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33 E I

**First Term Test - Grade 13 - 2019**

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      |       |
| <b>Total</b> |       |

01. Which of the following statement/statments is / are correct in relation to the general purpose financial statement.
- A - Provides information to the all stake holders to make decisions.
  - B - Provides historical information.
  - C - Prepared according to the standards and other legal requirement.
1. Only A    2. A and B Only    3. A and C Only    4. B and C Only    5. A,B and C    (.....)
02. Imposition of carbon tax on vehicle by the government is related to the,
- 1. Economical & Political Environment.
  - 2. Socio cultural Environment.
  - 3. Legal Environment.
  - 4. Technical and professional Environment.
  - 5. Technological Environment.    (.....)
03. Following information which is related to the year ended 31/3/2019 is taken from the books of Janahitha traders.
- |                                       |                  |
|---------------------------------------|------------------|
|                                       | <b>(Rs. 000)</b> |
| Increase of liability during the year | 850              |
| Additional capital contribution       | 275              |
| Drawings                              | 25               |
| Loss for the year                     | (100)            |
- According to the above information what is the increase of assets during the year.
1. Rs. 950,000    2. Rs. 1,000,00    3. Rs. 1,025,000    4. Rs. 1,050,000    5. Rs. 1,250,000 (.....)
04. Two transactions occurred in Sumudu traders during March 2019 are given below.
- Paid loan instalment of Rs. 50 000 from the personal fund of the owner. It included an interest of Rs.5000.
  - Issuing a new cheque of Rs.10000 for the settlement of dishonored cheque issued to pay electricity expense. Dishonor of cheque had been correctly accounted.

Which one shows the net impact of above transaction to the accounting equation.

|    | (Assets) | = | Equity  | + Liabilities |         |
|----|----------|---|---------|---------------|---------|
| 1. | -10,000  |   | 5,000   | -15,000       |         |
| 2. | -10,000  |   | 35,000  | -45,000       |         |
| 3. | -10,000  |   | 45,000  | -55,000       |         |
| 4. | -15,000  |   | 45,000  | -60,000       |         |
| 5  | -60,000  |   | -15,000 | -45,000       | (.....) |

05. Statements given below are the ideas of three students regarding accounting process.

- A - Transactions are recorded in the prime entry books and then posted to the ledger accounts.
- B - It assures the accuracy of accounting process, by being trial balance is equal.
- C - Credit sales of all assets are recorded in the sales journal.

Which of the above statement / Statements is /are correct.

1. Only A   2. A & B only   3. A & C only   4. B & C only   5. All A, B & C   (.....)

• **Use following information when answering questions no 6 and 7.**

Transactions occurred in Susills business are given below.

- 01/04/2019 Goods in which cost of Rs. 100 000 was sold to piyal by keeping profit margin of 20% at selling price.
- 5/04/2019 return inwards made by Piyal Rs. 25 000
- 06/04/2019, Piyal settled his due amount after deducting Rs. 5 000 as discount.

06. Select the answer respectively shows the source documents and prime entry books used to record above transactions.

|    | Source documents               | Prince entry books   |         |
|----|--------------------------------|--|---------|
| 1. | Invoice, Debit note, Receipts  | Sales journal, Return inward journal, Cash receipts journal  |         |
| 2. | Invoice, Debit note, Receipts  | Sales journal , Cash receipts journal, Return inward journal |         |
| 3. | Invoice, Receipts, Debit note  | Sales journal , Return inward journal, Cash receipts journal |         |
| 4. | Invoice, Credit note, Receipts | Sales journal , Cash receipts journal, Return inward journal |         |
| 5  | Invoice, Credit note, Receipts | Sales journal , Return inward journal, Cash receipts journal | (.....) |

07. Net increase of total assets of Susil business due to above transactions is,

1. Rs. 10,000   2. Rs. 15,200   3. Rs.70,000   4. Rs. 75,000   5. Rs. 80,000   (.....)

08. Bank overdraft of Radha traders as at 31/03/2019 was Rs. 25 000, but it was not equal to the balance of the bank statement. Following reasons for the difference were detected later.

- Cheque issued to pay advertising expense of Rs. 12 000 had been recorded in the cash (Bank) payment journal as Rs. 21 000.
- Dishonor of cheque received from Piyal for Rs. 14 000, had not been recorded in the cash control account.
- Cheque issued to Anura Rs. 20 000 had not been presented for the payment.
- Insurance expense of Rs. 10 000 paid on standing order had not been recorded in the cash control account.

Balance appeared in the Bank statement is,

- |                                   |                           |
|-----------------------------------|---------------------------|
| 1. Favorable balance of Rs.8 000  | 2. Overdraft of Rs.10 000 |
| 3. Overdraft of Rs.20 000         | 4. Overdraft of Rs.30 000 |
| 5. Favorable balance of Rs.28 000 | (.....)                   |

09. Total of Petty Cash payment of June and July was Rs. 10 400. On 1<sup>st</sup> July petty cash impress, was increased by 1 000 and reimbursed Rs.5600 on that date. Petty cash imprest before increasing was Rs.5000. Cash at hand at the petty cashier at the end of July is,
1. Rs.200                      2. Rs. 600                      3. Rs. 1000                      4. Rs. 4600                      5. Rs. 5800                      (.....)

• **Use following information when answering questions no 10 and 11.**

Trial balance of Lakshitha business prepared as at 31/03/2019 was not agreed. Trade receivable control account balance appeared in the trial balance was Rs. 50, 000. Profit for the period as per the drafted financial statement was Rs. 124 500. Later following errors and omissions were discovered.

1. Total of sales journal Rs. 32 000 has been debited to the trade receivable control account as Rs. 23 000.
2. Discount allowed Rs. 5 000 has been recorded in the cash receipts journal as Rs. 500.
3. Return inwards of Rs. 10 000 has not been posted in the return inward account.
4. Debtor balance of Rs. 3 000 has not been extracted to the trial balance.
10. Select the answer which shows the suspense account balance recorded in the trial balance and the correct profit for the period.
1. Rs. 9,000 (Dr) Rs. 98,000    2. Rs. 9,000 (Cr) Rs. 10,1000
3. Rs. 10,000 (Dr) Rs. 114,500    4. Rs.19,000 (Dr) Rs. 110,000
5. Rs. 19,000 (Cr) Rs. 120,000    (.....)
11. Select the answer respectively shows trade receivable account balance to be shown in the statement of financial position and total of list of trade receivables.
1. Rs. 54 500, Rs. 42 500    2. Rs. 54 500, Rs. 56 000
3. Rs. 59 000, Rs. 53 000    4. Rs. 59 000, Rs. 61 000
5. Rs. 19 000, Rs. 63 000    (.....)
12. Which one of the following accounting concept relevant to record received sales advance of Rs. 5 000 for an order worth Rs. 50 000.
1. Accrual Concept    2. Prudence Concept    3. Realization Concept
4. Matching Concept    5. Money Measurement Concept    (.....)

• **Following information is related to the manufacturing company for the month of March 2019.**

|  |                  |
|--|------------------|
|  | <b>(Rs. 000)</b> |
| Purchase of Material                                 | 825              |
| Direct labour cost                                   | 500              |
| Supervisor Salary                                    | 200              |
| Depreciation of machine                              | 75               |
| Packing material      Direct material                | 25               |
| Indirect material                                    | 15               |
| Chang in stocks      Decrease in raw material stocks | 50               |
| Increase in work in progress stocks                  | 10               |

13. Cost of material consumed and the prime cost for the period respectively were, (Rs. 000)
1. Rs.850 and Rs.1,350                      2. Rs 900 and Rs.1,400                      3. Rs.915 and Rs.1,415
4. Rs.1,050 and Rs.1,550                      5. Rs.1,100 and Rs.1,600                      (.....)

14. Production overhead cost and production cost of finished goods for the period respectively were, (Rs. 000)
- |                         |                         |                         |
|-------------------------|-------------------------|-------------------------|
| 1. Rs.280 and Rs.1,630  | 2. Rs.280 and Rs.1,680  | 3. Rs.290 and Rs. 1,680 |
| 4. Rs. 300 and Rs.1,680 | 5. Rs. 325 and Rs.1,750 | (.....)                 |
15. Following information is related to the business which is not maintaining proper records. During the year part of the stocks were destroyed.
- (Rs. 000)
- |   |     |
|---|-----|
| Sales                                       | 600 |
| Purchases                                   | 540 |
| Stocks 01/14/2018                           | 40  |
| 31/03/2019                                  | 30  |
| Drawings ( $\frac{1}{3}$ was cash drawings) | 30  |
- Gross profit margin 20% on cost.
- Cost of goods destroyed.
- |               |               |              |              |              |         |
|---------------|---------------|--------------|--------------|--------------|---------|
| 1. Rs. 10,000 | 2. Rs. 20,000 | 3. Rs.30,000 | 4. Rs.40,000 | 5. Rs.50,000 | (.....) |
|---------------|---------------|--------------|--------------|--------------|---------|
16. Which of the following are considered as special characteristics of assets according to the framework for financial reporting.
- |                                   |  |
|-----------------------------------|--|
| A - Being tangible or intangible. | B - Being a result of Past transactions. |
| C - Control by the business.      | C - Being current economic resource.     |
- Select correct statement / Statements from the above,
- |           |            |          |
|-----------|------------|----------|
| 1. A,B, C | 2. A,B,D   | 3. A,C,D |
| 4. B,C, D | 5. A,B,C,D | (.....)  |
17. Which one of the following is prepared to measure the financial performance of a business.
- |                                     |                                   |                                    |
|-------------------------------------|-----------------------------------|------------------------------------|
| 1. Cash flow statement.             | 2. Income statement               | 3. Statement of changes in equity. |
| 4. Statement of financial position. | 5. Accounting policies and notes. | (.....)                            |
18. Following information is related to the members subscription of a sports club for the year ended 31/03/2019.
- |   |         |
|---|---------|
|   | (₹.)    |
| Subscription received for - 2017/18       | 18,000  |
| - 2018/19                                 | 146,000 |
| - 2019/20                                 | 40,000  |
| Subscription in arrears on at 31/03/18    | 20,000  |
| Subscription received in advance 31/03/18 | 30,000  |
| Subscription receivable as at 31/03/19    | 24,000  |
- Subscription income for the year ended 31/03/2019 is,
- |                |                |                |                |                |         |
|----------------|----------------|----------------|----------------|----------------|---------|
| 1. Rs. 178,000 | 2. Rs. 180,000 | 3. Rs. 198,000 | 4. Rs. 200,000 | 5. Rs. 228,000 | (.....) |
|----------------|----------------|----------------|----------------|----------------|---------|
19. Following are the some items of not for profit organization.
- |   |
|---|
| A - Building fund.                          |
| B - Balance of life membership fee account. |
| C - Subscription receivable.                |
- Item / Items should be shown in the statement of Financial position as an as is / are,
- |               |               |             |
|---------------|---------------|-------------|
| 1. Only A     | 2. A & B only | 3. A, B & C |
| 4. B & C only | 5. Only C     | (.....)     |

- Use following information when answering questions no 20, 21 and 22.

Following clauses are included in the partnership conducted by Amal, Wimal and Chamal.

- Share profit and loss at the ratio of 3:2:1 among Amal, Wimal and Chamal.
- Paying 10% interest on Fixed capital balance.
- Paying monthly salary of Rs. 10000 to Amal and Wimal.

On 21/03/2019 Wimal retired from the partnership. when wimal retires, goodwill was valued at Rs. 60 000 and agreed to adjust through the capital account of the partners. Further they agreed to transfer the payable amount to Wimal to a 10% Loan account.

- Partners have taken six month salary and their drawings were as give below.

**Amal Rs. 20 000                      Wimal Rs. 15 000                      Chamal Rs. 10 000**

- Profit share appropriated to partners are given below.

**Amal Rs. 90 000                      Wimal Rs. 60 000                      Chamal Rs. 30 000**

- Capital and current account balances.

|  | Amal (Rs.) | Bimal (Rs.) | Chmal (Rs.) |
|--|------------|-------------|-------------|
| Capital Account balance after adjusting goodwill | 494,000    | 296,000     | 160,000     |
| Current account balance as at 31/03/2019.        | 280,000    | 185,000     | 60,000      |

20. Select the answer correctly shows the capital account balance at the beginning of the period.

|    | Amal    |    | Bimal   |    | Chmal   |    |         |
|----|---------|----|---------|----|---------|----|---------|
| 1. | 458,000 | Cr | 272,000 | Cr | 160,000 | Cr |         |
| 2. | 464,000 | Cr | 276,000 | Cr | 150,000 | Cr |         |
| 3. | 488,000 | Cr | 292,000 | Cr | 150,000 | Cr |         |
| 4. | 500,000 | Cr | 300,000 | Cr | 150,000 | Cr |         |
| 5. | 530,000 | Cr | 320,000 | Cr | 160,000 | Cr | (.....) |

21. Select the answer which shows the opening current account balance correctly.

|    | Amal (Rs. 000) |    | Bimal (Rs. 000) |    | Chmal (Rs. 000) |    |         |
|----|----------------|----|-----------------|----|-----------------|----|---------|
| 1. | 20,000         | Cr | 25,000          | Dr | 15,000          | Cr |         |
| 2. | 40,000         | Cr | 10,000          | Dr | 25,000          | Cr |         |
| 3. | 80,000         | Cr | 35,000          | Cr | 15,000          | Cr |         |
| 4. | 97,000         | Cr | 48,000          | Cr | 24,000          | Cr |         |
| 5. | 100,000        | Cr | 50,000          | Cr | 25,000          | Cr | (.....) |

22. Profit earned during the year ended 31/03/2019 and amount transferred to the loan account of chamal respectively are,

|    | Net profit (Rs.) | Amount transferred<br>to loan A/C (Rs.) |         |
|----|------------------|---|---------|
| 1. | 395,000          | 160,000                                 |         |
| 2. | 515,000          | 160,000                                 |         |
| 3. | 515,000          | 220,000                                 |         |
| 4. | 630,000          | 220,000                                 |         |
| 5. | 675,000          | 220,000                                 | (.....) |

23. Which one of the following is not considered as enhancing characteristic of accounting information as per framework for financial reporting,
- |                  |                  |                       |
|------------------|------------------|-----------------------|
| 1. Comparability | 2. verifiability | 3. Understandability. |
| 4. Relevancy     | 5. Timely        | (.....)               |

24. Give below are some items related to the inventories.
- |                                     |                      |
|-------------------------------------|----------------------|
| A - Abnormal wastages               | B - Selling expense  |
| C - Storage cost of finished stock. | D - Cost of purchase |
- Items/Items which cant be included in to the cost of inventor is /are.
- |                  |                 |              |
|------------------|-----------------|--------------|
| 1. Only A        | 2. Only B       | 3. A, B Only |
| 4. A, B & C only | 5. A,B & D only | (.....)      |

25. Nayana PLC purchased a machine in which markup price was Rs. 2000, 000. Trade discount deducted was 5% of Markup price. Business has not registered for VAT. Following expenses were incurred in relation to the machine.

|   | (₹.'000') |
|---|-----------|
| Import tax  | 110       |
| 15% VAT   | 285       |
| Transportation expense                                | 50        |
| Establishment expense                                 | 30        |
| Replacement cost of bolt which was damaged in fixing. | 5         |
| Cost on trial run                                     | 15        |

Products produced at the trial run were sold for Rs. 10 000 incurring selling expense of Rs. 2000.

What is cost of the machine as per LKAS - 16 PPE.

- |                 |                  |                  |                  |                         |
|-----------------|------------------|------------------|------------------|-------------------------|
| 1. Rs.2,113,000 | 2. Rs. 2,382,000 | 3. Rs. 2,398,000 | 4. Rs. 2,400,000 | 5. Rs.2,498,000 (.....) |
|-----------------|------------------|------------------|------------------|-------------------------|
26. On 01/04/2016 ABC Ltd acquired a machine for Rs. 1075, 000. At the same date machine was repaired by incurring repair expense of Rs. 75 000. It is expected to selli the machine for Rs. 56 000 by incurring selling expense of Rs. 6000, after its useful use of 10 years. What is the carrying value of machine as at 31/03/2019.
- |                |               |                |                |                        |
|----------------|---------------|----------------|----------------|------------------------|
| 1. Rs. 745,000 | 2. Rs.770,000 | 3. Rs. 820,000 | 4. Rs. 875,000 | 5. Rs. 901,000 (.....) |
|----------------|---------------|----------------|----------------|------------------------|
27. Which one of the following is not considered as the part of general purpose financial statement,
1. Statement of financial position.
  2. Statement of profit or loss and other comprehension income.
  3. Statement of changes in equity.
  4. Auditor report.
  5. Notes. (.....)

- **Use following information when answering questions no 28 29 & 30.**  
Following information is related to the Asoka Plc for the year ended 31/03/2019.

|  | <b>(Rs. 000)</b> |
|--|------------------|
| Gross profit                                     | 2100             |
| Operating expense (Before adjusting revaluation) | 1025             |
| Income tax paid                                  | 325              |
| Interim dividend paid                            | 25               |
| Retained Profit (01/4/2018)                      | 200              |
| Transfer to general reserve                      | 150              |
| Revaluation surplus on first time revaluation    | 150              |
| Revaluation deficit on first time revaluation    | 100              |

28. Net profit of Asoka Plc for the year ended 31/03/2019 is,  
1. Rs. 650,000      2. Rs. 750,000      3. Rs. 900,000      4. Rs. 950,000      5. Rs. 975,000 (.....)
29. Select the answer which shows the other comprehensive income and total comprehensive income for the period. (Rs. 000)
- |    | <b>Other comprehensive income</b> | <b>Total comprehensive income</b> |         |
|----|-----------------------------------|-----------------------------------|---------|
| 1. | 50                                | 600                               |         |
| 2. | 50                                | 700                               |         |
| 3. | 50                                | 800                               |         |
| 4. | 150                               | 800                               |         |
| 5. | 150                               | 900                               | (.....) |
30. What is the balance of retained profit account as at 31/03/2019 ?  
1. Rs. 675,000      2. Rs. 775,000      3. Rs. 925,000      4. Rs. 975,000      5. Rs. 1,000,000 (.....)

- **Write answers to the question no 31 to 50 in the given space.**

31. State whether following statements are true or falls.

|   | <b>Statements</b>  | <b>True / False</b> |
|---|--|---------------------|
| A | Main purpose of accounting is to provide information to the stakeholders.                                  | .....               |
| B | Financial Accounting provides historical and predicted information, which are required to make decisions.  | .....               |
| C | General purpose financial statements are prepared according to the standards and other legal requirements. | .....               |
| D | Accrual basis is used as the basic assumption when preparing general purpose financial statements.         | .....               |

32. State the prime entry book and source document relevant to following transactions.

|   | <b>Prime entry book</b> | <b>Source document</b> |
|---|-------------------------|------------------------|
| 1. Purchase of furniture for Rs. 150 000 on credit by a furniture manufacturing business for the use of the business. | .....                   | .....                  |
| 2. Receiving discount of Rs. 5 000 when settling a creditor.  | .....                   | .....                  |

33. State four transactions recorded in the general journal.

- |         |         |
|---------|---------|
| 1. .... | 2. .... |
| 3. .... | 4. .... |

34. Write double entries to record following transactions.

1. Issuing new cheque of Rs. 15 000 for the settlement of dishonored cheque issued to pay electricity expense. (Dishoner of cheque had been correctly recorded)  
.....  
.....
2. A creditor worth Rs. 10 000 was settled by the personal funds of the owner.  
.....  
.....

35. Bank current Account balance as per statement as at 31/03/2019 was Rs. 300 000. it was not equal to the cash control account balance at that date. Reasons for the difference were as follows.

1. unrepresented cheques Rs. 25 000
2. unrealized cheques Rs. 35 000
3. Insurance expense paid on standing orders Rs. 5 000.

ε) What is the balance appeared in the cash control Account as at 31/03/2019 Rs. ....

ερ) What is the balance of cash control account that should be shown in the statement of financial position prepared as at 31/03/2019 ? Rs. ....

36. Classify following accounts as asset, liability Income, expense and equity.

| <b>Account</b>                 | <b>Classification</b> |
|--------------------------------|-----------------------|
| 1. Accumulated fund A/C        | .....                 |
| 2. Subscription write off A/C  | .....                 |
| 3. Subscription A/C            | .....                 |
| 4. Subscription receivable A/C | .....                 |



37. Following information is related to trade payables of a business for the year ended 31/03/2019.

|   | <b>(Rs. 000)</b> |
|---|------------------|
| Increase in trade payable during the year | 50               |
| Payments made to trade payable            | 320              |
| Return outwards                           | 20               |
| Discount received                         | 15               |
| Cancelled discount received               | 5                |

Calculate credit purchase made during the year ended 31/03/2019. Rs. ....

38. Following errors were detected after drafting financial statements of a business.

1. Credit purchase of Rs. 52 000 had been debited to purchase account as Rs. 25 000.
2. Cash paid to creditors Rs. 10 000 had not been posted to trade payable control account.
3. Return outward of Rs. 5 000 had been recorded twice in the return outward account.

What is the overstatement of profit due to above errors? .....

39. State two situation where historical cost concept is violated.

1. ....
2. ....

40. Amal and piyal conduct a partnership in a building own by piyal at an agreed annual rent of Rs. 60 000. During the year business had paid Rs. 90 000 as building rent and debited to the building rent account.  $\frac{1}{3}$  of paid rent is relevant for the last year. Business records transactions related partners in the current account of the partners. Write the journal entries to record above transaction.

.....

.....

.....

.....

.....

41. State following statements related a partnership are true or falls.

| <b>Statement</b>  | <b>True / false</b> |
|---|---------------------|
| 1. No need to have a condition in a partnership agreement to pay interest on capital, when capital contribution ratio and profit sharing ratio are equal. | .....               |
| 2. According to the section 42 of partnership ordinance of 1890, 5% interest should be paid on loan provided by the partners to the partnership.          | .....               |
| 3. Partners are entitled to receive salaries according the section 24 of partnership ordinance of 1890.   | .....               |
| 4. Equity of partnership can be changed at any date of the year.  | .....               |

42. According the framework for financial reporting.
1. What is the basic assumption use in preparing financial statement ?  
.....
  2. Qualitative characteristics of Accounting information are classified in to two categories. They are
    - a. ....
    - b. ....

43. Following information is related to the four stocks items held by a business as at 31/03/2019.

| Item          | Cost<br>(Rs. 000) | Net<br>realizable<br>value<br>(Rs. 000) |
|---------------|-------------------|---|
| Samba rice    | 350               | 365                                     |
| Nadu rice     | 300               | 275                                     |
|               | <u>650</u>        | <u>640</u>                              |
| Sugar - white | 200               | 215                                     |
| Sugar - Brown | 150               | 155                                     |
|               | <u>350</u>        | <u>370</u>                              |

According to above information.

1. What is value of closing stock to be shown in the statement of financial position if business uses item by item method.  
.....
2. Write the journal entry to record the closing stock.  
.....  
.....  
.....  
.....

44. Following information is related to business which sells single product.

| Date  | Description | Units | Unit<br>Cost |
|-------|-------------|-------|--------------|
| 03/01 | Balance     | 2000  | 50           |
| 03/07 | Purchase    | 3000  | 60           |
| 03/15 | Sales       | 2500  | -            |
| 03/23 | Purchase    | 3000  | 70           |
| 03/27 | Sales       | ?     | ?            |
| 03/31 | Balance     | 1000  | ?            |

1. What is the cost of closing stock as at 31/03/2019 if business uses first in first out method ?  
Rs. ....
2. What is the total sales for the month if business maintain 25% gross profit margin ?  
Rs. ....

45. State two situation accounting policy adopted by a business can be change according to LKAS - 08 (Accounting policies estimates and errors.)

1. ....
2. ....

46. On 01/04/2016 a business purchased a machine for Rs. 620, 000. Scrap value and useful life of the machine was estimated as Rs. 60 000 and 8 years. on 31/03/2018 remaining useful life was revived as 7 years.

1. Depreciation expense on machine for the year ended 31/03/2019 is Rs. ....
2. Carrying value of machine as at 31/03/2019 is Rs. ....

47. On 10.06.2019 Board of directors approved financial statements of Maura PLC prepared for the year ended 31.03.2019. state whether following transaction occurred after reporting date should be adjusted or not as per LKAS - 10 (Events after reporting period.)

| <b>Statement</b>   | <b>Y/N</b> |
|--|------------|
| 1. Stock in which cost Rs. 30 000 as at 31/03/2019 was destroyed on 25/05/2019.  | .....      |
| 2. Debtor amounting Rs. 75 000 who was at the reporting date bankrupted on 20/04/2019.   | .....      |
| 3. Replacing an item worth Rs. 20 000 according to the warranty certificate.   | .....      |
| 4. Receiving a court order on 31/05/2019, to pay a compensation of Rs. 40 000 to an employee who demanded a compensation of Rs. 50 000 | .....      |

48. On 01/04/2019 Madura Plc acquired a motor vehicle on lease paying initial payment of Rs. 500, 000. Total payment agreed to pay during the three year lease period was Rs. 1100,000. Net present value of minimum lease payment under 10% discount rate (implicit interest rate is 10%) is Rs. 940 000.

- a). What is initial cost of motor vehicle to be recognized as per SLFRS - 16 Lease ?  
Rs. ....
- b). What is the lease liability as at 01/04/2019? Rs. ....

49. State two steps in recognizing income generated through to contracts with customers as per SLFRS 15 - Ravanue.

1. ....
2. ....

50. Balance of stated share capital account of Madura PLC as at 01/04/2018 was Rs. 1200, 000. It consisted 60 000 ordinary shares. following transaction were occurred during the year ended 31/03/2019.

- On 01/4/2018, company made a right issue of shares at the ratio of 5:1 but only  $\frac{5}{6}$  Share issued were purchased by the share holders. Consideration per share was Rs. 20.
  - On 30/03/2019 Company capitalized its retained profit at the ratio of 7:1, consideration per share was Rs. 15.
- a).What is the balance of stated share capital account as at 31/03/2019 Rs. ....
  - b). Increase equity during the year due to these transaction is Rs. ....



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**33 E II**

**First Term Test - Grade 13 - 2019**

**Accounting II Three Hours and Ten minutes**

**Important**

- ◆ Answer five 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. Trial Balance of Bahanuka PLC prepared as at 31/03/2019 is given below.

| Description                                      | Dr<br>Rs. 000 | Cr<br>Rs. 000 |
|--|---------------|---------------|
| Property plant & Equipment                       | 77000         |               |
| Accumulated depreciation of PPF (01/04/18)       |               | 11000         |
| Sales  |               | 80600         |
| Cost of sales                                    | 52000         |               |
| Administration expense                           | 4370          |               |
| Distribution expense                             | 2630          |               |
| Interest paid on loans                           | 800           |               |
| Trade receivables                                | 3050          |               |
| Trade payables                                   |               | 1700          |
| Cash   | 3870          |               |
| Treasury bills (Three months)                    | 400           |               |
| Allowance for expected impairment loss (01/4/18) |               | 200           |
| General reserve                                  |               | 1200          |
| Provision for tax (01/04/18)                     |               | 150           |
| Tax paid during the year                         | 380           |               |
| Stocks as at 31/3/2019                           | 3500          |               |
| Retained earnings as at 01/4/18                  |               | 7000          |
| Stated ordinary share capital                    |               | 40000         |
| Other income                                     |               | 1350          |
| 10% Fixed deposits                               | 2000          |               |
| 15% Bank loan                                    |               | 6800          |
|  | <b>150000</b> | <b>150000</b> |

**Additional information**

Before preparing financial statement, Following adjustments should be made.

- i) Administration expense includes paid director remuneration of Rs. 450, 000 and Auditor charges of Rs. 200 000. Further Accured auditor charges at the end of the year was estimated as Rs. 50, 000.

- ii) Net realizable value of closing stock is estimated as Rs. 3400, 000.
- iii) Financial statements were authorized by the board of direction on 30.05.2019. A debtor Worth Rs. 50 000, was declared bankrupt on 30.04.2019 and it was decided to recognize as impairment loss. An allowance of Rs. 30,0
- iv) Financial statements were authorized by the board of directors on 30.05.5019. A debtor worth Rs. 50 000. was declared bankrupt on 30.04.2019 and it was decided to recognize as impairment loss. An allowance of 300, 000 should be made for impairment loss.
- v) Composition of property plant and equipment is given below.

|                    | <b>Cost as at 31/3/2019<br/>(Rs. 000)</b> | <b>Accumulated<br/>depreciation as at<br/>01/4/2018<br/>(Rs. 000)</b> |
|--------------------|---|---|
| Land               | 20,000                                    | -   |
| Buildings          | 44,000                                    | 10,000  |
| Office equipment's | 5,000                                     | 1,000   |
| Motor vehicle      | 8,000                                     | -   |
|                    | <u>77,000</u>                             | <u>11,000</u>   |

Motor vehicles were purchased on 01/04/2018 and Motor vehicles should be depreciated 20% on cost annually. other depreciable asset should be depreciated 5% on cost.

- vi) On 31/03/2019 Lands were revalued for Rs. 250 00000 by a professional valuer. No entry had been made in the books yet.
- vii) Fixed deposit was made on 01/01/2019 and interest on fixed deposit is yet to be received.
- viii) Interim dividend paid Rs. 200 000 has recorded as distribution expense. Further board of directors propose to pay a final dividend of Rs. 1000, 000 and to transfer Rs. 200, 000 to the general reserve.
- ix) Income tax paid for last year of Rs. 180, 000 is also included in the paid tax. Total Income tax liability for the current year is estimated as Rs. 4000, 000.

**Required:**

Prepare following financial statement as per LKAS - 01 presentation of Financial statements.

- 1) Profit or Loss and other comprehensive Income statement for the year ended 31/03/2019.
- 2) Statement of changes in equity for the year ended 31/03/2019.
- 3) Statement of financial position as at 31/03/2019.
- 4) Note to the financial statement.

**(40 marks)**

02. A) Following information is related to the stocks of Samitha PLC as at 31/03/2019.

| Item | Quantity in units. | Unit Cost | Estimated Selling Price per unit (Rs.) | Estimated selling expense and completion cost per unit |
|------|--------------------|-----------|--|--|
| P    | 3000               | 12        | 20                                     | 6  |
| Q    | 1000               | 12        | 14                                     | 4  |
| R    | 1400               | 8         | 8                                      | 2  |
| S    | 2000               | 10        | 6                                      | 6  |

**Required**

- 1) Value of closing stock as at 31/03/2019 assuming company use item by item basis in the valuation of stocks.
  - 2). Write the journal entries to record closing stocks. **(05 marks)**
- b) Following information is related to the movement of stocks of Radhaliya PLC during the month ended 31/03/2019.

| Date       | Description               | Quantity | Unit Price (Rs.) |
|------------|---------------------------|----------|------------------|
| 2019.03.01 | Balance                   | 200      | 90               |
| 2019.03.05 | Purchased                 | 600      | 90               |
| 2019.03.06 | Issued                    | 400      | -                |
| 2019.03.12 | Purchased                 | 1600     | 120              |
| 2019.03.18 | Issued                    | 850      |                  |
| 2019.03.20 | Returns (Issued at 120/=) | 50       |                  |
| 2019.03.24 | Issued                    | 800      |                  |
| 2019.03.28 | Purchased                 | 1200     | 150              |
| 2019.03.30 | Issued                    | 800      |                  |

Business uses FIFO method.

**Required**

- 1) Prepare stock ledger and calculate cost of closing stock.
  - 2) Calculate cost of sales.
  - 3) If selling price of a product is Rs. 200/= calculate gross profit. **(05 marks)**
- C) Kader PLC is a VAT registered company. Following information is related to the property plant and Equipment held at 01/4/2018.

| Item          | Cost (Rs. 000) | Carrying Value (Rs. 000) | Useful life | Scrap value |
|---------------|----------------|--------------------------|-------------|-------------|
| Buildings     | 2000           | 1600                     | 40          | -           |
| Motor Vehicle | 2600           | 1640                     | 10          | 200         |
| Machines      | 1000           | 800                      | 9           | 100         |

Following are the changes occurred in relation the PPE during the year ended 31/03/2019.

- 1) On 01/04/2018 remaining useful life of the bulding was estimated as 25 years.
- 2) On 01/04/2019 Machines were renovated by spending Rs. 400,000 due to this renovation, useful life has increased by one year and scrap value has increased by Rs. 100 000
- 3) On 01/10/2018 Motor vehicle was sold for Rs. 1500 000.

4) On 01/10/2018, Company purchased a machine from a foreign country.

Following information is related to the machine purchased.

Purchase price Rs. 400,000

Subsidy given by the government Rs. 40,000

Import duty 20% on purchase price.

Other tax paid Rs. 60,000

Transportation cost Rs. 24,000

VAT paid Rs. 60,000

40% out by other tax paid can be recovered.

**Required**

1) Calculate depreciation of property plant and equipment for the year ended 31/03/2019.

2) Prepare following accounts.

i. Property plant and Equipment Account.

ii. Accumulated depreciation account of property plant equipment.

iii. Motor vehicle disposal account.

**(10 marks)**

**(Total 20 marks)**

03. Following information was taken from the drafted financial statement of Sameera traders as at 31/03/2019.

|                                     | <b>(Rs. 000)</b> |
|-------------------------------------|------------------|
| Property plant and Equipment        | 6000             |
| Stocks as per stock records         | 850              |
| Trade receivables                   | 620              |
| Cash                                | 730              |
| Trade payables                      | 150              |
| Accrued expense                     | 50               |
| Bank loan                           | 375              |
| Profit for the year ended 31/3/2019 | 625              |
| Capital as at 01/04/2018            | 8200             |

All cash related transactions are made through the current account of the business.

Investigation made after drafting financial statement, following errors and omissions were detected.

i) Loan instalment paid Rs. 25,000 including interest of Rs. 5,000 had been debited to the bank loan account.

ii) Electricity bill of March, of Rs. 4,000, received in April had not been considered.

iii) Office equipment purchased for Rs. 80,000 on 01/01/2019 had been accounted as office expense. Office equipment should be depreciated 10% on cost annually.

iv) Return outwards of Rs. 20,000 made on 25.03.2019 had not been recorded.

v) No entry had been made regarding cash sales of goods for Rs. 100,000. made on 30/03/2019. cost of goods sold was Rs. 50,000. The cheque received for this had been deposited in the bank on 01/04/2019.

vi) No entry had been made regarding the goods drawing of Rs. 8,000.

vii) Sales advance received of Rs. 50,000 for supplying goods in April had been accounted as sales.

viii) Rs. 25,000 paid from the personal funds of Sameera out advertising expense of Rs. 40,000 had not been recorded. Remaining amount was paid from the cash of the business and it had been correctly recorded.

ix) No entry had been made regarding the dishonor of cheque for Rs. 15,000 issued to pay advertising expense.

x) It was revealed that the debtor worth Rs. 30,000 whose receivable balance was recorded as bad debts had deposited that amount directly in the bank account.

**Required**

- 1) Show the impact of above transactions (with value) using format given below. State whether Value increase (+) or decrease (-) in front of the value.

| No    | PPE  | Stocks | Trade receivables | Cash | Trade payables | Other current Liabilities | Bank loan | Profit | Capital |
|-------|------|--------|-------------------|------|----------------|---------------------------|-----------|--------|---------|
| 1)    | 6000 | 850    | 620               | 730  | 150            | 50                        | 375       | 625    | 7000    |
| 2)    |      |        |                   |      |                |                           |           |        |         |
| ..... |      |        |                   |      |                |                           |           |        |         |

- 2) Journal entries to correct transactions (i), (iii), (ix) and (x) narrations are required.  
3) Net assets as at 31/03/2019 **(Total 20 marks)**

04. (A) Subodha started a business on 01/01/2019. Business has registered for VAT. Following transactions were incurred during the month of January.

- 2019.01.01 Subodha invested Rs. 800,000 in cash and furniture worth Rs. 250,000 to the business.  
2019.01.03 Purchased goods including 15% VAT for Rs. 460, 000.  
2019.01.10 Sold goods, including VAT 15%, For Rs. 230, 000.  
2019.01.12 Good in which markup price was Rs. 485, 000 was purchased for Rs. 460, 000 on credit from Ravindu Ltd. This price includes VAT of Rs. 60, 000.  
2019.01.18 Sold goods for Rs. 45,000 (VAT included Rs. 45000) to saminda traders on Credit. Cost of goods sold was Rs. 200,000.  
2019.01.20 Sold goods to Navfer Ltd. for Rs. 172,500 (iti included VAT of 15%) cost of goods sold was Rs. 100, 000  
2019.01.24 paid Rs. 225,000 to settle half of the payable amount to Ravindu Ltd.  
2019.01.26 Paid operating expense Rs. 120, 000  
2019.01.28 Received Rs. 150, 000 from samindu traders.  
2019.01.30 Purchased goods for Rs. 575,000 (including VAT 15%) from Navoda traders on "Credit" Markup price of the goods purchased was Rs. 600, 000.

Assume that No VAT on expense.

**Required to prepare**

- 1) i). Cash receipts journal ii). Cash payment journal  
iii). Purchase journal iv). Sales journal
- 2) Following accounts for the month ended 31/01/2019.  
i). Trade receivable control account.  
ii). Trade payable control account.  
iii). VAT control account. **(20 marks)**

- (B) Jayamali started a business on 01/03/2019. All sales and purchases are on made on credit basis in this business. All cash receipts are deposited in the bank and payments are made using cheques. Balance of the trade receivable control account as at 31/03/2019 was Rs. 145,000 but it was not equal to the total of list of trade receivables. Balance of cash control account as at 31/03/2019 was Rs. 120, 000 and it was also not equal to the balance of the banks statement.

Following errors and omissions were discovered later.

- i) Sales journal had been under cast by Rs. 1000.  
ii) Dishonor of cheque Rs. 18 000 received for settling a debtor worth Rs. 20,000 had not been recorded in the general ledger.



- iii) Impairment loss written off Rs. 5 000 had not been recorded in the trade receivable control account.
- iv) Cheque received from a debtor for Rs. 8500 had been recorded in the cash receipts journal as Rs. 5800.
- v) Credit note of Rs. 8000 had been totally omitted from the books.
- vi) Following transaction stated in the bank statement had not been recorded in the books of the business.
  - Direct remittance of debtors Rs. 10,000.
  - Bank charges Rs. 2,500
  - Insurance expense paid on standing order Rs. 8,000
- vii) unrepresented cheques and unrealized cheques at the end of the month respectively were Rs. 60, 000 and Rs. 40, 000.

**Required**

- 1) Adjusted trade receivable control account.
- 2) Reconciliation statement of adjusted trade receivable control account balance and total of list of debtors.
- 3) Adjusted cash control account.
- 4) Bank reconciliation statement for the month of march. **(20 marks)**

05. (A) Following information is related to the month march of "Paboda Fashion" which produces garments.

i) Balance as at 01/03/2019 and 31/03/2019 are given below.

|                               | <b>01/03/2019</b> | <b>31/03/2019</b> |
|-------------------------------|-------------------|-------------------|
| Cloths (200m)                 | 20,000            | 30,000            |
| Semi finished garments        | 30,000            | 16,000            |
| Finished garments (100 units) | 25,000            | ?                 |
| Cloth suppliers (Creditors)   | 140,000           | 100,000           |
| Accrued Electricity           | 12,000            | -                 |

ii) Cash related transactions during the month.

|                             | <b>(Rs.)</b> |
|-----------------------------|--------------|
| Payments to cloth suppliers | 240,000      |
| Direct Salary               | 160,000      |
| Production Manager salary   | 80,000       |
| Indirect material           | 64,000       |
| Paid Electricity Bills      | 42,000       |
| Administration expense      | 24,000       |
| Building rent               | 40,000       |
| Distribution expense        | 80,000       |

- iii) Depreciation for the month was Rs. 12000 and 100m of cloths were destroyed during the month.
- iv) 1m of cloths is required to produce an unit of garment and no change in purchase price of clothes during the month.
- v) 1800 units of finished garment including opening finished garment were sold during the month. Selling price is decided by adding 50% profit margin on cost.
- vi)  $\frac{1}{3}$  of electricity expense and  $\frac{1}{4}$  of building rent are relevant for the administration section.

**Required**

- 1. Statement of Production cost.
- 2. income statement for the month of March.
- 3. production cost of a unit.

- (B) Partnership agreement of Asha and Biso Partnership is given below.
1. Sharing profit and loss according to the capital contribution ratio.
  2. Each partner is entitled to receive monthly salary of Rs. 15000.
  3. Each partner is entitled to receive 10% annual interest on opening capital account balance.
  4. Business does not maintain goodwill account and adjust the goodwill through the capital accounts of partners.

Trial balance prepared as at 31/03/2019 is given below.

| Description                                      | Dr<br>(Rs. 000) | Cr<br>(Rs. 000) |
|--|-----------------|-----------------|
| Gross profit                                     |                 | 2500            |
| Cost of closing stock as per stock records       | 400             |                 |
| Operating expense                                | 1400            |                 |
| Property plant and equipment's                   | 8 000           |                 |
| Accumulated depreciation of PPE as at 01/04/2018 |                 | 1800            |
| Loan given by Biso on 01/04/2018                 |                 | 500             |
| Paid insurance expense                           | 35              |                 |
| Capital Account Balance as at 01/04/2018         |                 |                 |
| Asha   |                 | 3000            |
| Biso   |                 | 2000            |
| Current Account balance as at 01/04/2018         |                 |                 |
| Asha   |                 | 40              |
| Biso   |                 | 60              |
| Trade receivables                                | 450             |                 |
| 10% loan taken from chapa on 01/04/2018          |                 | 1200            |
| Trade payables                                   |                 | 200             |
| Cash   | 1015            |                 |
|  |                 |                 |
|  | <b>11300</b>    | <b>11300</b>    |

#### Additional information

- i) Goods drawings of Asha and Biso of Rs. 30, 000 and Rs. 20,000 had not been accounted.
- ii) Interest for any loan had not been paid or accounted.
- iii) Life insurance installment of Ashan of Rs. 15000 is also included in the paid insurance expense.
- iv) Six months salary of partners had been paid and included in the operating expense.
- v) No entry had been made regarding the personal furniture valued Rs. 400,000 Brought in to business by Biso on 01/01/2019. It is agreed to consider it as a loan.
- vi) Property plant and Equipment should be depreciated 10% on cost annually.
- vii) On 31/03/2019 Chapa was admitted to the partnership and agreed to consider the loan given by Chapa as her capital contribution. At that date goodwill was valued at Rs. 300 000. They agreed to share profit or loss among Asha, Biso and Chapa at the ratio of 3:2:1 and not to change other conditions in the old agreement. No entry had been made regarding the admission of Chapa.

#### Required

- 1) Income statement (including appropriation )
- 2) Current account and capital account of partners for the year ended 31/03/2019. (20 marks)

06. (A) Income statement of "Samagi Sports Club" prepared for the year ended 31/12/2018 is given below.

|                       |         |                |
|-----------------------|---------|----------------|
| <b>Income</b>         |         |                |
| Member fee            | 250,000 |                |
| Entrance fee          | 5,000   |                |
| Cash Donation         | 40,000  |                |
| Musical show income   | 270,000 |                |
| Canteen income        | 24,000  | 589,000        |
| <b>Expense</b>        |         |                |
| Members fee write off | 6,000   |                |
| Refreshment expense   | 30,000  |                |
| Salary                | 60,000  |                |
| General expense       | 64,000  |                |
| Musical show expense  | 215,000 | (375,000)      |
| Surplus               |         | <u>214,000</u> |

**Additional information**

i) Accounts balances as at 31/12/2017 and 31/12/2018 are given below.

|                                  | <b>31/02/2017</b> | <b>31/12/2018</b> |
|----------------------------------|-------------------|-------------------|
| Subscription in arrears          | 24,000            | 28,000            |
| Accrued Salary                   | 12,000            | 15,000            |
| Subscription received in advance | 12,000            | 8,000             |
| Canteen income receivables       | 2,000             | 2,500             |
| Cash                             | 25,000            |                   |

ii) Prepaid electricity expense of Rs. 1500, is also included in the general expense.

iii) Canteen is conducted by an external party by agreeing to pay 10% of total income. Total income of the canteen for the year was Rs. 240,000/=

**Required**

- |                                      |                 |                   |
|--------------------------------------|-----------------|-------------------|
| 1. Subscription Account.             | 2. Cash Account |                   |
| 3. Accumulated fund as at 31/02/2018 |                 | <b>(10 marks)</b> |

b) Trail balance of Indunil traders prepared as at 31/03/2019 was not agreed. The difference of Rs. 19,000 was credited to the suspense account and prepared drafted financial statement. Calculated profit for the period was Rs. 240,000. Later following errors were detected.

- i) Credit sales of Rs. 45,000 has been recorded as Rs. 54,000 in the sales journal.
- ii) Office expense of Rs. 48,000 paid on 01/01/2019 had been debited to the office equipment account. office equipment's were depreciated 10% on cost annually.
- iii) Total of discount received column of Rs. 4,500 had been debited to the discount received account.
- iv) On 01/10/2018 business rented a building by paying Rs. 180,000 for a period on one year. Total amount paid had been recognized as an expense.
- v) Sales of office equipment for Rs. 30,000 on 31/03/2019 had only been credited to sales account. carrying amount and accumulated depreciation of office equipment at that date, respectively were Rs. 24,000 and Rs. 12,000.
- vi) Accrued Electricity expense of Rs. 22,000 as at 31/03/2019 had been recorded in the accrued electricity expense account as Rs. 12,000.

**Required**

- 1) Journal entries to correct above errors (Narrations are required)
- 2) Statement of correction of profit. **(20 marks)**

First Term Test - Grade 13 - 2019  
Accounting

Part I - Answers

Each question carries 4 marks. Total 200 (50 x 4 = 200)

|       |   |       |   |       |   |
|-------|---|-------|---|-------|---|
| (01). | 5 | (11). | 2 | (21). | 5 |
| (02). | 3 | (12). | 3 | (22). | 3 |
| (03). | 2 | (13). | 2 | (23). | 4 |
| (04). | 3 | (14). | 3 | (24). | 4 |
| (05). | 1 | (15). | 3 | (25). | 2 |
| (06). | 5 | (16). | 4 | (26). | 3 |
| (07). | 2 | (17). | 2 | (27). | 4 |
| (08). | 3 | (18). | 4 | (28). | 1 |
| (09). | 1 | (19). | 5 | (29). | 4 |
| (10). | 4 | (20). | 4 | (30). | 1 |

(31) 1 - T, 2 - F, 3 - T, 4 - F (1 x 4 = 04)

(32) Transaction      Prime entry Book      Source document  
(1)      General journal (1)      Journal voucher (1)  
(2)      Payment journal (1)      Payment voucher (1)

(33) One mark for each correct answer. Total Four marks.

(34) (1)      Accrued Electricity expense A/c      RS 15000  
                    Cash control A/c      RS 15000 (1)

(2)      Trade receivable control A/c      Dr      RS 10000  
                    Capital Account      Cr      RS 10000 (1)

(35) (1) RS 315000 (1)      (2) RS 310000 (1)

(36) (1) Equity (1)

(2) Expense (1)

(3) Income (1)

(4) Asset (1)

(37) RS 400,000 or 400 (RS 00) (1)

38 RS 32000 (4)

(39) 1. Revaluation of PPE (02)

2. Measurement of stocks at NRV (02)

(40) (1) P/L A/c Dr 60000

Current A/c (Piyal) Cr 60000 (2)

(2) Current A/c (Piyal) Dr 90000

Rent expense A/c Cr 90000 (2)

or

Current a/c (Piyal) Dr 30000

Rent expense A/c Cr 30000 (4)

(41) 1-T 2-F 3-F 4-T (1x4=4)

(42) (1) Going concern concept (2)

(2) (a) Fundamental Qualitative characteristics.

(b) Enhancing " "

(43) (1) RS 990000 (2)

(2) Stock A/c Dr 990000

P/L A/c Dr 10000

Trading A/c Cr 1000000 (2)

(44) (1) RS 70000 (2) RS 437500 (2x2=4)

(45) (1) According to the requirement of a standard (2)

(ii) When new policy provide more reliable and relevant information regarding the <sup>effects</sup> transactions (2)

financial position, financial performance and cash flow.

(46) (1) RS 60000 (2) (2) RS 420000 (2)

(47) (1) N (2) N (3) Y (4) Y (1x4=4)

(48) (1) RS 1400000 or 1400 (RS 100) (02)

(2) RS 94000 or 940 (RS 100) (02)

(49) (1) Identification of contract with customers.

(50) (1) RS 1550000 (2) (2) RS 1400000 (2)

Part II

Banuka PLC  
P/L & O/L: Income Statement for the year ended 31/03/19 (R\$000)

Banuka PLC  
SOP as at 31/03/19 (R\$000)

|                       |      |         |                        |      |       |
|-----------------------|------|---------|------------------------|------|-------|
| Sales                 |      | 80600   | <u>NCA</u>             |      | 8150  |
| cost of sales         |      | (52000) | PPE                    |      | 66950 |
| gross profit          |      | 28600   | Fixed deposits         |      | 2000  |
| + other income        |      | 1400    | <u>CA</u>              |      |       |
| (-) Dis: cost         | 2980 | 30000   | Stocks                 | 3400 |       |
| Admin: ex             | 6870 |         | Trade receivables      | 2700 |       |
| Other: ex             | 100  |         | Receivable FD interest | 100  |       |
| Finance cost          | 1020 | (09970) | Cash & cash Eq:        | 4270 | 10620 |
| NPBT                  |      | 19030   | Stated O/S             |      | 40000 |
| (-) Tax               |      | (4030)  | Revaluation reserve    |      | 5000  |
| Profit for the period |      | 15000   | General reserve        |      | 4000  |
| Other comp income     |      |         | Retained profit        |      | 19800 |
| Land reval: Surplus   |      | 5000    | <u>NCL</u>             |      |       |
|                       |      |         | Bank loan              |      | 6800  |
| total comp Income     |      | 39000   | <u>CL</u>              |      |       |
|                       |      |         | Trade payables         | 1700 |       |
|                       |      |         | Tax payable            | 3800 |       |
|                       |      |         | Other payable          | 870  | 6370  |
|                       |      |         |                        |      | 79370 |

NPBT Note

|                       |      |
|-----------------------|------|
| Director remuneration | 450  |
| Auditor charges       | 250  |
| Stock write off       | 100  |
| Dep                   | 4050 |
| Interest              | 1020 |

|                            |      |
|----------------------------|------|
| Tax - Tax for current year | 4000 |
| under provision            | 30   |
|                            | 4030 |

|                   | Ordinary Share | Revaluation Reserve | General reserve | Retained Profit | Total  |
|-------------------|----------------|---------------------|-----------------|-----------------|--------|
| Balance           | 40000          |                     | 1200            | 7000            | 48200  |
| Dividend paid     |                |                     |                 | (6000)          | (6000) |
| Transfer to G.R   |                |                     | 200             | (200)           |        |
| total comp Income |                | 5000                |                 | 15000           | 20000  |
|                   | 40000          | 5000                | 1400            | 19800           | 66200  |

03 marks

PPE

|                   | Land              | Build. | OFF. Eq | MV                | Total |
|-------------------|-------------------|--------|---------|-------------------|-------|
| Balance 01/1/18   | 20000             | 44000  | 5000    | -                 | 69000 |
| purchase          |                   |        |         | 8000 <sup>①</sup> | 8000  |
| Rev. Surplus      | 5000 <sup>①</sup> |        |         |                   | 5000  |
| Balance 31/3/19   | 25000             | 44000  | 5000    | 8000              | 82000 |
| Balance 01/4/18   |                   | 10000  | 1000    | -                 | 11000 |
| Dep. for the year |                   | 2200   | 250     | 1600              | 4050  |
| Balance 31/3/19   |                   | 12200  | 1250    | 1600              | 15050 |

Carrying Amount 66950

Other Income

|              |             |
|--------------|-------------|
| Other Income | 1350        |
| Interest     | 50          |
|              | <u>1400</u> |

Dis: Ex

|           |                   |
|-----------|-------------------|
| Bad debts | 600 <sup>①</sup>  |
| under pro | 50 <sup>①</sup>   |
| Dep mv    | 100 <sup>①</sup>  |
| Divid     | 2000 <sup>②</sup> |
| Dis exp   | <u>2850</u>       |
|           | <u>2980</u>       |

Admin

|             |                   |
|-------------|-------------------|
| Admin exp   | 4420 <sup>②</sup> |
| Build. dep. | 2200 <sup>①</sup> |
| Fur. dep    | 250 <sup>①</sup>  |
|             | <u>6870</u>       |

Other

Stock dividends (in)

Finance

Interest 1020<sup>①</sup>

Note - Dividend - BOD propose to pay Final dividend of Rs 10000 to the O/S. ①

Other Payables

|                         |                        |
|-------------------------|------------------------|
| Accrued auditor charges | 50 <sup>①</sup>        |
| pro. guarantee certifi? | 600 <sup>①</sup>       |
| Loan interest           | <u>220<sup>①</sup></u> |
|                         | <u>870</u>             |

|     |    |    |    |       |
|-----|----|----|----|-------|
| ① Q | 1  | 2  | 3  | Total |
|     | 20 | 03 | 17 | 40    |

(OR) (A)

(1) value of closing stock RS 54400 (08)

| Working Item | Qty  | lower value from cost or NRV | value        |
|--------------|------|------------------------------|--------------|
| P            | 3000 | 12                           | 36000 (02)   |
| Q            | 1000 | 10                           | 10000 (02)   |
| R            | 1400 | 6                            | 84000 (02)   |
| S            | 2000 | 0                            | 0 (02)       |
|              |      |                              | <u>54400</u> |

(ii) Stock Ac Dr 54400

P/L 24800 (2)

Trading Acc 79200 (Total 10 marks)

(B)

(1)

| Date  | Receipts |       |        | Issuance |       |            | Balance |           |
|-------|----------|-------|--------|----------|-------|------------|---------|-----------|
|       | Qty      | Price | Value  | Qty      | Price | Value      | Qty     | Value     |
| 01/01 | -        | -     | -      | -        | -     | -          | 200     | 18000 (1) |
| 05/03 | 600      | 90    | 54000  | -        | -     | -          | 800     | 72000     |
| 06/03 | -        | -     | -      | 400      | 90    | 36000      | 400     | 36000     |
| 12/03 | 1600     | 120   | 192000 | -        | -     | -          | 2000    | 228000    |
| 18/03 | -        | -     | -      | 400      | 90    | 36000      | 1150    | 138000    |
|       |          |       |        | 450      | 120   | 54000 (01) |         |           |
| 20/03 | 50       | 120   | 6000   | (50)     | (120) | (6000)     | 1700    | 144000    |
| 24/03 | -        | -     | -      | 800      | 120   | 96000      | 400     | 48000     |
| 28/03 | 1200     | 150   | 180000 | -        | -     | -          | 1600    | 228000    |
| 30/03 | -        | -     | -      | 400      | 120   | 48000      | 800     | 96000     |
|       |          |       |        | 400      | 150   | 60000 (01) |         |           |

(Total 6 marks)

(ii) Cost of sales RS 324000 (2)

(iii) Gross profit RS 236000 (2)

Sales (2800 x 200) = 560000 (01)

Cost of sales (1) (324000)

236000

working

(Total 6 marks)



(c)

1. Dep of PPE =  $\frac{324}{25}$  (13) working

Building dep =  $\frac{1600}{25} = 64$  (2)

Old machine =  $\frac{1000 + 400 - 200 - 200}{10} = 125$  (4)

motor vehicle =  $\frac{2600 - 200}{10} \times \frac{1}{2} = 120$  (2)

New machine =  $\frac{(400 - 40 + 80 + 36 + 24 + 140) - 100}{9} \times \frac{3}{12} = 15$  (5)

PPE

Acc. Dep PPE

|            |             |          |             |          |          |     |          |
|------------|-------------|----------|-------------|----------|----------|-----|----------|
| BBF        | 6150 (1)    | Disposal | 2600        | Disposal | 1080 (1) | BBF | 1560 (1) |
| machine    | 640 (1)     |          |             | cf d     | 804      | Dep | 324      |
| Renovation | 400 (1)     | Bcd      | 4590        |          | 1884     |     | 1884     |
|            | <u>7190</u> |          | <u>7190</u> |          |          |     |          |

(03-marks)

(Two marks)

motor vehicle disposal

|    |             |          |             |
|----|-------------|----------|-------------|
| mv | 2600        | Acc. Dep | 1080        |
|    |             | Cash     | 1500        |
|    |             | Loss     | 20          |
|    | <u>2600</u> |          | <u>2600</u> |

For Two correct items one mark

Total 2 marks

Q 2

|   |    |    |     |    |           |
|---|----|----|-----|----|-----------|
|   | I  | II | III | IV | Total     |
| A | 08 | 02 |     |    | 10        |
| B | 06 | 02 | 02  |    | 10        |
| C | 13 | 03 | 02  | 02 | <u>20</u> |
|   |    |    |     |    | <u>40</u> |

(03)

(RS ans)

| NO      | PPE       | Stocks | Debtors | cash | credits | Other<br>curr<br>Liability | Bank<br>loan | profit    | capital |
|---------|-----------|--------|---------|------|---------|----------------------------|--------------|-----------|---------|
| Balance | 6000      | 850    | 620     | 730  | 150     | 50                         | 375          | 625       | 7000    |
| 1       |           |        |         |      |         |                            | 5            | (5)       | (02)    |
| 2       |           |        |         |      |         | 4                          |              | (4)       | (02)    |
| 3       | 80<br>(2) |        |         |      |         |                            |              | 80<br>(2) | (04)    |
| 4       |           |        |         |      | (20)    |                            |              | 20        | (02)    |
| 5       |           | (50)   |         | 100  |         |                            |              | 50        | (04)    |
| 6       |           | (8)    |         |      |         |                            |              | (8)       | (02)    |
| 7       |           |        |         |      |         | 50                         |              | (50)      | (02)    |
| 8       |           |        |         |      |         |                            |              | (25)      | 25 (03) |
| 9       |           |        |         | 15   |         | 15                         |              |           | (02)    |
| 10      |           |        |         | 30   |         |                            |              | 30        | (03)    |
| Total   | 6078      | 792    | 620     | 875  | 130     | 119                        | 380          | 711       | 7025    |

(26 marks)

- ② i. P/L Dr 5 (02)  
 Bank loan 5
- iii. OFF EQUI Dr 80  
 P/L 80 (2)
- iv. Cash Dr 15  
 Acc. Advertising 15 (2)
- x. Cash 30  
 P/L (Recovery of Bad debts) 30 (02)

for<sup>2</sup> correct ~~mark~~ = one

mark Total 2 marks Q 3

③ net assets (3) 7736

|    |    |    |    |
|----|----|----|----|
| 1  | 2  | 3  |    |
| 26 | 12 | 02 | 40 |

(04)

C R J

| Date | Description | D/A | Amount | Sales | VAT | Debtors | Other   |
|------|-------------|-----|--------|-------|-----|---------|---------|
| 1/01 | Capital     |     | 800    |       |     |         | 800 (1) |
| 1/10 | Sales       |     | 230    | 200   | 30  |         |         |
| 1/28 | Suminda     |     | 150    |       |     | 150 (1) |         |
|      |             |     | 1180   | 200   | 30  | 150     | 800     |

C PJ

| Date | Description   | D/R   | Amount | Purch | VAT | Cred    | Other   |
|------|---------------|-------|--------|-------|-----|---------|---------|
| 1/13 | Purchase      |       | 460    | 400   | 60  |         |         |
| 1/24 | Rawinda       | 5 (1) | 225    |       |     | 225 (1) |         |
| 1/26 | operating exp |       | 120    |       |     |         | 120 (1) |
|      |               | 05    | 805    | 400   | 60  | 225     | 120     |

Purchase Journal

| Date | Description | Amount | VAT  | Total Amount |
|------|-------------|--------|------|--------------|
| 1/18 | Rawinda     | 400    | 60   | 460 (1)      |
| 1/30 | Navoda      | 500    | 75   | 575 (1)      |
|      |             | 900    | 1035 | 1035         |

Debtors control A/c

| Sales Journal |             |        |      |              | Sales | 450   | Cash | 150   |
|---------------|-------------|--------|------|--------------|-------|-------|------|-------|
| Date          | Description | Amount | VAT  | Total Amount | VAT   | 67.5  | B/d  | 367.5 |
| 1/15          | Sanidu      | 300    | 45   | 345 (1)      |       |       |      |       |
| 1/20          | Navoda      | 150    | 22.5 | 172.5 (1)    |       |       |      |       |
|               |             | 450    | 67.5 | 517.5        |       |       |      |       |
|               |             |        |      |              |       | 572.5 |      | 572.5 |

(12 marks)

(13 marks)

Crediton control A/c

| Crediton control A/c |      |          |      | VAT      |                   |         |      |
|----------------------|------|----------|------|----------|-------------------|---------|------|
| Cash                 | 225  | Purchase | 900  | Cash     | <del>225</del> 60 | Debtors | 67.5 |
| D/R                  | 5    | VAT      | 135  | Crediton | 135               | Cash    | 30   |
| C/d                  | 805  |          |      |          |                   | C/d     | 97.5 |
|                      | 1035 |          | 1035 |          | 195               |         |      |

1 mark for each of 2 correct items including balances  
Total of 07 marks.

(9)

| Adjusted <del>debit</del> control A/C |               | Reconciliation statement |               |                                |        |
|---------------------------------------|---------------|--------------------------|---------------|--------------------------------|--------|
| BBF                                   | 145000        | Bad debts                | 5000          | Balance of ad; con;            | 140300 |
| understatmt                           | 1000          | Cash                     | 2700          | + understated cash rec.        | 2700   |
| D/b: ch.                              | 18000         | R.I                      | 8000          | R Return inward                | 8000   |
| cancelled dis:                        | 2000          | Direct pay               | 10000         | Direct remi:                   | 10000  |
|                                       |               | C/d                      | 140300        |                                | 161000 |
|                                       | <u>166000</u> |                          | <u>166000</u> | (-)                            | -      |
|                                       |               |                          |               | balance as per list of debtors | 161000 |

| Adj: cash control A/C |               | B R S    |               |                               |        |
|-----------------------|---------------|----------|---------------|-------------------------------|--------|
| BBF                   | 120000        | D/che.   | 18000         | Balance adj; con              | 104200 |
| Deb                   | 2700          | Bank ch. | 2500          | + unrepresented ch            | 14000  |
| D/R                   | 10000         | Ins      | 8000          | (-) un realized ch.           | (6000) |
|                       |               | B/c/d    | 104200        | Balance as per bank statement | 184200 |
|                       | <u>132700</u> |          | <u>132700</u> |                               |        |

(5) (A) (i)

|                          |         |               |     |
|--------------------------|---------|---------------|-----|
| op. RM purchase          |         | 20000         |     |
|                          |         | <u>20000</u>  | (2) |
| cloths destroyed         |         | 22000         |     |
|                          |         | (10000)       | (1) |
| closing stock            |         | (30000)       | (1) |
| cost of RM consumed      |         | 18000         |     |
| Direct labour prime cost |         | 16000         | (1) |
|                          | (1)     | <u>34000</u>  |     |
| Pro' of cost             |         |               |     |
| Dep                      | 12000   |               |     |
| Ele                      | 20000   |               | (1) |
| Rent                     | 30000   |               | (1) |
| myt salary               | 30000   |               |     |
| Indirect material        | 62000   | 204000        |     |
| production cost          |         | <u>544000</u> |     |
| + op: WIP                | 30000   |               |     |
| (-) End WIP              | (16000) | 114000        |     |
| Total pro- cost          | (1)     | <u>558000</u> |     |

(ii)

|               |         |                   |     |
|---------------|---------|-------------------|-----|
| Sales         |         | 828000            | (2) |
| op stock      | 25000   |                   |     |
| product cost  | 558000  |                   | (1) |
|               |         | 583000            |     |
| closing stock | (31000) |                   | (1) |
|               |         | <u>(552000)</u>   |     |
|               |         | 276000            |     |
| Expense       |         |                   |     |
| material des: | 10000   |                   | (1) |
| Ele.          | 10000   |                   | (1) |
| Rent          | 10000   |                   | (1) |
| Ad: ex        | 24000   |                   |     |
| Dis ex        | 80000   | (134000)          |     |
| net profit    |         | (1) <u>142000</u> |     |

(iii)

$$\text{unit cost} = \frac{558000}{18000} = 310$$

| Raw material Sup. A/c |                |          |                |
|-----------------------|----------------|----------|----------------|
| Cash                  | 240,000        | B&P      | 140,000        |
| B/Ld                  | 100,000        | purchase | 200,000        |
|                       | <u>340,000</u> |          | <u>340,000</u> |

(B)

Income statement.

|                        |           |          |
|------------------------|-----------|----------|
| Gross profit           |           | 2550 (1) |
| Operating Ex:          | 1220 (1)  |          |
| Loan interest (30+120) | 150 (2)   |          |
| Insurance              | 20 (1)    |          |
| Dep.                   | 810 (2)   | (220)    |
| Net profit             |           | 350      |
| Salary A               | 180 (1)   |          |
| B                      | 180 (1)   | (360)    |
| Interest on capital A  | 300 (1)   |          |
| B                      | 200 (1)   | (500)    |
| Share of loss A        | (306) (1) |          |
| B                      | (204) (1) | 570      |
|                        |           | 0        |

10

Capital A/c

|          | A    | B    | C      |          | A    | B       | C        |
|----------|------|------|--------|----------|------|---------|----------|
| Goodwill | 150  | 100  | 50 (1) | B&P      | 3000 | 2000    | -        |
|          |      |      |        | Loan A/c |      |         | 1200 (1) |
| Bank     | 2030 | 2020 | 1150   | Goodwill | 180  | 120 (1) | -        |

03

Current A/c

|                   | A          | B          |                  | A          | B          |
|-------------------|------------|------------|------------------|------------|------------|
| goods drawings    | 30         | 20 (1)     | B&P              | 40         | 60         |
| Insurance         | 15 (1)     |            | Wages            | (1) 180    | 180        |
| wage              | 90         | 90 (1)     | Interest on capi | (1) 300    | 200        |
| Share of loss (1) | 306        | 204        | Loan interest    | -          | 30 (1)     |
|                   | <u>520</u> | <u>470</u> |                  | <u>520</u> | <u>470</u> |

07

6 (i)

Subscription A/c

|       |                |           |                |
|-------|----------------|-----------|----------------|
| BBF   | 24000 (1)      | BBF       | 12000 (1)      |
| I/S   | 250000 (1)     | write off | 6000 (1)       |
|       |                | Cash      | 236000 (1)     |
| B/cld | 8000 (1)       | B/cld     | 28000 (1)      |
|       | <u>282,000</u> |           | <u>282,000</u> |

07

(ii)

Cash a/c

|               |               |              |               |
|---------------|---------------|--------------|---------------|
| BBF           | 25000         | General exp  | 65500 (2)     |
| Canteen Incom | 23500 (1)     | Refreshment  | 30000         |
| Entrance fee  | 2000          | Musical Show | 215000        |
| Donation      | 40000         | Salary       | 57000 (2)     |
| Musical Show  | 270000        |              |               |
| Subscriptions | 236000        |              |               |
|               | <u>596500</u> | B/cld (1)    | <u>229000</u> |
|               |               |              | <u>596500</u> |

10

(\* Remaining 2 items x 1 = 3)

(iii)

Accumulated fund as at 31/12/2018 = 241 000 (23)

Working

|                           |       |   |     |
|---------------------------|-------|---|-----|
| Subscription receivable   | 24000 | } | (1) |
| Canteen income receivable | 2000  |   |     |
| Cash                      | 25000 |   |     |

|                          |              |   |     |         |             |
|--------------------------|--------------|---|-----|---------|-------------|
| (-) Accrue wage          | 51000        | } | (1) | Surplus | 290,000     |
| Sub; received in advance | (2000)       |   |     |         | 244,000 (1) |
| Acc. fund as 31/03/17.   | (12000)      |   |     |         | 241,000     |
|                          | <u>27000</u> |   |     |         |             |

\*

Salary & Wage a/c

|       |              |     |              |
|-------|--------------|-----|--------------|
| Cash  | 57000        | BBF | 12000        |
| B/cld | 15000        | I/S | 60000        |
|       | <u>72000</u> |     | <u>72000</u> |

Canteen income A/c

|     |              |       |              |
|-----|--------------|-------|--------------|
| BBF | 2000         | Cash  | 23500        |
| I/S | 24000        | B/cld | 2500         |
|     | <u>26000</u> |       | <u>26000</u> |

\*01 marks 03 correct items including balances

(B) I

|      |                     |       |        |
|------|---------------------|-------|--------|
| i.   | P/L                 | 9000  | (2)    |
|      | Debtor con: a/c     |       | 9000   |
| ii.  | P/L                 | 48000 | (2)    |
|      | Office Equipment    |       | 48000  |
|      | Acc. Dep Office Eq: | 1200  | (1)    |
|      | P/L                 |       | 1200   |
| iii. | Suspense a/c        | 9000  | (2)    |
|      | P/L                 |       | 9000   |
| iv.  | Prepaid rent        | 90000 | (2)    |
|      | P/L                 |       | 90000  |
| v.   | OFF: EQ: Dispos     | 36000 | (1)    |
|      | OFF: Equipment      |       | 36000  |
|      | OFF: EQ Pro Dep     | 12000 | (1)    |
|      | Disposal Acc        |       | 12000  |
|      | P/L                 | 30000 | (1)    |
|      | Disposal acc        |       | 30000  |
|      | Disposal acc        | 6000  | (1)    |
|      | P/L                 |       | 6000   |
| vi.  | Suspense acc        | 10000 | (2)    |
|      | Accrued ele:        |       | 10,000 |

II

|                      |       |               |
|----------------------|-------|---------------|
| Drafted profit       |       | 24000         |
| Dep                  |       | 1200          |
| Discount received    |       | 9000          |
| Rent                 |       | 90000         |
| profit on O/E dis    |       | 6000          |
|                      |       | <u>346200</u> |
| (-) overstated sales | 9000  |               |
| Office exp           | 48000 |               |
| Office Eq: Dis:      | 30000 | (87000)       |
|                      |       | <u>259200</u> |

(01 mark for two correct items - Total of marks)

|     |    |    |     |           |
|-----|----|----|-----|-----------|
| (b) | I  | II | III |           |
| A   | 07 | 10 | 03  | 20        |
| B   | 16 | 04 |     | <u>20</u> |
|     |    |    |     | <u>40</u> |

(One mark for each narratives minimum 2 marks)