



**Northern Province Education Department**  
**Model Paper**  
**General Certificate of Education (Adv. level) Examination 2019**



**Accounting I**

33

E

I

**Two Hours**

**Instructions :-**

- Select the correct answer for question No. 1 - 30 and write its number in the dotted lines given
- Write short answers for the questions No. 31 – 50 on the dotted line.
- Each question carries 2 Marks.

**Index : .....**

Only for use of examiner	
Question paper - I	
Question No.	Marks
01 - 30	
31 - 50	
<b>Total</b>	

- 01) Which of the following is a financial accounting input?  
 1) Historical informations    2) Forecasting informations.  
 3) Transactions and events    4) Financial statements  
 5) Marginal cost information (.....)
- 02) Which of the following is considered as a management accounting information?  
 1) Is there possible to increase employees salary?  
 2) Is there better position to perform guaranteed liability?  
 3) Is there adequate returns for the investment?  
 4) What are the decisions and plannings for the future developments?  
 5) Are the financial statements given to needed organizations? (.....)
- 03) Sumati business sold goods costings Rs 80, 000 for a credit of Rs 100 000. Of these Rs 16, 000 cost of items were returned by customers. The impact of these transactions.  
 1) equity and asset will increase by Rs 20, 000.  
 2) equity and asset will increase by Rs. 8000.  
 3) equity to be reduced by Rs. 20, 000, The asset increase by Rs 8000, The Liability to be increase Rs 100, 000.  
 4) Asset and liability reduced by Rs 100, 000.  
 5) The equity and Asset are increased by Rs 16,000. (.....)
- 04) In the financial position statement of a business, the stationary equipment used to be current assets and office equipment as non – current asset. Related Basic concept of,  
 1) Accrued concept.    2) Going concern concept    3) Cost concept  
 4) Prudence concept    5) Business entity concept. (.....)
- 05) Difference between the financial year income and expenses indicates.  
 1) financial Position    2) financial Position Changes    3) changes in cash  
 4) financial performance    5) equity changes (.....)

• **Answer the questions no. 6 and 7 using followings informations.**

All cash receives and cash payments are conducted through bank current account. The bank statement shows credit balance of Rs. 32 000. It is deviated with cash control account by only unrealized cheque Rs. 18000.

The following informations are extracted from cash receives journal, Cash payment journal and bank statements.

	Rs
Cash receives journal total for the month of March	130, 000
Cash payment journal total for the month of March.	115, 000
Realized cheque in March.	128, 000
Omitted items in cash control account are as follows	102, 000
Direct deposit.	Rs. 9000
Bank charges	Rs. 3000

06) Unpresented cheque and unrealized cheque for the month of march are, respctively.

- 1) Rs. 13000 Rs. 2000                      2) Rs.13000 Rs. 20000                      3) Rs. 22000 Rs. 12000  
 4) Rs. 16000 Rs. 20000                      5) Rs. 13000 Rs. 16000                      (.....)

07) Cash control account balance that is shown in financial position statement as at 31.03.2019.

- 1) Rs 71000            2) Rs 56000            3) Rs 27000            4) Rs 22000            5) Rs 20000            (.....)

08) The March 2019 month information for Ahilan business that is register under the VAT are as follows.

Sales value including VAT 10%	Rs. 176 000
Purchases Rs 90, 000 (VAT 10% excluded)	
Purchase return including VAT 10%	Rs. 5500
Paid VAT	Rs. 3500

Calculate the VAT account balance that are shown in financial position statements.

- 1) Liability Rs. 7500                      2) Assets Rs. 4000                      3) Liability Rs. 4000  
 4) Assets Rs. 5650                      5) Liability Rs.5650                      (.....)

09) Any claim in the following statements regarding the debtors control account is correct,

- 1) There will not be a credit balance of debtors control account.  
 2) All sales will be recorded in the sales joiunals.  
 3) The total of sales journal will be recorded in the debtors control account.  
 4) The individual control account will be maintained in relation to every debtors.  
 5) On all occations, the debtors control account balance will be equal to the total balance of the debtors ledger.                      (.....)

10) The following information belongs to the Pavithra Public company.

	2018.08.31	2017.08.31
Accrued Electricity	50000	-
Pre paid rent	12000	80000

The electricity was paid by cheque at Rs 180000 during the year. At the same time, the monthly rent is paid Rs. 40000.

How much is the elecricity and the rent paid, the value show in the profit or loss statement for the year ended 31.08.2018.

	Elecricity (Rs)	Rent (Rs)	
1)	180, 000	480, 000	
2)	180, 000	520, 000	
3)	230, 000	412, 000	
4)	230, 000	520, 000	
5)	230, 000	440, 000	(.....)

11) Sulaman's business is not maintaining a complete accounting system. The information taken for the year ended 31.03.2019 are as follows.

	Rs
Stocks as at 01.04.2018	38000
Total of purchase journal	122000
Total of purchase column in cash payment journal	144000
Total of sales column in cash receives journal.	320000

Note :- The sales includes a 25% profit on cost. What is the value of closing stocks as at end of the year 31.03.2019?

- 1) Rs 68 000      2) Rs 38 000                      3) Rs 58 000                      4) Rs 48 000      5) Rs 56 000  
(.....)

12) It is an opportunity to stay away from the historical concept when reporting transactions and events?

- 1) Purchasing goods with resale Purpose.
- 2) When the employee's salary is reported.
- 3) When evaluating the value of stocks at the end of year based on LKAS – 02.
- 4) When the stocks are evaluated based on FIFO.
- 5) When measuring the value of mechine according to the LKAS – 16. (.....)

13) The information of three commodity items as at 31.03.2019 are as follows.

Items	Cost (Rs)	Expected sals value (Rs)	Expected sales expenses (Rs)
X	10000	12000	1000
Y	20000	18000	-
Z	5000	6000	1000

What is the value of stock listed in financial position statement based on LKAS : 2 ?

- 1) Rs 35 000      2) Rs 36 000                      3) Rs 37 000                      4) Rs 33 000      5) Rs 32 000  
(.....)

14) Kamal is conducting a separate manufacturing factory and sales out lets, The existence of goods was destroyed due to fire in the trade in 2019.03.31.

	<b>Raw materials</b>	<b>Finished goods.</b>
Stocks as at 01.04.2018	100 000	200 000
Purchase of raw materials	420 000	
Stocks as at 31.03.2019	50 000	

- ★ Production cost except direct material cost in the financial year. Rs. 180000
- ★ Total sales income in the financial year. Rs. 900000
- ★ The business sells goods with 20% of the profit on the production cost.

The total production cost and the value of distructive products respectively are,

- 1) Rs 650 000 Rs 50 000                      2) Rs 650 000 Rs 100 000                      3) Rs 650 000 Rs 150 000  
 4) Rs 700 000 Rs 130 000                      5) Rs700 000 Rs 100 000 (.....)

- 15) In order to present such information to reveal the reliability of the information presented through financial statement.
- 1) It should be perfect, neutrality and accurately.
  - 2) Be sure to be valid and timely.
  - 3) It should be appropriate, timely and Appropriateness with timely.
  - 4) Be sure to be valid timely and accurately.
  - 5) Being comparable and conforming. (.....)

16) The informations taken in a non profit organization are as follow.

The number of members on the 31.03.2018 is 150. Of these, 50 are the life members. The annual membership fee of one of the remaining members is Rs 1000. 12 members did not pay membership fee for 2017 / 2018. 8 members is paid membership fee for 2018 / 2019. Life time membership fees the remaining balance is Rs 200 000 in 2017.04.01. Inwhich, 10% of the total amount will be transferred to the Income and expenses account account as membership fee in the year 2017 / 2018. At the begining of the year there is no arrears or advance membership fees received within the year? What is the membership fees income of 2017 / 2018 and membership fees received within the year?

	<b>Value to be seen as income (Rs)</b>	<b>Membership fee receive within the year (Rs)</b>	
1)	96 000	120 000	
2)	120 000	100 000	
3)	120 000	96 000	
4)	120 000	120 000	
5)	150 000	96 000	(.....)

17) What are the correct statements in the following statement regarding to the partnership?

- A - Total ownership increases when adjusting the goodwill of the partnership business through capital account.
- B - Total ownership will be reduced when transferring retirement partner's equity to loan account.
- C - When paying part of the business expenditure by partner. It does not affect the entire ownership of business.

- 1) B only
- 2) A, B only
- 3) A, C only
- 4) B, C only
- 5) A, B and C (.....)

18) Credit balance of current account of Aruna and Karuna partnership business as at 31.03.2019 are given below.

Aruna	140 000
Karuna	120 000

It was later discovered that no adjustment was carried out when preparing current account in the year end 2019.03.31. But profit or loss statement coorectly prepared.

- \* Karuna had paid Rs 25000 as rent for business in his own money.
- \* Aruna's own income tax was paid Rs. 12000.
- \* The salary of Aruna and Karuna has not been recorded in current account Rs. 40 000 per partner.

What is the answer to the correct current account balance of Aruna and Karuna for the year ended in 2019.03.31 after the adjustments were made?

	<b>Aruna (Rs)</b>	<b>Karuna (Rs)</b>	
1)	148 000	205 000	
2)	168 000	185 000	
3)	205 000	123 000	
4)	205 000	148 000	
5)	205 000	275 000	(.....)

19) The following transactions and events took place in a limited public company.

- A - Capitalization of reserves.
- B - Right issues to all share holders.
- C - Transferring to general reserves from retained profit.
- D - The equipment is revalued for the first time with surplus.

Which of the above transactions and events will result in the increase in the ownership of the company?

- 1) A and B
- 2) B and D
- 3) C and D
- 4) A, B and D
- 5) A, B, C and D

20) What can be considered as accounting estimates and changes in accounting estimates according to the LKAS – 08 ?

- A - Use full life time.
- B - Net value of stocks.
- C - Depreciation methods for property plant and equipments.

- 1) A only
- 2) A and B
- 3) A and C
- 4) B and C
- 5) A, B and C

21) Ledger account balances of Nanda limited company as at 01.04.2018 are as follows.

Ordinary share capital (each Rs 30)	900 000
Revaluation reserve	200 000
General reserve	200 000
Cash	100 000

At the beginning of 2018.04.20, all share holders are provided right issues according to the 3 : 1 ratio, each share Rs 15. All right issues are accepted by the shareholders.

	No. of shares as at 31.03.2019	Stated ordinary share capital (Rs)	Cash account (Rs)
1)	36 000	1200000	100 000
2)	40 000	138000	280 000
3)	40 000	1050000	250 000
4)	46 000	1380000	180 000
5)	46 000	1380000	280 000

22) Which of the following circumstances that leads to the identity of provision for liability in financial statement of the company?

- A - Products are sold in a one year warranty to ensure the correction of the repairs.
- B - On the balance of debtors, Provision for doubtful debts are adjusted.
- C - Without legal requirement, it is necessary to reduce the environmental pollution caused by production process.

- 1) A only
- 2) B only
- 3) A, C only
- 4) B, C only
- 5) A, B and C

23) The company's financial end is 31.03.2019. The directors were authorized to issue financial statements on 30/ 06/ 2019. The company's annual public meeting took place on 15.07.2019, The following events related to the company took place after 31.03.2019.

A - Trade debtor valued Rs 250 000 as at 31.03.2019 who is announced as a bankruptcy on 30.04.2019.

B - Trade debtor values Rs 400 000 as at 31.03.2019 was announced as a bankruptcy on 10.07.2019.

C - Stock cost on 31.03.2019 Rs. 200 000 was sold for Rs 150 000 on 10.04.2019.

D - The market value of investment in the periods between 30.04.2019 and 30.06.2019 has decreased by Rs 300 000.

- |              |              |            |
|--------------|--------------|------------|
| 1) A and B   | 2) A and C   | 3) B and C |
| 4) A,C and D | 5) B,C and D | (.....)    |

24) What is the only answer to the contents of the cash flow under the financial activities when a limited public company is presenting a cash flow statement?

- 1) Shares issues, Repayment of loan, and payment of loan interest.
- 2) Shares issues, Income tax payments and Dividend payments.
- 3) Lease initial deposit payment, lease payment, lease interest payment.
- 4) Lease payment, Received loan and Dividend payment.
- 5) Received loan, Dividend payment, Received dividend. (.....)

25) Current ratio of Suren company in 31.03.2019 is 2 : 1. What is the transaction that will increase the ratio at which other factors remain constant?

- 1) Credit purchases.
- 2) Paid to creditors.
- 3) Settlement of non current liability.
- 4) Sales returns.
- 5) Credit purchase of motor van for business use. (.....)

26) Any of the following costs of a manufacturing company can be classified in to the direct cost?

- A - The wages paid to employees based on the number of units to be produced.
- B - Monthly salary paid to the factory manager.
- C - Transport cost for bringing raw materials to the factory.
- D - Machine depreciations used in factory.

- |              |              |            |
|--------------|--------------|------------|
| 1) A and B   | 2) A and C   | 3) B and C |
| 4) A,B and D | 5) A,C and D | (.....)    |

27) Information about the raw material X of a company

	Minimum usage	Maximum usage.
Consumptions (units)	2000	5000
Lead time (month)	5	6
Maximum level of stocks	40000 units	

This refers to the reorder level and economic order quantity.

- |    | Re order level | EOQ.   |
|----|----------------|--------|
| 1) | 17 500         | 32 500 |
| 2) | 20 000         | 30 000 |
| 3) | 20 000         | 39 500 |
| 4) | 30 000         | 20 000 |
| 5) | 30 000         | 29 500 |
- (.....)

28) The following information is provided by a commodity manufacturing company.

Prime cost Rs 600 000  
 Budgeted overhead cost - Manufacturing department Rs 350 000  
 - Service department Rs 50 000  
 No. of units produced - 75 000 units.  
 Budgeted machine hours - 50 000 (Machine hours per unit is 5 hours)

Which of the following is the absorption rate for the machine hours and the production cost per unit?

	<b>Absorption rate for machine hours</b>	<b>Production cost Per unit (Rs)</b>	
1)	6	38	
2)	7	43	
3)	7	15	
4)	8	16	
5)	8	48	(.....)

29) Production level and production cost of product A that the company wants to produce are as follows,

Production level (units)	Total cost (Rs)
5000	500 000
6000	540 000

The variable cost per unit and the total fixed cost respectively.

	The variable cost per unit (Rs)	Total fixed cost (Rs)	
1)	40	200 000	
2)	40	300 000	
3)	50	300 000	
4)	90	200 000	
5)	100	300 000	(.....)

30) The net present value of an investment plan with completion of 5 years show a value of Rs 180 000 positive (+). the net cash flow of this project has been calculated to 10% discounted factor what is the correct statement about this project?

- 1) Total benefit of the project is Rs 180 000.
- 2) Net profit of the project is Rs 180 000.
- 3) After the completion of the project, the net Profit will be Rs 180 000.
- 4) The cost of capital can be earned benefits more than 10% and Rs 180 000.
- 5) The cost of capital can be earned benefits more than 10 % and earned Rs 180 000. (.....)

(30 x 4 = 120 Marks)

❖ **Give short answer to question No 31 – 50.**

31) The following transaction in one of the business belong to which type of accounting environmental factor.

- (A) Computer software currently used in business was replaced to new computer software due to virus. ....
- (B) Ordered to additional two containers rice for the Tamil Sinhala new year. ....
- (C) The business has to bear the extra cost of employees. If the EPF employees. Contributim has been increase by government in the budget. ....
- (D) Make chages in financial statement by obtain advice from chartered accountants and LKAS. ....

32) Indra company returns goods worth Rs 15000 on 01.01.2019 to his supplier, Sundaram Company due to damaged goods. How is the information shown in Indra company's books and Sundaram Company's books?

(Both companies maintain the control accounts)

- In Indra company's books.
  - a) Source document .....
  - b) Prime entry book .....
- In Sundaram Company's books.
  - a) Debited account name .....
  - b) Credited account name .....

33) State appropriate prime entry books to record following transactions held in a business.

- 1) Business uses Rs 300 000 worth owner's own furniture. ....
- 2) Returned cheque by bank when it was received from debtor then deposited in bank. ....
- 3) Paid reimbursement to petty cashier Rs 2350 .....
- 4) Received cheque value Rs 30000 from right issues. ....

34) Show as "Increase, decrease, or No change" the impact on assets, liability and equity due to the following transactions of a business.

	Assets	Liability	equity
1) Paid accrued electricity	.....	.....	.....
2) Charged bank overdraft interest at the position of bank overdraft	.....	.....	.....
3) Capitalization of retained profit	.....	.....	.....
4) Reimbursement of petty cash imprest	.....	.....	.....

35) The information of petty cash imprest of a business are as follows.

Petty cash balance as at	2019.01.01	Rs 800
Petty cash balance as at	2019.01.31	Rs 400
Petty cash reimbursement on	2019.01.01	Rs 2200

If the value of the petty cash imprest will be increased by Rs 500, how much is the reimbursement value on 01.02.2019.

.....

36) The cash control account of Anoma business as at 31.03.2019 was Rs 80 000. On that day, bank statement balance was deviated by the following reasons.

- ★ Deposited cheque value Rs 20 000 has been dishonoured by bank.
- ★ Direct deposit Rs 50 000 has not been recorded in cash control account.
- ★ Unpresented cheque and unrealized cheque are Rs 80 000 and 55 000 respectively.
- ★ Standing order payments for lease installment Rs 1000 has not been recorded in cash control account.

Required :- Adjusted cash control account balance as at 31.03.2019 .....

Bank statement balance as at 31.03.2019 .....



37) State the accounting concept suitable for the following purposes.

<b>Purpose</b>	<b>Concepts</b>
(A) The general measurement of economic activity is sum of money	.....
(B) Specify the name of the business for financial statements	.....
(C) Cost of sales is deducted from sales income	.....
(D) Received rent income and receivable rent income are totally shown in profit or loss statement.	.....

38) Extracted information from trial balance as at 31.03.2018.

Description	Debit	Credit
Sales		2500 000

Additional informations.

- 1) Goods in sales value Rs 250 000 have been sent to supplier based on the condition of “non – sales return” in 31.03.2018 only 50% of that goods were sold at 31.03.2018 and the sales price was determined by adding 25% profit on cost. These items need to be returned due to the time has passed.
- 2) The value of closing stocks Rs 150 000 as at 31.03.2018.
  - a) What is the amount of sales income to be shown in the income statement for the year ended 31.03.2018. ....
  - b) What is the value of the closing stocks to be shown in financial position statements? .....

• **Answer the questions No 39 and 40 using following information.**

The financial information of a business as at 31.03.2018. and 31.03.2019, which was started on 01.04.2017 with Rs 120 000 capital are as follows

	<b>31.03.2018</b>	<b>31.03.2019</b>
Total assets	180 000	?
Liabilities	?	50 000
Income	50 000	?
Expenses	60 000	75 000

The owners drawings in the year ended 31.03.2018. and additional capital in the year ended 31.03.2019. are Rs 12 000 and Rs 25 000 respectively.

Increases in net assets as at 31.03.2019 is Rs 42 000.

- 39) What is the total liability as at 31.03.2018 .....  
 40) a) The value of assets as at 31.03.2019 is Rs .....  
 b) Earned total income for the year ended 31.03.2019 is Rs .....

- 41) Nirmal (PLC) company issued 50 000 ordinary shares at each Rs 50 for the year ended 31.03.2018. It is needed Rs 15 000 shares issues expenses. The company received applications for 70 000 shares with full of shares value and excess applications were returned and paid shares value. The balance as at 01 / 04 / 2017.

	Rs	
Stated capital	1200 000	
Retained profit	700 000	
a) The value of stated capital as at 31.03.2018		.....
b) The value of retained profit as at 31.03.2018		.....

- 42) a) State the rules that are included in partnership act of 1890, section 42.

.....

- b) Name two equity account of partnership business.

.....  
 .....

- 43) State two decisions which are taken by board of directors of a company when received applications for issuing shares.

.....  
 .....

- 44) The trial balance informations of Amutha company as at 2019.03.31 are as follows.

	Debit (Rs)	Credit (Rs)
Land	900 000	
Revaluation reserve for land		150 000

**Additional informations**

The Land is revalued as Rs 700 000 in this year.

Required :-

- a) Write the double entries for above revaluation.

.....  
 .....

- b) Summary of other comprehensive income.

.....

- 45) The informations of Vishva Company for the year ended 31.03.2019 are as follows.

	(Rs 000)
Annual depreciation	600
Profit for the year	6400
Paid income tax	1400
Income tax pexpenses for the year	1600
Paid annual interest	300
Accured interest	200
Increases in current assets except cash	1200
Dereases in current liability	800
Paid operating expenses	2000

Calculate the followings

- 1) Cash flow used in generated activities 31.03.2019 .....
- 2) Net cash used in operating activities 31.03.2019 .....

46) The informations for the month of May 2018 are as follows.

May	01 stocks 60 unit each	Rs 80.
	05 Purchaes 40 unit each	Rs 90.
	15 Purchases 50 unit each	Rs 100
	25 Sales 110 units	

If FIFO method is used in stock pricing, Calculate the followings.

- 1) Cost of sales for the month of May 2018. ....
- 2) Value of stocks as at 31 May 2018. ....

47) The following informations are extracted from payroll of a business.

- A. Deducted EPF from employees is Rs 10000
- B. Employer's EPF expenses is Rs 15000.

write the double entry for transaction A and B.

- A. ....
- .....
- B. ....
- .....

48) Selling price and variable cost of a products are Rs 100 and 55 respectively and fixed cost for the products is Rs 450 000.

- i) Break even point in sales income is .....
- ii) Value of margin of safty at the expected profit Rs 225 000 is .....

49) A business expects to invest Rs 300 000 on machine. Its estimated values of net cash flows and profit and profit after tax are as follows.

Year	1	2	3	4
Net cash flow (Rs)	90 000	120 000	180 000	150 000
Profit after tax (Rs)	40 000	60 000	80 000	60 000

- a) Accounting rate of return (ARR) .....
- b) Payback period? .....

50) A company has decided to start new project and the alternative ways and their net present value of projects are given below. (Initial investment value of each project is equal value)

Projects	NPV
A	150 000
B	(50 000)
C	0
D	200 000

a) Which project will be selected by business?

.....

b) Give reason.

.....

(20 x 4 = 80 Marks)  
(Total 200 Marks)





**Northern Province Education Department**  
**Model Paper**  
**General Certificate of Education (Adv.level) Examination 2019**



**Accounting II**

33	E	II
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**Three Hours**

**Instructions.**

- **Additional reading time – 10 minits.**
- **Answer only 5 questions including questions No. 01 and 02.**
- **Short answer for every question in new pages.**
- **Attach workins with answer sheet.**

1) The sumerixed trial balance as at 31.03.2019 of the Visalini (PLC) Ltd is given below.

Description	Debit Rs (000)	Credit Rs (000)
Net sales		18 000
Cash and cash equivalent	1 470	
Bank loan interest	90	
Trade receivable	620	
Stocks as at 31.03.2019	400	
General reserves		600
Retained earnings as at 01.04.2018		200
Revaluation reserve - Buildings		300
In come tax paid for the current year.	1 400	
Provision for income tax (2017/ 2018)		220
Stated Capital – Ordinary shares.		5 700
12 % Bank loan.		1 000
Other income		1 660
Property, Plant and equiprent Carrying amount	14 000	
Expenses	9 700	
	27 680	27 680

**Additional information.**

- 1) Last quarter year end bank loan interst is accrued.
- 2) Cash and cash equivalentls includes the followings.

Rs. (000)

Cash control account	540
Petty cash	30
Treasury bills (3 month Maturity)	900
	1470
	1470

- 3) The value of trade receivable listed in trial balance is extracted after deducting value of trade payable Rs. 280 000. A 10 % provision is made for doubtful debts on the year end balance of trade receivables.

- 4) 50 000 ordinary shares were issued each at Rs 20 during the year and amount was received in full has been recorded in the other income account. The rest of other income is the rent income received by renting one portion of building.
- 5) Income tax paid includes Rs. 180 000 for the year 2017 / 2018 was estimated as 33 1/3 % on profit before tax.
- 6) Expenses includes the followings

	Rs (000)
Cost of sales	7000
Administration expenses	1700
Distribution expenses.	1000
	9700

Administration expenses includes	Rs (000)
Auditing fees	100 000
Directors fees	100 000
EPF expenses	210 000
Building depreciation	100 000
Computer equipment depreciation.	200 000

Distribution expenses included.	Rs (000)
Revaluation losses for trade receivable	400 000
Motor van depreciation	400 000
Motor van insurance expense – Pre paid	200 000

- 7) The composition of property. Plant and equipment as at 31.03.2019 are as follows.

(Rs. 000)					
	Land	Motor van	Buildings	Computer equipment	Total
Cost	4000	6000	5000	2000	17000
Accumulated depreciation	-	(2000)	(400)	(600)	(3000)
Carrying Value	4000	4000	4600	1400	14000

Computer equipment and Land was revalued for the first time as Rs 1000 000 and Rs 5000 000 respectively and building not was revalued for the second time as Rs. 4000 000 on 31.03.2019. It is yet to be recorded.

- 8) The board of directors proposed the followings.
  - a) Transfer Rs. 100 000 to general reserve from the Profit of the year.
  - b) Issue ordinary shares to existing shareholders by capitalizing Rs. 300 000 from retained earnings.
- 9) A motor van valued at Rs. 1000 000 was acquired on 01.04.2018 on lease agreement. No. entry has been made in relation to this transaction but initial payment Rs. 200 000 has been made and debited in sales account. Annual lease installment is Rs. 250 000 for four years from 31.03.2019 including Rs. 50 000 lease interest equally.  
The lease installment for the year ended 31.03.2019 has not been paid. But depreciation Rs. 200 000 for the year ended 31.03.2019 only has been calculated properly and recorded.

Required

- 1) Statement of profit or loss and other comprehensive income for the year ending 31.03.2019.
- 2) Statement of changes in equity for the year ending 31.03.2019.
- 3) Statement of financial position as at 31.03.2019. (20 Marks)

2) a) The information of a business that sells similar types of travelling bags.

Expected sales of bags in current year	25000 bags.
Expected selling price per bag is	Rs. 800.
Purchasing cost per bag is	Rs. 300.

Expected annual fixed cost are as follows.

Salary	Rs. 2000 000
Advertisement	Rs. 1000 000
Other fixed Cost	Rs. <u>2000 000</u>
	<u><u>5000 000</u></u>

Required.

- 1) Calculate the break ever point in No. of travelling bags and value.
- 2) Margin of safty in units and value.
- 3) Expected profit.
- 4) If the sales commission Rs 50 per bag is introduced. The number of bags required to be sold to earn a profit Rs. 4000 000 per year.
- 5) Calculate the break even point in units of bags if it is assumed that the additional advertisement expenses Rs. 3100 000 will be incurred and selling price will be increased by 5%. (05 Marks)

b) The Moratuya Ltd Produces the furniture required by customers. It has two production cost centres, A and B in the factory. Futher, it has a service cost centre, C. The following budgeted cost information are as follows.

	Production Cost Centers (Rs 000)		(000)
	A	B	Service Cost Centres (Rs 000) C
Indirect Materials	240	90	15
Indirect wages	180	60	10
Indirect other expenses.	15	10	5

Other over head expenses (Rs 000)

Depreciation on Machinery	200
Rent, rates and electricity	150
Employees welfare expenses	100

Other informations.

	A	B	C
Cost of machinery & equipments	1250	700	50
Floor area (Square meters)	30000	15000	5000
No. of employees	30	15	5
Direct labour (Hrs)	37000	33500	-

Service center provides services equally to production Center A and B.

Direct Costs to produce furniture

Direct materials Rs. 650 per furniture

Direct wages – Cost center A - 8 hours per hours Rs. 80.

B - 6 hours per hours Rs. 60.

Other direct cost per unit Rs 30.

Production over head cost are absorbed based on direct labour hours.

Profit margin per furniture is 10% on Cost.

Required.

1) The production over head analysis sheet giving the bases of apportionment.

2) Production overhead absorption rates for cost centers A, and B.

3) Prepare Production Cost statement (Per unit) including following items.

a) Prime cost

b) Over head Cost.

c) Price per unit

(10 Marks)

c) The following information related to a raw material receives and issue of Sundara Bava I manufacturing business for the period of January to may.

01.01.2019 Purchases – 1000 units per Rs 10.

10.01.2019 Purchases – 260 units per Rs 10.50.

20.01.2019 Issued units 700.

04.02.2019 Purchases – 400 units per Rs. 11.50.

21.02.2019 Purchases – 300 units per Rs 12.50.

16.03.2019 Issued units 620.

12.04.2019 Issued units 240.

10.05.2019 Purchases – 500 units per Rs 11.

25.05.2019 Issued units 380.

Required.

1. Prepare store ledger using FIFO method.

2. Calculate the followings.

a) Total purchasing cost.

b) Total distribution cost.

c) Cost of closing stocks

(05 Marks)

(Total 20 Marks)

3) a) The balances extracted from financial position statement

	Rs. 000
Land	1400
Distribution Vehiccles	1000
Furniture and Fittings	500
Trading stocks.	165
Trade receivable	135
Cash control account balance	550
12% Bank loan	100
Trade payable	450



The following transactions were held in January.

- 1) Purchased goods costing Rs. 65 000.
- 2) Rs. 80 000 Cost of goods were sold for Rs. 115 000. In which Rs 75 000 Cash received immediatly and balance is receivable.
- 3) Building rent for January has been paid Rs. 20 000.
- 4) Received Cash from trade receivable Rs. 100 000 after deducting 5 % discount.
- 5) Elilarasy paid insurance premium Rs. 500 for his owne vehicle from business money.
- 6) Elidarasy paid bank loan installment Rs. 6000 from his owne money including Rs. 1000 interest

Required

1. Show the impact of above transactions in given accounting equation format.

	Assets				Liabilities		Equity
	Property Plant and equipment.	Trade receivable	Stocks	Cash	Trade receivable	Bank loan	

2. Calculate profit or loss for the month of January using net assets method. (05 Marks)

b) The assets and liabilities of upali business as at 01.04.2019 are as follow.

Rs. 000

Machinery and equipment	4250
Motor van	2750
Stocks	3240
Trade receivable control account	3600
Cash Cotrol account	1610
Bank loan	6150
Trade payable control account.	4500
Capital	?

★ Trade receivable balance list. (Rs. 000)

Amal traders	Rs 2250
Pimal expoters	Rs 1350

3600

★ Trade payable balance list. (Rs. 000)

Pratheep importers	Rs. 2925
Rumesh enterprise	Rs. 1575

4500

The transaction were held in April 2019 are as follows.

1) From cash payment vauchers.	(Rs. 000)
01.04.2019 Machinery purchase	750
01.04.2019 Furniture purchase	150
02.04.2019 Owner's drawings	1500
05.04.2019 Administration expenses.	900
10.04.2019 Distribution expenses	85
20.04.2019 Purchase	460
30.04.2019 Electricity	275

2) Received from receipts.		(Rs. 000)
02.04.2019	Cash sales	12000
07.04.2019	Rent income	2000
12.04.2019	Additional Capital	200

3) The transactions were held with trade receivable for this month are as follows.

Customers	Credit sales (Rs 000)	Sales return (Rs 000)	Received cash (Rs 000)	Allowed discount (Rs 000)	Bad debts (Rs 000)
Pimal exporters	1870	65	2510	12	2
Amal traders	3850	55	4950	18	

4) The transactions were held with trade payable for this month are as follows.

Suppliers	Credit Purchase (Rs 000)	Purchase return (Rs 000)	Paid cash (Rs 000)	Received discount.
Pratheep importers.	3120	125	3450	44
Rumesh enterprise.	2850	42	1560	19

Required,

- 1) Prime entry books.
- 2) Sales ledger accounts, sales ledger list, purchase ledger accounts and purchase ledger list.
- 3) Following accounts in general ledger.
  - Trade receivable control account.
  - Trade payable control account.
  - Cash control account.
  - Purchase account.
  - Sales account.
  - Machinery account.
  - Furniture account.

(15 Marks)

(Total 20 Marks)

4) a) The following transactions were held in Jaso business for the month of January 2018.

Debtors	Balance as at 01.01.2018	Credit Sales	(10%) VAT	Received cash	Allowed discount	Bad debts
Salini	50000	30000	3000	60000	150	
Sangavi	20000	10000	1000	24000	300	Full of balance
Sambavi	16000	16000	1600	15000	600	
Samini	14400	20000	2000	13000	280	400

Jaso business is registered for VAT collection.

Required :

- 1) Sales journal
- 2) Personal ledger accounts in sales ledger and debtors list balance.
- 3) Necessary accounts in general ledger.

(10 Marks)

- b) Petty cash balance of Santhiya business as at 2019.01.01 is Rs. 2000.  
The transaction which are conducted by petty, Cashier for the month of January 2019 are as follows.

01.01.2019 Petty cash expenses are reimbursed Rs. 18000	
05.01.2019 Loading expenses.	1000.
08.01.2019 Three wealer expenses.	800
10.01.2019 Cleaning expenses.	1100
14.01.2019 Unloading expenses.	900
16.01.2019 Owner's drawings.	2000
18.01.2019 Car rent.	1500
20.01.2019 Cleaning expenses	1200
22.01.2019 Paid to creditor, Malathy	2500
23.01.2019 Rain ticket	1200
25.01.2019 Loading expense.	800

Required,

- 1) Petty cash payment journal.  
(Using Loading and unloading, cleaning, travelling and other expenses columns)
- 2) Petty cash control account and other ledger accounts in general ledger.

(05 Marks)

- C) Trial balance of vanavil business as at 31.03.2019 is as follows. It is registered for VAT collections.

Description	Debit	Credit
Received discount.		5500
Purchase return.		3000
Capital		75000
Creditors control account.		42000
Sales		132000
VAT account balance.		2500
Property plant and equipment.	55000	
Operating expenses.	13000	
Stocks as at 01.04.2018	15000	
Sales returns.	4000	
Paid VAT	5000	
Debtors control accounts.	65000	
Petty cash balance.	3000	
Purchase account	77000	
Cash control account balance.	23000	
	260,000	260,000

Additional information.

- 1) Debit note and credit note are not included 10% VAT.
- 2) Purchase and Sales account are included 10% VAT. It should be adjusted.

Required :

1. VAT Control account.
2. Prepare profit or loss statement using closing stock value is Rs 28 000. (05 Marks)  
(Total 20 Marks)

5) a) The bank reconciliation statements as at 28.02.2019 and 31.03.2019 are as follows.

	28.02.2019	31.03.2019
Cash control account balance.	20 000	14 000
(+) unrepresented cheques.	8 000	12 000
	<u>28 000</u>	<u>26 000</u>
(-) unrealized cheque.	(10 000)	(8 000)
	<u>18 000</u>	<u>18 000</u>

The informations are extracted from bank statement for the month of march 2019 are as follows.

Realized or Credited deposits.	70000
Debited or presented cheque.	65000
Standing order payment	5000

Prepare :

- 1) Summary of cash control account for the month of March 2019.
- 2) Summary of bank statement for the month of March 2019. (05 Marks)

b) The informations extracted from income statement and financial position statement of unity Sports Club for the year ended 31.03.2019 are as follows.

**Statement of Income and expenditure.**

Income :	Life membership fees	15000
	Membership fees	55000
	Others	<u>35000</u>
		105000

(-) Expenses :	Written off receivable member ship	2000
	Other expenses	<u>68000 (70000)</u>
Surplus		35000

**Financial position statement.**

	31.03.2018	31.03.2019
Property plant and equipment.	60 000	85 000
Receivable membership fees.	10 000	15 000
Receipts and payment account balance.	20 000	95 000
	<u>90 000</u>	<u>195 000</u>
Accumulated fund.	70 000	105 000
Life membership fees.	10 000	60 000
Pre received membership fees.	5 000	10 000
Accrued expenses.	5 000	20 000
	<u>90 000</u>	<u>195 000</u>

Additional informations.

Other expenses includes current year depreciation Rs 10 000.

Required :

- 1) Membership fees account.
- 2) Life membership fees account.
- 3) Receipts and payment account. (10 Marks)

c) The informtions of a manufacturing business for the month of 2018 are as follows.

No. of productions                      1200 units

The time is taken to produce one unit is 15 minuts.

The No. of units are produced by following employers.

Kugan	400
Piraba	200
Jaso	400
Sami	200

- 1) Wages per one hour is Rs 100.
- 2) Giving additional allowences Rs 2000 to every 100 units of production.
- 3) Annual welfare association charges Rs 1200 are deducted equally from monthly salary.
- 4) EPF contributions of employer and employee are 15% and 10% respectively on total salary.

Required.

- 1) Payroll for the month of May 2019.
- 2) Salaries control account. (05 Marks)

(Total 20 Marks)

6) a) Arani and Purani who share profits and losses equally, were partners of a service providing business. Tharani was admited as a partner on 01.04.2018. The revised partnership agrrement is as follows.

- 1) Profits and lossers are shared among Arani, Purani and Tharani in the ratio of 3 : 2 : 1 respectively.
- 2) Partners are entitled to an annual interest of 12% based on year end Capital balance.
- 3) Arani, Purani and Tharani are entitled to a monthly salary of Rs 40000, Rs 30000 and Rs 50000 respectively.
- 4) Partners are entitled to an annual interest of 5% on the loans provided to the partnership.

The trail balance of the partnership as at 2019.03.31 as follows.

(Rs 000)

Description	Debit 000	Credit 000
14% Fixed deposit.	3000	
Cash balance	210	
Property plant and equipment depreciation.	1200	
Tharani loan interest.	60	
Service providing expenses.	3750	
Office expenses.	100	
Other operating expenses.	1100	
Property plant and equipment (Carrying value)	5000	
Paid salary - Arani	400	
Purani	280	
Tharani	200	
Cash brought by Tharani		400
Current account as at 01.04.2018 - Arani		200
- Purani	100	
Capital account as at 01.04.2018 - Arani		1200
- Purani		1200
Comission income		200
loan from Tharani on 01.10.2018.		2400
Service income.		9800
	15400	15400

**Additional information.**

1) Tharani brought the following as capital.

Motor van	600 000
Cash	400 000

How ever, only cash brought by Tharani has been recorded in the books of account.

- 2) Property plant and equipment is depreciated on cost at 10% per annum on straight – line methods.
- 3) When Tharani was admitted, the good will of the partnership was estimated as Rs. 1200 000. All adjustments relating to good will are recoded through the partners capital account and No good will account is maintained.

Required.

- 1) Profit or loss statement of partnership including appropriations for the year ended 31.03.2019.
- 2) Capital and current accounts of partners for the year ending 2019.03.31.
- 3) Financial position statement as at 2019.03.31. (10 Marks)

- b) The following informations are extracted from financial statement of Mathavi Company.  
Profit or loss and other comprehensive statement for the year ended 31.03.2019.

(Rs 000)

<b>Sales (credit)</b>		1560
(-) Cost of sales		(936)
Gross profit		624
<b>Other income</b>		
Dividend income		51
		675
Expenses		
Operating expenses	408	
Depreciation	52	
Interest	70	
losses from motor van sales	5	(535)
		140
(-) Income tax		(45)
Profit for the year.		95

Financial position statement.

(Rs 000)

	31.03.2018	31.03.2019
Trade receivable	540	500
Trade stocks	162	150
Pre paid operating expenses.	15	7
Trade payable.	566	490
Accrued interest.	40	10
Accrued income tax.	20	15

Required :

31.03.2019 prepare the followings for the year ended.

- Cash flows generated from operational activities using indirect method.
- Cash flows generated from operational activities using direct method.

(05 Marks)

- c) A manufacturing company is considering to replace the existing machine with a new machine to improve the efficiency of its operations. The estimated cost of new machine are as follows.

	Rs. 000
Purchase price	2500
Installation charges	200
Charges for engineer who installed machine	100
Site preparation expenses.	300

The following informations are given to you.

- 1) Old machine can be sold for Rs 600 000.
- 2) If the new machine is purchased, the current year working capital Rs 100 000 will be increased to Rs 250 000. This increases will be recovered in 4<sup>th</sup> year.
- 3) The expected useful life time and residual value of new machine are 4 years and Rs. 200 000 respectively. Old machine's useful life times are 4 years and no residua value.
- 4) The expected operating cash flow for the four years are as follows.

Years	Cash receives (Rs. 000)		Cash payments (Rs. 000)	
	Old machine	New machine	Old machine	New machine
1	800	1800	400	600
2	900	2300	500	800
3	900	2400	600	1100
4	800	2200	550	1300

- 5) Discounting factors at 10% for four years are as follows.

Year	1	2	3	4
Discounting factor	0.9	0.8	0.7	0.6

Required :

- 1) Initial net cash flow showing each items.
- 2) Annual cash inflows and out floms from year 1 to 4.
- 3) Net present value of new machine.

(05 Marks)

(Total 20 Marks)