



FWC

G.C.E. A/L Examination July - 2015

Conducted by Field Work Centre, Thondaimanaru

In Collaboration with

Zonal Department of Education Jaffna.

Grade :- 12 (2016)

Accounting

Time :- Three hours

Part - I

Introduction to candidate:

- Choose appropriate answer for the Question no 1 - 15.
- Write suitable answer shortly for the Question from, 16 - 25.

1. Which of following qualitative character is conflict when prepare financial statement based on historical cost concept while, Increasing in general price level.

(1) Reliability (2) Comparability (3) Relevant
(4) Understandability (5) Consistence (.....)

2. Write the correct order to classify the type of ledgers below mentioned ledgers as vehicle maintenance. Return outwards, Drawings, Provision for depreciation

(1) Expense, Expense, Equity and Asset
(2) Assets, Income, Expense and Assets
(3) Assets, Assets, Equity and Liability
(4) Expense, Liability, Income and Expense
(5) Expense, Income, Assets and Liability (.....)

3. Following Information Extracted from KAPI Manufacturing trader, June 2015

Production Cost Rs. 130000
raw material return outward Rs. 3000
Direct wages Rs. 40000
Other direct expense Rs. 5000
Closing raw materials Rs. 18000
Opening raw material Rs. 22000
Decrease in work in progress Rs. 5000 (Prime cost)
Prime cost is 80% on production cost

Find out raw material purchase?

(1) Rs. 63000 (2) Rs. 53000 (3) Rs. 66000
(4) Rs. 56000 (5) Rs. 65000 (.....)

4. Decreasing in liability is,

(1) It will reduce the equity (2) It will reduce the profit
(3) It will increase the assets (4) Increasing equity
(5) It will reduce cash flow (.....)

5. Which of following is understated when record the sales brokerage debited to the sales accounts.

(1) Cost of sales (2) Profit for the year (3) Gross profit
(4) equity (5) Profit before tax (.....)

6. Bank balance as per bank statement balance as Rs. 12500 at 30.06.2015. but bank balance as per bank account differ from it. Reason as follow.

- Undebited cheque Rs. 5000
- Direct dividend Rs. 1500
- Cheque book charge Rs. 2000

Calculate the bank balance before adjusted cash book?

- (1) Rs. 18000 (2) Rs. 8000 (Dr) (3) Rs. 7000(Dr)
 (4) Rs. 13000 (5) Rs. 8000 (Cr) (.....)

7. Following information related with 2 types of stock item from a company at 31.03.2015

Item	Production Cost (Rs)	Expected selling Price (Rs.)	Expected Selling expense (Rs.)
A	20000	22000	4000
B	35000	30000	3000

Calculate the stock value based on item by item at 31.03.2015

- (1) Rs. 55000 (2) Rs. 45000 (3) Rs. 52000
 (4) Rs. 50000 (5) Rs. 49000 (.....)

8. Sivam and Param are partners in a partnership their profit sharing ratios is 4 : 3 and following information are given.

Detail	Sivam (Rs)	Param (Rs)
Capital balance at 2014.04.01	500000	300000
Current A/C balance at 2014.04.01	100000	(50000)
Capital interest for the year 2015.03.31	50000	30000
Partner salary for the year 2015.03.31	60000	30000

Net profit of Rs. 240000 for the year ended at 31.03.2015. Find out ownership of each partner for the year ended at 31.03.2015

- | Sivam | Param |
|---------------|--------------------|
| 1) Rs. 710000 | Rs. 310000 |
| 2) Rs. 830000 | Rs. 430000 |
| 3) Rs. 750000 | Rs. 340000 |
| 4) Rs. 900000 | Rs. 500000 |
| 5) Rs. 812857 | Rs. 378571 (.....) |

Use the following information to answer the question no 9 and 10.

SARU traders disclose creditor list balance Rs. 92000 at the same time creditor control account balance differ from it. Then following errors identified through analyzing the records.

- Purchase journal over casted by Rs. 12000
- Cash paid to creditor Mathan Rs. 15000. It has been credited to the creditor accounts.
- Purchase return of Rs. 4000. It has been recorded in the purchase return journal but recorded in the personal accounts as Rs. 400
- Received discount column of cash book. Disclose Rs. 5000. It has been credited to the creditor control accounts.

9. Creditor control accounts balance before adjusted errors

- | | | | |
|---------------|---------------|---------------|---------|
| (1) Rs. 90400 | (2) Rs. 80000 | (3) Rs. 71000 | |
| (4) Rs. 80400 | (5) Rs. 57000 | | (.....) |

10. Adjusted creditors list balance

- | | | | |
|---------------|---------------|---------------|---------|
| (1) Rs. 48400 | (2) Rs. 58400 | (3) Rs. 61000 | |
| (4) Rs. 63000 | (5) Rs. 70000 | | (.....) |

11. Which of following feature is important to the assets.

- (1) not controllable
 - (2) created by future transaction
 - (3) It has economic benefits in future.
 - (4) It has limited useful life time
 - (5) owned by firm
- (.....)

Use the following information to answer the question no 12, 13 and 14

Following information related with **VALARMATHY SPORS CLUB**.

Subscription collected in the year 2014

For the year 2013	Rs. 2000
For the year 2014	Rs. 80000
For the year 2015	Rs. 3000

Accrued Subscription

End of the year 2013	Rs. 5000
End of the year 2014	Rs. 6000

12. Accounts to be record in the income and expenditure accounts for the year 2014 based on accrual basis

- | | | | |
|---------------|---------------|---------------|---------|
| (1) Rs. 86000 | (2) Rs. 81000 | (3) Rs. 80000 | |
| (4) Rs. 90000 | (5) Rs. 83000 | | (.....) |

13. The amount to be record in the income and expenditure accounts based on cash basis

- | | | | |
|---------------|---------------|---------------|---------|
| (1) Rs. 81000 | (2) Rs. 80000 | (3) Rs. 83000 | |
| (4) Rs. 73000 | (5) Rs. 91000 | | (.....) |

14. Accrued subscription and pre received subscription to be record in the balance sheet based on Accrual basis . for the year 2014?

- | | | | |
|------------------------|------------------------|-------------------------|---------|
| (1) Rs. 9000, Rs. 3000 | (2) Rs. 2000, Rs. 3000 | (3) Rs. 11000, Rs. 5000 | |
| (4) Rs. 3000, Rs. 6000 | (5) Rs. 6000, Rs. 3000 | | (.....) |

15. Which types of ledgers includes the VAT credit balance. (This company registered with VAT)

- | | | | |
|-------------------|-----------------|----------------|--|
| (1) Revenue A/C | (2) Expense A/C | (3) Assets A/C | |
| (4) Liability A/C | (5) Equity A/C | | |

16. Owner started a business with Rs. 150000 at 1.04.2014 and earned Rs. 200000 for this financial year. He has a cash balance of Rs. 20000 only at 31.03.2015

State two reason for above situation.

- (1)
- (2)

17. Write journal entries to record the below the petty expenses for the month march 2015?

- (1) Petty expense balance at 2015.03.01 Rs. 5000
- (2) Refreshment Rs. 2000
- (3) Transportation Rs. 1500
- (4) Postage Rs. 500
- (5) Reimbursement at 2015.03.31 Rs. 4000

.....

18. Company is paid insurance Rs. 80000 at 1st July for every 12 months. Financial year ended at 31 march. Calculate the followings.

- (1) Rent for the year ended at 31.03.2015
- (2) Prepaid rent as at 31.03.2015

19. State two established organization according to the Act of 15, 1995 Accounting and Auditing standard.

- (1)
- (2)

20. According to the LKAS 16, Which value identified as value at the starting the financial year. Regarding with property plant and equipment.

.....

21. Which concept helps to record the stock at minimum value weather cost value Net realizable

.....

22. State two methods to records the life subscription in the nonprofit making organization.

.....

23. Put the mark wether it is write or wrong (✓ / X)

	Statement	(✓)	(X)
1.	When trial balance is tally, All transaction recorded correctly	.....	.....
2.	Sale or Return goods were sent to the customer and It should be recorded as income at the same year.	.....	.....
3.	In the partnership must have an agreement among parners.	.....	.....
4.	When partners have their capital balance with vations	.....	.....
5.	It is not needed interest on capital	.....	.....

24. Dissimilarities between capital expense and revenue expense

.....

25. Plant purchasing cost Rs. 300000. Its useful life time 10 years. First three years accumulated. Depreciation is Rs. 75000. Company depreciated on straight line basis. Calculate the depreciable value of this plant?

.....

Part II

- Answer four Question included question no 1
- Working should be clearly shown.

01. Karan, Paran and Tharan are partner in a partnership. their profit sharing is 3 : 2 : 1. Interest on capital at 10% According to agreement, partner are entitled to get monthly Salary for Karan and Tharan are Rs. 20000 and 15000 respectively.

Trial balance as at 31.03.2015

Rs. "000"

Detail	Dr	Cr
Capital balance 01.04.2014		
▪ Karan		5000
▪ Paran		4000
▪ Tharan		3500
Current A/C balance 01.04.2014		
▪ Karan		200
▪ Paran		100
▪ Tharan	50	
Stock at 01.04.2014	780	
Purchase	6600	
Land of building at cost	7500	
Office equipment at cost	2500	
Motor vehicle at cost	2700	
Investment	1000	
Stock at 01.04.2014		
▪ Building		600
▪ Office equipment		700
▪ Motor vehicle		850
Sales		15250
Interest expense	150	
Rent	440	
Return Inwards	250	
Discounts	160	60
Distribution expenses	1350	
Receivable and provision for doubt full dot	4200	1415
Office expenses	3750	
Bad debt	420	
Carriage inward	180	
Loan A/C - Paran		300
Drawing		
▪ Karan	250	
▪ Paran	300	
▪ Tharan	175	
Bank over draft		780
	32755	32755

Additional information :

1. Partner Tharan retired from partnership at 31.03.2015 and other partners decided to continue the partnership with equal profit sharing ratios and share of Tharan will be transferred to Loan Accounts. According to Partnership act No 42.
2. According to new agreement partners are not entitled to get salary but interest on capital at 12% per annum.
3. Goodwill valued at 600000 at 31.03.2015 and. It should be adjusted through capital account.
4. It is decided to write off for bad debt Rs. 200000
5. Accrued office expenses of Rs. 55000 at 31.03.2015 and distribution expense of Rs. 75000 for the year 31.03.2016
6. Stock valued of Rs. 885000 at 31.03.2015 and net realized value of Rs. 985000
7. Land cost of partnership is 5000,000 and property plant and equipment depreciated on straight line basis as follows.
Building at 5% per annum
Office equipment at 20% per annum
Motor vehicle at 10% per annum
8. Investment in the trial balance was invested at 9% on 1.10.2014

Required:

1. Income statement for the year ended at 31.03.2015
2. Partner current account and capital account for the year 2015
3. Financial position as at 31.03.2015 (10 Marks)

02. Kumar commenced a business to repair the computer on January 2015. Following transaction during the month of January.

1. Kumar deposited in a bank of Rs. 100000 of his personal money.
2. Office furniture purchased for Rs. 60000 on credit.
3. Computer spare parts were purchased to repair the computer for Rs. 15000
4. Office rent for January Rs. 4000, but only paid Rs. 2500
5. Cash received of Rs. 15000 for service provided.
6. Receivable income Rs. 8000 for service provided.
7. Owner took of Rs. 5000 for personal use.
8. Repairing stock of Rs. 6000 at end of The month January.

You are required to prepare :

1. Enter the above transaction and adjustment for end of the month January.
$$\text{Assets} = \text{Liability} + \text{Capital} + \text{Income} - \text{Expense}$$
2. Calculate Net profit for the month January 2015 by using net Assets equation.

(10 Marks)

03. Following information related with chair manufacturing MIHI Trader for the year ended at 31.03.2015

1. Wages of Rs. 50 per chair.
2. There is no purchase or sales of machinery and equipment.
3. Selling price per chair Rs. 200
4. Finished chairs 200000 at beginning of the year and 100000 chairs at end of the year.
5. $\frac{1}{2}$ square feet wood is required to produce a chair.
6. Opening stock of wood 50000 square feet at Rs. 200 per square feet.
7. Purchase of wood at Rs. 220 per square feet during the financial year.

8. Stock of raw material and finished goods used by using fifo.

Assets	2014.04.01 (Rs. 0000)	2015.03.31(Rs.0000)
Office equipment	200,000	190000
Stock (wood)	10000	8800
Cash payment during the financial year		
Wood purchased	66000	
Manufacturing overhead	15800	

Required:

1. Calculate production cost statement for the year ended at 31/3/2015
2. Sales Income of chairs for the year ended at 31.3.2015

(10 Marks)

04. Debtor list balance extracted from Francis trader as follows.

Debtors	2015.01.01. (Rs.)	2015.01.31 (Rs.)
Vanitha	15000	3000
Vinitha	-	15000
Vimal	10000	48000
Kamal	60000	-

Debtor list balance tally with Debtors control Account balance at 01.01.2015. But Which differ from each other at 31.01.2015. Then analyzed the book of Account and decided that control Account was prepared correctly. But some transaction did not entered in the Debtors Ledgers.

Following information related with debtors.

Debtors	Sales (Rs. 000)	Cash Received (Rs 000)	Allowed Discount (Rs 000)	Sales Return (Rs.000)
Vanitha	100000	112000	-	3000
Vinitha	120000	100000	-	5000
Vimal	150000	100000	5000	12000
Kamal	200000	260000	10000	-
	570000	572000	15000	20000

Additional Information :

1. Provision for doubt full debt is adjusted at 10% on closing balance of debtor at end of every month.

Required to :

1. Prepare the following ledger in the General Ledger.
 - i. Debtors control Accounts
 - ii. Sales Accounts
 - iii. Allowed discounts
 - iv. Return Inwards Account
2. Reconciliation statement to Reconcile the debtor. control account with Debtors list balance.
3. Carrying value of debtor in the financial position as at 31.01.2015

05. Senthamarai Sports Club Disclose the following financial position as at 31.03.2014

(Rs. 000)

Details	Rs.	Rs.	Rs.
Noncurrent Assets	Cost	Acc.Dep	Net
Sports and office equipment	950	180	770
Furniture	600	120	480
	1550	300	1250
Current Assets			
Stock		150	
Accrued subscription		125	
Trade receivable		200	
Cash and bank		450	925
			2175
Ownership			
Accumulated fund			1150
Differed Income			450
Current Liability			
Trade payable		420	
Pre received subscription		95	
Accrued expense		60	575
			2175

Receipt and Payment Account for the month ended at 31.03.2015

Details	Rs (000)	Details	Rs (000)
B/F	450	Purchase	950
Subscription	2250	Furniture (31.03.2015)	800
Life Subscription	400	Rent	240
Donation	475	Creditor	670
Cash Sales	750	Electricity, Telephone	440
Debtor / Receivable	600	Salary	1060
Sports income	550	Sports organization expenses	330
Other income	400	Refreshment	200
		Other expense	125
		C/F	1060
	5875		5875

Additional Information :

1. Sports club introduced life subscription at 31.03.2014 life subscription will be written off over 10 years. from It received year, income and expenditure Account.
Balance subscription showed in the financial position as differed income.
2. Arrear Subscription and perceived subscription are Rs. 200000 and 150000 respectively at 31.3.2015. Further, Rs. 40000 subscription should be written off from opening Arrear subscription.
3. Purchase, Sales, Debtors, Creditors and Stock are related with canteen which is conducted by club.
4. Stock at cost of Rs. 230000 at 31.3.2015.
5. Noncurrent assets depreciated as follow
Sports equipment 10% on cost
Furniture 25% on cost
6. Accrued expense means Accrued Rent at 31.3.2014. Building monthly rent Rs. 25000
7. Building rent include 40% Rent of canteen. building rent, Labour salary of canteen of Rs. 350000
8. Balance of Debtor and creditor are 375000 and 325000 respectively at 31.03.2015
Required :
 1. Income statement of canteen for the year ended at 31.3.2015
 2. Subscription Account for the year 31.3.2015
 3. Income statement (income & Expenditure Account) of SENTHAMARAI SPORTS CLUB for the year ended at 31.03.2015.

(10 Marks)