> | | | |
| Factory rent and rates | 36000 | | (01) |
| Depreciation on machinery | 12000 | | (01) |
| Machinery repair | 4000 | | (01) |
| Production supervisor's salary (120000 + 18000) | 138000 | | (03) |
| factory electricity | 14000 | | (01) |
| Lubricants | 2000 | 206000 | (01) |
| | | 1431000 | |
| Opening WIP | | 195000 | (01) |
| | | 1626000 | |
| closing WIP | | (126000) | (01) |
| Total production cost | | 1500000 | (01) |

2) Cost of a doormat = $\frac{1500000}{30000} = \text{Rs } 50$ (04)

3) value of the closing stock = $\text{Rs } 175000$ (04) $\left[\begin{array}{l} 30000 + 2500 - 3000 \\ 1500 \times 50 = 75000 \end{array} \right]$

4) Profit from selling 100 doormats = $\text{Rs } 1250$ (02)

$100 \times 50 = 5000$
 $100 \times 62.50 = 6250$

SchoolMATE Profit = $6250 - 5000 = 1250$

④ $\frac{20}{20} + \frac{04}{04} + \frac{04}{04} + \frac{02}{02} = 30$

(5)

1) Balance of the cash control account as at 1/5/2018 -
Rs 80 000 (03)

workings

Balance of the bank statement as at 1/5 = 50 000 (01)
+ Unrealized deposits = 120 000 (01)

170 000

- Unpresented cheques = (90 000) (01)

Balance of the cash control A/c as at 1/5/18 80 000

2) Unrealized deposits as at 31/5/2018 = Rs 270 000 (02)
(55 000 + 215 000 = 270 000)

Unpresented cheques as at 31/5/2018 = Rs 145 000 (02)
(15 000 + 30 000 = 145 000)

3) Balance of the adjusted cash control A/c
for the month of May = Rs 250 000. (02)

4) Bank reconciliation statement

| | |
|--|-----------------------|
| Balance as per adjusted cash control A/c | 250 000 (01) |
| + Issued but not presented cheque | <u>145 000</u> (01) |
| | 395 000 |
| - Deposited but not realized cheques | <u>(270 000)</u> (01) |
| Balance as per bank statement. | <u>125 000</u> |

* Allote mark if
bank reconciliation statement have been prepared
from bank statement.

TE

(12 marks)

5. (b)

General Journal

Rs

1) i) Cash control Account Dr 30000
 Debtors control A/c 30000
 (Rectifying being correction of recording cash sales as credit sales)

2) i) Furniture Account Dr 120000
 Purchase Account / Profit and loss A/c 120000
 (Being correction of recording credit purchase of furniture to Purchase A/c)

ii) Furniture depreciation A/c / Dr 6000
 Profit and loss A/c- Accumulated depreciation of furniture 6000
 (Recording Annual depreciation)

3) Discount allowed account / Profit and loss A/c - Dr 7500
 ← Discount received / Profit and loss A/c 5700
 Suspense Account 13200
 (Being correction of recording allowed discounts in discount received A/c)

4) Suspense Account 27000
 (Being correction of not recording the balance of creditors control A/c to the trial balance)

5) Bad debts / Profit and loss A/c - Dr 8000
 Debtors control A/c 8000
 (Recording bad debts)

2) corrected net profit - Rs 732800⁽⁰⁵⁾
 workings
 (640000 + 120000 - 6000 - 13200 - 8000)
 732800⁽⁰¹⁾

SchoolMATE

3) Suspense A/c
 B/B 40200
 Discounts 13200
 Error in creditors control A/c 27000
 40200

Can be prepared as a statement

6

Cash balance as at 31/3/2018 = Rs 818000

workings

| Cash Account (Rs 1000) | |
|------------------------|-------------|
| B/B 1f | 68 |
| Debtors control | 319 |
| Bank loan | 1200 |
| Sales | 260 |
| | <u>1847</u> |
| electricity | 12 |
| Creditors control | 288 |
| Rent | 44 |
| Furniture | 640 |
| interest | 15 |
| Salaries | 24 |
| Drawings | 6 |
| B/c/d | 818 |
| | <u>1847</u> |

(one mark for each correct items including balances) (6 marks)

Income statement (Rs000) statement of financial position

| | | | |
|-------------------|-----------------|-----------------------|-------------|
| Sales | 624 | non-current assets | |
| cost of sales | (03) | PPE | 1500 |
| Opening stock | 125* | current assets | |
| Purchases | 270 (02) | stock | 130 (01) |
| | 395 | Trade receivables | 81 (01) |
| Closing stock | (130) * (265) | Pre-paid electric | 3 (01) |
| Gross profit | (01) 359 | Cash | 818 1032 |
| | | | <u>2532</u> |
| <u>Expenses</u> | | capital | 1059 (03) |
| Rent | 48 (02) | Net profit (01) | 221 |
| interests | 15* | | 1280 (01) |
| furniture depreci | 40 (02) | Drawings | (6) 1274 |
| salaries | 24* | | |
| electricity | 11 (02) (138) | non-current liability | |
| Net profit | (01) <u>221</u> | Bank loan | 1200 |
| | | current liability | |
| | | Trade payable | 54* |
| | | Payable rent | 4* 58 |

(6) $\frac{66}{15} + \frac{15}{09} = 30$

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(* 01 mark for two items) (9 marks) 2532

Workings

| Debtors control A/c (Rs 000) | | | Creditors control A/c (Rs 000) | | |
|------------------------------|------------|-------|--------------------------------|------------|------------|
| Balance | 36 | Cash | 319 | Cash | 288 |
| * Sales | 364 | B/c/d | 81 | B/c/d | 54 |
| | <u>400</u> | | <u>400</u> | | <u>342</u> |
| | | | | B/B/f | 72 |
| | | | | * Purchase | 270 |
| | | | | | <u>342</u> |

| Electricity expense | | | Rent A/c (Rs 000) | | |
|---------------------|-----------|-------|-------------------|---------------|-----------|
| Balance | 2 | * P&L | 11 | Cash | 44 |
| Cash | 12 | B/c/d | 3 | * P&L | 48 |
| | <u>14</u> | | <u>14</u> | Balance | 4 |
| | | | | for 02 items. | <u>48</u> |

Capital as at 1/4/2017

| | | | |
|----------------|-------------|----------------------|-------------|
| Capital | 1059 | PPE | 900 |
| Trade payables | 72 | stock | 125 |
| | | Trade receivables | 36 |
| | | Pre-paid electricity | 2 |
| | | Cash | 68 |
| | <u>1131</u> | | <u>1131</u> |

(or mark for two items)
maximum 03

Sales = 260 + 364 = 624

(7)

| Cash | Account | (Rs 000) |
|--------------------|-------------|---------------------------------|
| Entrance fee | 140 | Convenience printing expense 20 |
| Members fee | 360 | Refreshment expense 70 |
| Donations | 50 | expense for decorations 8 |
| Receipts from walk | 800 | stationery 4 |
| | | computer 120 |
| | | fixed Building 800 |
| | | Fixed deposits 100 |
| | | B/cfd 228 |
| | <u>1350</u> | <u>1350</u> |

(13 marks)

| Income Statement | | (Rs 000) |
|------------------------------|------|--------------|
| <u>Income</u> | | |
| Entrance fee | | 140 |
| Members fee | | 360 |
| Donations | | 50 |
| | | <u>550</u> |
| <u>Expenses</u> | | |
| Convenience printing expense | 25 | |
| Refreshment | 70 | |
| Decorations | 8 | |
| Stationery | 2.8 | |
| Depreciation of computer | 15 | (120.8) |
| Surplus | (01) | <u>429.2</u> |

(13 marks)

3) Accumulated fund as at 31/3/18 = Rs
(04) 429.200

(7) $\frac{13}{13} + \frac{13}{13} + \frac{04}{04}$ SchoolMATE 30