

09. Petty cash imprest of a business was Rs. 2000. It was increased by Rs. 500 from April. Cash at hand at the end of March was Rs. 600. Total of petty cash expense for March and April was Rs. 4000. In April petty cash expense has increased by 50%. The amount re-imbrued at the beginning of May is,
- | | | |
|--------------|--------------|--------------|
| 1. Rs. 500 | 2. Rs. 1,300 | 3. Rs. 1,600 |
| 4. Rs. 2,100 | 5. Rs. 2,400 | (.....) |

• Use following information when answering questions no. 10,11 and 12.

Trade payable control account balance of Sandaruwan business as at 31/03/2019 was Rs. 50,000 and it was not equal to the total of list of trade payables. Trial balance prepared on that date also not equal and difference was transferred to the suspense account. Later followings were discovered.

- Total of discount received column of Rs. 10000 had been recorded in the incorrect side of the trade payable control account.
- Purchase invoice of Rs. 15000 had not been recorded in personal account of relevant creditor.
- Cash paid to a creditor amounting Rs. 25000 had been written twice in the payment journal.

10. Balance appeared in the suspense account due to above errors is,
- | | | |
|------------------|------------------|------------------|
| 1. Rs. 10,000 Dr | 2. Rs. 10,000 Cr | 3. Rs. 20,000 Dr |
| 4. Rs. 20,000 Cr | 5. Rs. 35,000 Dr | (.....) |

11. Adjusted trade payable account balance as at 31/03/2019 is,
- | | | |
|---------------|---------------|---------------|
| 1. Rs. 15,000 | 2. Rs. 55,000 | 3. Rs. 45,000 |
| 4. Rs. 65,000 | 5. Rs. 95,000 | (.....) |

12. Total of list of trade payable before correcting above errors is,
- | | | |
|---------------|---------------|---------------|
| 1. Rs. 15,000 | 2. Rs. 25,000 | 3. Rs. 45,000 |
| 4. Rs. 50,000 | 5. Rs. 55,000 | (.....) |

13. Following are the some accounting practices and concepts used by a business.

| Accounting Practice | Concept |
|----------------------------------------------------------------------------------------------|-----------------------|
| 1. Recognition of income after the completion of performance obligations. | A Going concern |
| 2. Recording of a building acquired on finance lease as an asset. | B prudence |
| 3. Presentation of assets as current and non-current in the statement of financial position. | C Substance over form |
| 4. Measuring the closing stock at lower of cost or net realizable value. | D Realization |

Select the answer which respectively shows accounting concept relevant for accounting practices used by the business.

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

14. Which one of the accounting element can be identified through the increase of equity as a result of increase of assets or decrease of liability, without intervention of the owners.

- | | | | | | |
|-----------|----------------|-----------|------------|-----------|---------|
| 1. Assets | 2. liabilities | 3. Income | 4. Expense | 5. Equity | (.....) |
|-----------|----------------|-----------|------------|-----------|---------|

15. Following information is related to a manufacturing business.

| | (Rs. . 000) |
|---------------------------------------------------------------|-------------|
| Cost of material received to store including opening stocks | 260 |
| Cost of stock issued as per store ledger | 200 |
| Net realizable value of closing stock at the end of the year. | 50 |
| Direct labour cost | 90 |
| Increase of working progresses stocks during the year. | 23 |
| Production overhead cost | 33 |
| Storage cost of finished products. | 15 |

according above information production cost and period cost are,

| | Production Cost (Rs.000) | Period Cost (Rs.000) | |
|----|------------------------------------|--------------------------------|---------|
| 1. | 300 | 10 | |
| 2. | 300 | 25 | |
| 3. | 323 | 25 | |
| 4. | 346 | 10 | |
| 5. | 346 | 25 | (.....) |

16. Following information was taken from a sport club.

- No of members of the club is 100 and annual subscription per member is Rs. 1200.
- Subscription in arrears at the beginning and end of the year respectively were 10 member and 5 members.
- 15 members at the beginning and 7 members at the end of the year had paid subscription for six months.

Subscription received during the year is,

| | | | |
|----------------|----------------|----------------|---------|
| 1. Rs. 113,400 | 2. Rs. 118,800 | 3. Rs. 119,400 | |
| 4. Rs. 120,600 | 5. Rs. 121,200 | | (.....) |

17. Following information was taken from a business which does not maintain proper records.

| | (Rs. 000) |
|------------------|-----------|
| Sales | 300 |
| Purchase | 240 |
| Return out wards | 10 |
| Opening stocks | ? |
| Closing stocks | 20 |

The policy of the business is to maintain 20% profit on sales, opening stock of the business is,

| | | | |
|---------------|---------------|---------------|---------|
| 1. Rs. 20,000 | 2. Rs. 30,000 | 3. Rs. 45,000 | |
| 4. Rs. 50,000 | 5. Rs. 60,000 | | (.....) |

• **Answer questions no. 18 and 19 using following information.**

On 01/04/2018 Siwantha retired from the partnership conducted by Awantha, Bawantha and Shiwantha by sharing profit at the ratio of 3:2:1 respectively. When Shiwantha retires, goodwill was adjusted through capital account of the partners and total equity of Siwantha, of Rs. 200,000 was transferred to a 10% loan account.

Balances of current account of partner Awantha, Bawantha and Siwantha as at 01/4/2018 respectively were Rs. 75000, Rs. 50,000 and Rs. 25000. Total of capital of Awantha and Bawantha on 01/04/2018 and 31/03/2019 respectively were Rs. 600,000 and Rs. 575,000.

Awantha and Bawantha decided to continue the business by sharing profit at the ratio of 3:2. Further they agreed to 10% interest on opening capital account balances and pay monthly salary of Rs. 10,000 to each partner. During the year 31/03/2019 partnership generated a profit of Rs. 380,000.

18. Balance of the capital account as at 01/04/2018 was,

- | | | | |
|----------------|----------------|----------------|---------|
| 1. Rs. 125,000 | 2. Rs. 150,000 | 3. Rs. 175,000 | |
| 4. Rs. 200,000 | 5. Rs. 225,000 | | (.....) |

19. Profit share of Awantha and Bawantha for the year ended 31/03/2019 were.

| | Awantha (Rs) | Bawantha (Rs) | |
|----|---------------------|----------------------|---------|
| 1. | 36,000 | 24,000 | |
| 2. | 48,000 | 32,000 | |
| 3. | 72,000 | 42,000 | |
| 4. | 168,000 | 112,000 | |
| 5. | 180,000 | 120,000 | (.....) |

20. Which of followings are considered as per LKAS 07 - (Cash flow Statement)

- | | | |
|---------------------------------------|-------------------------------------------------------------|-----------------|
| A - Cash at hand. | B - Three-month treasury bills. | |
| C - Demand Deposits. | D - Fixed deposits matures within lesser than three months. | |
| E - Cash invested in ordinary shares. | | |
| 1. A Only | 2. A and B Only | 3. A and C only |
| 4. A,B,C and D only. | 5. A,B,C,D,E | (.....) |

21. Which of the following can't be considered as the changes in accounting estimates. According to LKAS 10 - Accounting Policies changed in accounting estimates and errors.

- | | | |
|------------------------------------------------------------------------|--------------------|-----------|
| A - Increase of useful life and residual value of assets. | | |
| B - Depreciation assets on reducing balance method from current year. | | |
| C - Recognition of income after completing the performance obligation. | | |
| D - Increasing Provision made for sales warranty. | | |
| 1. Only A | 2. Only B | 3. Only C |
| 4. A and C only | 5. A, B and D only | (.....) |

22. Following information is related to a motor vehicle sold by Udara motors Private Ltd.

| | Cost / Value (Rs. 000) |
|-------------------------------------------------------------------------|-------------------------------|
| Transferring motor vehicle after paying Rs. 2700,000 | 2,500 |
| Provision one-year insurance with a week from selling motor vehicle | 100 |
| Registration of motor vehicle within a week from selling motor vehicle. | 25 |
| Providing three services one per six months period | 75 |

Revenue for the year ended 31/03/2049 and liability at that date as per SLFRS-15 contracts with customer are,

26. You are provided following information related to operation activities taken from the books of Rusiru plc.

| | (Rs. 000) |
|----------------------------------------------------|------------|
| Net cash blow generated from operating activities. | 6,000 |
| Interest expense (Accrued interest 400,000) | 600 |
| Income tax expense (Accrued tax Rs. 200,000) | 1,600 |
| Depreciation | 1,200 |
| Increase of stocks | 500 |
| Increase trade payables | 1,000 |

What is net profit before tax of Rusiru PLC for the year ended 31/03/2019?

- | | | |
|------------------|------------------|------------------|
| 1. Rs. 4,900,000 | 2. Rs. 5,300,000 | 3. Rs. 5,900,000 |
| 4. Rs. 6,400,000 | 5. Rs. 6,500,000 | (.....) |

27. Select the answer which respectively shows the ratio used to measure liquidity and long term financial stability of a company.

- | | |
|-------------------------------------------|-------------------------------------------|
| 1. Debtors turnover ratio, quick ratio. | 2. Debt ratio, debt-equity ratio. |
| 3. Current ratio , Return on asset ratio. | 4. Current ratio , Return on asset ratio. |
| 5. Debt ratio , current ratio | (.....) |

28. Select the transaction / transactions which cause the increase the current ratio,

- A - Payment to a creditor.
 B - Sales of goods with a profit on cash.
 C - Purchase of stocks on credit.

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

29. Following information is related to a material used by a company during a week.

| | maximum | Minimum |
|-----------------------------|---------|---------|
| Consumption per day (units) | 300 | 100 |
| Lead time (weeks) | 6 | 2 |

Sunday is a holyday of the business what is the minimum stock level of this business?

1. 1000 units 2. 1600 units 3. 1200 units 4. 6000 units 5. 9600 units (.....)

30. Following information is related to the closing stock held by a business as at 31/03/2019.

| Item | Production cost | Estimated selling Price | Estimated selling Expense |
|------|-----------------|-------------------------|---------------------------|
| A | 10,000 | 13,000 | 1,000 |
| B | 11,000 | 12,000 | 2,000 |
| C | 12,000 | 6,000 | 6,000 |

What is value of stocks that should be shown in the statement of financial position prepared as at 31/03/2019 if company uses item by item basis for the valuation of closing stocks.

- | | | |
|---------------|---------------|---------------|
| 1. Rs. 20,000 | 2. Rs. 27,000 | 3. Rs. 31,000 |
| 4. Rs. 32,000 | 5. Rs. 33,000 | (.....) |

$$\dots\dots\dots \times 40 = \frac{\dots\dots\dots}{120}$$

• **Provide short answers to the question from 30 to 50 in the given space.**

31. State whether following statements are true or false.

True / False

- A Analyzing the profitability of business using ratios is the main function of accounting.
- B In management accounting historical and predicted information are used.
- C Only transactions and events which can be measured using a currency are recorded in accounts.
- D General purpose financial statements are prepared according to the accounting standards.

32. State whether the equity increase, decrease or no change due to following transactions.

Increase / decrease / no charge

- A Paying loan instalment of Rs. 40,000 including interest of Rs. 5000.
- B Advertising expense of Rs. 2500 was paid by the personal fund of the owner.
- C Receiving a discount of Rs. 1000 when settling a creditor.
- D Donation of stocks worth Rs. 5000

33. State whether following statements related to a sole proprietorship are true (T) or false (F)

True / False

- A Drawings are not recognized as an expense in the income statement.
- B Capital invested plus retained profit shows the total equity.
- C Use matching concept when preparing income statement.
- D When calculating profit using net assets methods, drawing should be deducted.

34. Information related assets and liabilities of Subodha traders (A sole trader) are given below.

| | As at 31/03/2019 | As at 31/03/2018 |
|--------------------|-------------------------|-------------------------|
| Non current Assets | 5200 | 4000 |
| Current assets | 400 | 250 |
| Total liabilities | 3700 | 2300 |

Drawings made by the owner was Rs. 150000 while owner has invested Rs. 60,000 during the year ended 31/03/2019.

Calculate

- a) Equity as at 31/03/2019
- b) Profit or loss for the year ended 31/3/2019

35. State two situation where historical cost concept is violate when accounting for assets.

.....

36. State the sources used to obtain following information when preparing trade receivable control account.

Source Used

- A Sales
- B Return inwards
- C Impairment loses
- D Cash received

37. Trial balance prepared as at 31/03/2019 was not equal. Difference was transferred to the suspense account. Later following errors and omissions were discovered.

- A - Issued cheque of Rs. 6500 for the telephone bill of the month had been dishoured but no entry had been made regarding the dishonour of cheque.
- B - Discount column of cash receipt journal of Rs. 4000 had been debited to trade payable control account.

Write he journal entries to correct above errors. (Narratives are not required.)

| Error | Description | Dr | Cr |
|-------|-------------------------|----|----|
| A | | | |
| B | | | |

38. On 01/04/2016 Ramesh P/C purchased a machine for Rs. 1200,000. Scrap value and useful life of the machine were respectively estimated as Rs. 200,000 and 10 years. On 01/04/2018 machine was renovated by spending Rs. 400,000. Due to renovation scrap value and useful life has increased by Rs. 100,000 and 3 years.

What is the depreciation expense of the machine for the year ended31/03/2019?

.....

• **Use the following information when answering questions no. 39 and 40.**

On 01/04/2018 Amal and Bimal started a partnership by investing Rs. 600,000 and Rs. 400,000 respectively. Following information related to the year ended 31/03/2019.

- 10% interest on capital account has been appropriated.
- Respectively Amal and Bimal were appropriated Rs. 100,000 and Rs. 60,000 as annual salary.
- Profit appropriated to partners Amal and Bimal respectively were Rs. 60,000 and Rs. 40,000 respectively.

Chaque received For

A sales advance Rs. 50,000 had been taken by Amal but no entry had been made in this regard. Amal has provided a loan of Rs. 400,000. Interest on loan had not been accounted.

39. Correct profit earned by the partnership during year ended 31/03/2019 is,
Rs.

40. Correct balance correct accounts of Amal and Bimal respectively were ,
Amal Rs. Bimal Rs.

41. State two difference between provisions and contingent liabilities according LKAS - 37.
Provision **Contingent Liabilities**

- | | |
|---------|---------|
| 1. | 1. |
| 2. | 2. |

42. Financial statement prepared for the year ended 31/03/2019 of a company was authorized by the board of directors on 30/06/2019 classify the following events occurred in between reporting date and date of authorization as adjusting non-adjusting events using 'v' mark.

| | Adjusting Event | Non - adjusting Event |
|-----------------------------------------------------------------------------------------------------|----------------------------|----------------------------------|
| A Destroyed a motor vehicle worth Rs. 1000,000. | | |
| B Declared final dividend of Rs. 500,000 to ordinary shareholders. | | |
| C Court ordered to pay a compensation of Rs. 250,000 to an employee who field a case on 20/03/2019. | | |
| D Banckraptey of debtor worth Rs. 20,000 who was at the reporting date. | | |

43. State a similarity and a difference between capitalization of reserve and right issue of shares.
Similarity :
Difference :

• **Use following information when answering question no. 44 and 45.**

Equity of chilly plc were as at 01/04/2018 are given below.

| | |
|----------------------------------------------------|------------------|
| | (Rs.'000) |
| Stated share capital (Rs. 100,000 ordinary shares) | 10,000 |
| General Resources | 500 |
| Retained profit | 1500 |

Additional information

1) On 01/10/2018 retained profit was capitalized at a ratio of 10:1 consideration per share was Rs. 80/-.

2) On 01/01/2019 called application for issuing 10,000 shares at a consideration Rs. 100 per share. Application for 15000 were received and shares were allocated after refunding the money received with excess application.

44. Write the journal entry to record the public issue of shares.

a) Recording the cash received with application.

.....

b) Recording allotment of shares.

.....

45. Net increase in equity due to issue shares is,

46. Classify following transaction as operating, interesting or financial activities.

**Operating / Investing /
 Financing**

A Paying Rs. 150,000 to trade payables.

.....

B Paying interim dividend of Rs. 200,000 to ordinary share holders.

.....

C Receiving dividend income of Rs. 500,000.

.....

D Payment of tax Rs. 40,000.

.....

47. Following transactions were taken place in a company during the year ended 31/03/2019.

(Rs. '000)

| | |
|---------------------------------------------------------------|-----|
| Income tax expense | 240 |
| Interim dividend paid. | 300 |
| Capitalization of profit reserve. | 500 |
| Transferred to general reserve | 200 |
| Revaluation reserve generated first time revaluation of land. | 240 |

❖ Balance of retained profit account on at 31/03/2018 and 31/03/2019 respectively were Rs. 800,000 and Rs. 1060,000.

Total comprehensive income for the year ended 31/03/2019 is

48. Total sales of a company for the year ended 31/03/2019 was Rs. 1200,000. 60% sales were on credit. Company sells its produces with 25% profit cost.

| | As at 2019.03.31 (Rs.'000) | As at 2018.03.31 (Rs.'000) |
|------------------|-------------------------------|--------------------------------|
| Trade receivable | 800 | 400 |
| stocks | 450 | 350 |

Calculate following as at 31/03/2019

- a) Stock turnover ratio
- b) Debtors turnover ratio

49. State four assumptions used when EOQ (Economic order Quantity) is calculated.

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

50. Following information is related to a material used by a company.

- Ordering cost per order Rs. 750.
- Annual holding cost per unit Rs. 10
- Monthly demand 5000 units.

Calculate followings,

A) Economic order quantity (EOQ) :

B) Annual holding cost

Additional information

Following adjustments should be made before preparing Financial statements for the year ended 31/03/2019

- ❖ Board of directors approved the the financial statements for publication on 15 th May 2019
- i) Cost and net realizable value of closing stocks were Rs. 3500,000 and 3650,000
- ii) Court order was given to pay a compensation of Rs. 400,000 for the case filed by Central environmental authority. Provision for Lawsuits given in the trial balance shows the provision made for this case.
- iii) On 01/05/2019 Court declared that a debtor amounting Rs. 200 000 was bankrupted It should be Written off as impairment loss Allowance for expected impairment loss should be adjust on Rs. 300,000
- iv) Total assests of the business was insured as a package on 01/01/2019, by paying Rs. 1000000 for the period ending 01/01/2020. Paid amount is a included in Administration expease.
- v) Business sells its products with one year warranty from this year It is reliably estimate that 5 % of sales should be provided an provision for sales warranty.
- vi) Composition of property plant and Equipment is given below. (Rs. 000)

| Description | Cost / value as at 01/14/2018 | Accumalated depreaifin cost 3/4/19 Rs. |
|--------------------|-------------------------------|-------------------------------------------|
| C and | 20000 | - |
| Buildings | 25000 | 10000 |
| Office Equipment's | 10000 | 3000 |
| Motor vehicles | 15000 | 4500 |
| | <hr/> 70,000 | <hr/> 17,500 |

- vii) Description regarding the property plant and equipment acquired and disposed during the year is given below.
 - On 01/10/2018 a now building was purchased for Rs. 15,000,000
 - On 31/03/2019, office equipment in which cost and carrying amount respectively were Rs. 20,000,000 and 16,000,000 was sold for Rs. 1650,000
- viii) On 01/04/2018 land was revealed in second time for Rs. 18,000,000. Revaluation reserve shows the surplus greeted on first time revaluation of land.
- ix) Building office equipment and motor vehicle should be depreciated 10% on straight line basis.
- x) On 01/04/2018 company entered into a lease agreement of acquire a machine. Following information is related to less agreement.

| | |
|----------------------------------------|----------------|
| Cost of the right use arrest (Machine) | 4000,000 |
| Down payment made | 960, 000 |
| Initial lease liability | 3040,000 |
| Lease interest | 2018/19 304000 |
| | 2019/20 230000 |

 - ❖ on 30th march 2019 First installment of Rs. 930,000 was paid.
 - ❖ No entry had been made regarding the right to use assets other than blasting down payment 1st installment to the lease installment account while crediting to the cash account.
- xi) paid fax includes tax paid for the last year of Rs. 500,000. Tax liability for the current is estimated as Rs. 2300,000
- xii) Administration expense include director remuneration of Rs 50 000, and auditor charges of Rs 300,000. Further loan interest should be accrued.
- xiii) Director Board of proposed followings.
 1. Transfer Rs. 800,000 to general reserve
 2. Paying final dividend of Rs. 1200,000

Required

Prepare following financial statements including notes as per LKAS 01 presentation of financial statements including statements.

- 1) Profit or loss and other comprehensive income statement for the year ended 31/03/19
- 2). Statement of changes in quantity for the year ended 31/03/2019
- 3). Statement of financial position as at 31/03/2019

(Total Marks 40)

02. a.) 1) Dasun plc produce product "A" using two raw materials "P" and "Q" Following information related to raw material "P" and "Q"

| | P | Q |
|-------------------------|----------|----------|
| maximum usage per week | 15000 | 19000 |
| Average usage per week | 14000 | 18000 |
| Re order quantity (EOQ) | 60000 | 80000 |
| Maximum Lead time | 6 | 5 |
| Average Lead time | 5 | 4 |

Calculate followings for material P and Q

- 1) Re order Quantity
 - 2) Maximum Stock Level
 - 3) Minimum Stock level
 - 4) Average stock level
- 2) Following information is related to the wanni curd producers.
- Annual usage of liquid milk 24000l
 - Price per liquid milk litre Rs. 24
 - Ordering cost per order Rs. 50
 - Annual holding cost 10% of purchase price of milk litre.

Required

01. Economic order quantity
02. No of orders per year

(20 marks)

- b. Following information was taken from the books of Ahinsa PLC

❖ **Profit or loss and other comprehensive income statement for the year ended 31/3/19 is given below.**

| | Rs. (000) |
|-----------------------------------|------------------|
| Sales | 9500 |
| Cost of Sales | (3800) |
| Gross profit | 5700 |
| Expense | (2200) |
| Profit before tax | 3500 |
| Income tax | (1250) |
| Profit for the year | 2250 |
| <u>Other comprehensive income</u> | |
| Change in revaluation reserve | 300 |
| Total comprehensive income | 2550 |

❖ **Statement of Financial Position as at**

| | 2019.03.31 | 2018.03.31 |
|------------------------------------------------|-------------------|-------------------|
| | Rs. 000 | Rs. 000 |
| Property plant and Equipment at carrying value | 10000 | 11000 |
| 10% investment (Purchased on 31/03/19) | 2000 | - |
| stocks | 400 | 650 |
| Trade receivable | 750 | 930 |
| Prepaid operating expense | 200 | - |
| Cash & Cash Equivalents | ? | 420 |
| | <hr/> ? | <hr/> 13000 |
| stated share capital - ordinary shares | 9000 | 8000 |
| Revaluation reserve | 300 | - |
| General reserve | 850 | 730 |
| Retained profit | 5100 | 3500 |
| 10% Bank loan (Obtained on 01/04/2018) | 1200 | - |
| Accrued tax | 340 | 420 |
| Accrued interest | 350 | 250 |
| Accrued operating expense | 60 | - |
| | <hr/> - | <hr/> 100 |
| | <hr/> ? | <hr/> 13000 |

Additional information

- i. Sales and purchases were totally on credit
- ii. During the year payment of interim dividend, transfer to general reserve had been made. In addition to that capitalization of reserves was also made during the year.
- iii. Transactions related to property plant and equipment.
 - a. Depreciation of PPE Rs. 600,000
 - b. A Land of the business was revalued for Rs. 5300,000. Carrying value of the land was Rs. 5000,000.
- iv. On 31/03/19 A machine in which carrying value was Rs. 700,000 was sold for Rs. 500,000. Loss is also transferred to the income statement.

Required

Cost how statement of Ahinsa PLC for the year ended 31/03/2019 and per LKAS

(20 marks)
(Total 40 marks)

03. Impact of transaction to the accounting equation occurred in January 2020 of Narada Business is given below.
(₹, '000)

| No | Assets | | | | | Liabilities | | | Equity | |
|--------------------|--------|--------|------------------|-----------------|------|---------------|---------------|-----------|---------|-----------------|
| | PPE | Stocks | Trade receivable | Other resivable | Cash | Trade payable | Other payable | Bank loan | Capital | Retainal Profit |
| 2020.01.01 Balance | 7000 | 2000 | 700 | 60 | 240 | 600 | 80 | 2000 | 6000 | 1320 |
| i. | | -1500 | +2000 | | | | | | | +500 |
| ii. | | +600 | | | -200 | +400 | | | | |
| iii. | | | | -50 | -10 | | | | | -60 |
| iv. | | | -500 | | +450 | | | | | -50 |
| v. | | | | | -250 | | | -200 | | -50 |
| vi. | | -500 | | | +480 | | | | | -20 |
| vii. | | | | | -270 | -300 | | | | +30 |
| viii. | | | -50 | | | | | | | -50 |
| ix. | | | | | -80 | | -60 | | | -20 |
| x. | +1000 | | | | | | | | +1000 | |
| xi. | -50 | | | | | | | | | -50 |
| xii. | | -30 | | | | | | | | -30 |

Required

- 1) Describe transactions no (1) to (12) assuming that assuming that no drawings was made.
 - 2) Calculate profit or loss for the month ended 31/03/2020 using net asset method.
 - 3) Calculate total equity as at 30/01/2020
 - 4) Statement of financial position as at 31/03/2020 by classifying assets and liabilities as current and non current. **(40 marks)**
04. a) Statement of financial position of Lahiru, Vimukthia and Tharindu partnership prepared as at 01/04/2018 is given below.

| Assets | (Rs. 000) |
|---------------------------------------------|-----------|
| Property plant & Equipment (carrying Value) | 12000 |
| 12% investment | 7000 |
| Stocks | 700 |
| Trade receivables | 600 |
| Cash and Cash Equivalents | 500 |
| | 20800 |
| Equity and liabilities | |
| Equity - Lahiru | 6500 |
| Vimukthi | 5000 |
| Tharindu | 2800 |
| 20% Bank loan | 6000 |
| Trade payables | 500 |
| | 20800 |

additional information

- i) Partnership agreement includes followings.
 - Sharing profit and loss at the ratio of 2:2:1 respectively among Lahiru, Vimukthi and Tharindu.
 - Capital account balance as at 01/04/2018 (included in equity) were as follows.

| Capital Account balances | (Rs. '000) |
|---------------------------------|-------------------|
| Lahiru | 5000 |
| Vimukthi | 4000 |
| Tharindu | 3000 |

ii) Summary of transaction occurred during the year ended 31/02/2019 are given below.

| | (Rs. '000) |
|------------------------------------------------------|-------------------|
| Sales (70% on credit basis) | 10000 |
| Purchase (60% on credit basis) | 4000 |
| Recurved from trade receivables. | 7100 |
| Paid to trade payables | 2300 |
| Operating expense paid (Excluding interest on loans) | 1200 |
| Depreciation of PPE | 300 |
| Drawings (Rs. 50,000 each by each) | 150 |

iii) Stocks as at 31/03/2019 was Rs. 800,000.

iv) Operating expense paid, includes personal income tax of Lahiru Rs. 50,000.

v) A motor vehicle owned by Vimukthi was brought in to business on 01/10/2018. Cost and scrap value of the motor vehicles was Rs. 200,000 useful life was estimate as 5 years. It was decided to depreciate this motor vehicle on straight line basis. No entry has been made regarding the investing motor vehicle of depreation and this motor vehicle.

vi) No. entry has been made regarding the loan of Rs. 500,000 provided by Tharindu on 01/01/2019.

vii) Interest on investment is yet to be received while no inbterest has paid on bank loans.

viii) On 31/03/2019 Tharindu retired from partnership. When Tharindu retires.

- Goodwill was valued at Rs. 2000,000
- Lahiru and Vimukthi agreed to continue the partnership sharing profit and loss equalily.
- On that date 50% of the payable amount to Tharindu was paid in cash and remaining balance was transferred to a loan account.

Required

1) Income statement including appropriation, of the partnership for the year ended 31/03/2019.

2) Capital accounts, current accounts of partners and loan account of Tharindu.

3) Balances of following accounts as at 31/03/2019. **(25 Marks)**

- Trade receivable A/C
- Trade Payable
- Other Receivable A/C
- Other payable A/C

(B)Following information relevant for the year ended 31/03/2019 was take from the books of Tharindu plf which was commenced on 01/04/2018.

| | (Rs. '000) |
|-----------------------------------------|-------------------|
| Sales income | 12000 |
| Cost of sales | 6000 |
| Expense including interest | 1000 |
| Income Tax | 500 |
| Profit for the year | 4500 |
| Balances as at 31/03/2019 | |
| Total assets | 18000 |
| Stated share capital (Rs. 30 per share) | 6000 |

| | |
|----------------------------------------------------------------------------------------------------------|------|
| Reserves | 4000 |
| Total liabilities | 8000 |
| - 40% out of total assets consist of current assets. Current assets include inventory worth Rs. 500,000. | |
| - 50% out of total liabilities, are current liabilities. | |
| - Interim dividend of Rs. 500,000 was paid during the year. | |

Calculate followings raions for te year ended 31/03/2019.

- | | | |
|-----------------------|------------------------------|------------|
| 1) Current ratio | 2) Interest cover ratio | |
| 3) Gross profit ratio | 4) Intentry retention period | |
| 5) dividend per share | (assume 360 days per year.) | (15 marks) |
- (Total 40 mark)**

05. (A) Following information is taken from the books of Vishwa traders which is registered for value added tax. (VAT)

i)

| Cash receipts | (Rs. '000) |
|------------------------------------------------------------------|-------------------|
| cash sales including 10% VAT | 660 |
| Cash received from Lal - a debtor (Discount allowed Rs. 800,000) | 720 |
| Commission Income | 200 |
| Cash Sales including 10% VAT | 1100 |
| Cash received from Nihal - debtor | 280 |
| Cash Payments | |
| Cash purchases - including 10% VAT | 440 |
| Paid to Bandara - Creditor | 160 |
| Electricity expense paid | 30 |
| Cash purchases including 10% VAT | 220 |
| Paid to Bandara - Creditor (Discount received Rs. 30,000) | 270 |
| Salary Paid | 80 |
| VAT Paid | 70 |

- ii) Summery of bank statement for the month of January 2020.

| | (Rs. '000) |
|------------------------------------|-------------------|
| Cash deposit and cheques realized | 1580 |
| Paid for issued cheques | 900 |
| Bank charges | 10 |
| Dishonour of deposited cheque | 280 |
| Direct remittance debtors | 150 |
| Standing order Payents - Insurance | 30 |

- iii) Cash control account balance as at 31/12/2019 was Rs. 450,000. It was equal to the balance of the bank statement on that date.

Required

- Cash receipts and cash payment journal for the month of January.
- Cash control account and VAT control account.
- Adjusted cash control account and Bank reconciliation stamens. **(20 marks)**

(B) Following information is related to the motor vehicle used by a business.

| Motor Vehicle | Cost (Rs. 000) | Scrap value (Rs. 000) | Years | Date of Purchase |
|------------------|-------------------|--------------------------|-------|------------------|
| M/V ₁ | 3200 | 200 | 10 | 2015.04.01 |
| M/V ₂ | 4200 | 600 | 9 | 2015.10.01 |
| M/V ₃ | 3500 | 500 | 5 | 2016.04.01 |

Following transactions were incurred, in relation to the motor vehicles during the year ended 31/03/2019.

- MV₁ was sold on 01/10/2018 for Rs. 2600,000. In the same date MV₄ purchased for Rs. 4200,000. Useful life and scrap value of MV₄ was estimated as 7 years and Rs. 7000,000.
- On 01/04/2018 remaining useful life of MV₂ was revised as 5 years.
- On 01/04/2018 mv₃ was renovated by incurring Rs. 1300,000. Due to renovation scrap value of the motor vehicle has increased up to Rs. 600,000.
- During the year ended 31/03/2019, company paid Rs. 900,000 for revenue license and Insurance of motor vehicles.

Required

- Following accounts for the year ended 31/3/2019.
 - Motor Vehicle account
 - Accumulated depreciation account.
 - Motor vehicle disposal account.
- Note on property plant and equipment to be attached to the financial statement to prepared for the year ended 31/03/2019.

(20 Marks)

(Total Marks 40)

06. (A) Trial balance of Thilina traders prepared as at 31/03/2019 was not equal. Financial statements were drafted by transferring the difference in the trial balance to the suspense account. Drafts profit for the year was Rs. 650,000. Following errors and omissions were discovered later.

- Total of the sales amount column in the sales journal of Rs. 450,000 has been posted to the sales account as Rs. 540,000.
- No entry and benn made in the general ledger regarding the impairment loss of Rs. 14000.
- Furniture purchased on 01/10/2018 for Rs. 60000 had been debited to the office expenses account. Non current assets business is depreciated 10% on cost.
- Paid Bank loan interested of Rs. 10,000 had been credited to interest income account.
- Sales advance of Rs. 40,000 had been credited to sales account.
- Balance of motor vehicle account of Rs. 4000,000 had been extracted to trial balance as Rs. 400,000.
- Purchase invoice of Rs. 25000 had been totally omitted.
- Discount column of cash payment journal of Rs. 30,000 had been debited to discount received account while crediting to trade payable control account.
- Net realizable value of closing stock as at 31/03/2019 was lesser than by Rs. 35000 its cost. But closing stock had been measured at it cost.

required

- Journal entries to correct above errors and omissions.
- Correct profit for the year ended 31/03/2019.
- Accounting concepts related to the errors and omissions of no. 02, 03, 05 and 09. (20 Marks)

B) Following cost items are related to a garment manufacturing business for the month of January 2020.

| | (Rs.) |
|----------------------------------------------------|--------------|
| i. Rent of factory per month | 20000 |
| ii. Cost of clothes required for a garment | 800 |
| iii. Machine operators salary per unit produced | 300 |
| iv. Supervisors salary per unit produced | 18000 |
| v. Description of machine per month | 2000 |
| vi. Threads and button per garment | 20 |
| vii. Sales staff salary per month | 15000 |
| viii. Electricity for machine and factory building | 4000 |
| ix. Electricity for office building | 1000 |
| x. Telephone and satisfactory expense. | 500 |
| xi. Office clerk salary per month | 20000 |

Required

1) Classify above cost items by ticking '✓' in appropriate column. It is not required to classify non production cost as direct or incorrect cost.

| Direct or Indirect | Direct D indirect IND | | variable (VC) or Fixed (FC) | | Manufacturing or Non Manufacturing NM | |
|--------------------|-----------------------|-----|-----------------------------|----|---------------------------------------|----|
| | D | IND | VC | FC | M | NM |
| i. | | ✓ | | ✓ | ✓ | |
| ii. | | | | | | |

2). Calculate following by assuming total production during the month was 1000 units.

1. Prime cost per unit.
2. Production overhead cost per unit
3. Total production cost.
4. Total cost

(2 marks)

(Total 40 marks)



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