සියලු ම හිමිකම් ඇවිරිණි / All Rights Reserved

වයඹ පළාත් අධ්‍යාපන දෙපාර්තමේන්තුව
Provincial Department of Education - NWP

තෙවන පරීක්ෂණය - 12 ශ්‍රේණිය - 2023
Third Term Test - Grade 12 - 2023

Index No:.....

Accounting - I

Two hours

Question No.	Marks
01 - 30	
31 - 50	
Total	

Instructions:-

- **Select the correct answers for questions no. 1 - 30 and write its number on the dotted line.**
- **Write short answers for questions no. 31 - 50 on the dotted lines.**
- **Each question corries four marks.**
- **Write the index number in the space provide above**

(01) Which of the following statement / Statements is/are correctly show the types of accounting
A - General Purpose final financial statements / special purpose final financial statements
B - Financial accounting and management accounting
C - Internal accounting and external accounting
D - Final financial statements to be published and final financial statements in detail
(i) A only (ii) B only (iii) A and B only
(iv) A, B and D only (v) C only (.....)

(02) Which of the following includes only the variables in internal environmental factors.
(I) Owners and employees
(ii) Government and competitors
(iii) Technological environment and owners
(iv) Managers and Board of directors
(v) Owners and managers (.....)

(03) The owner of a business paid an expense of business for Rs. 20 000 by using his personal money. The correct effect of above transactions is
(I) Assets decrease 20,000
Equity decrease 20,000
(ii) Assets decrease 20,000
Assets increase 20,000
(iii) Equity increase 20,000
Liabilities decrease 20,000
(iv) Equity increase 20,000
Equity decrease 20,000
(v) Assets decrease 20,000
Liabilities decrease 20,000 (.....)

(04) What is the correct sequence in which the following activities take place in accounting process.
A - Classifying B -Recognizing C - Analyzing
D - Recording E -Summarizing

(A) A B C D E (A) B A D C E (A) D E A B C
(A) D B A E C (A) B D A E C (.....)

(05) A business purchased goods for Rs 230 000 (including 15% VAT) from Ananda. The accounting equation which shows the net impact of the above transaction is,
(1) Assets increase by 230 000 Liabilities increase by Rs. 230 000
(2) Assets increase by Rs. 200 000 Liabilities increase by Rs. 200 000
(3) Assets decrease by Rs 30000, equity decrease by Rs. 30 000
(4) Equity decrease by Rs 230 000 Liabilities increase by Rs. 230 000
(5) Equity decrease by Rs. 30 000, Liabilities increase by Rs. 30 000 (.....)

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources
CamScanner

(06) A Creditor of RS.40,000 was settled with a debtor of RS.45,000. The correct answer when extracting above transaction to accounting equation.

	Assets	=	Equity	+	Liabilities
(i)	+45 000	=	-	+	45 000
(ii)	-45 000	=	-5 000	-	40 000
(iii)	-45 000	=	+5 000	-	45 000
(iv)	-40 000	=	-	-	40 000
(v)	-40 000	=	+5 000	+	45 000

(.....)

(07) The increase in total assets of a business was RS.400 000 and the increase in total liabilities was RS. 450 000. During the year the owner has invested RS.50 000 as additional capital and withdrew RS.75 000 from the business as drawings. The profit or the loss of the business is,

(i) A profit of RS. 25 000 (ii) A loss of RS. 25 000 (iii) A profit of RS. 50 000
(iv) A loss of RS. 50 000 (v) A profit of RS.75 000 (.....)

Use the following information to answer questions no:08 and 09

Following are some transactions, occured in a business

A – Writing off a debtor as impairement loss
B - Selling goods to Rangana
C – Reimbursing petty cash imprest

(08) The source documents used to record the above transactions in order of their occurrence

(i) Journal voucher, Invoice, Petty cash payment voucher
(ii) Journal voucher, Receipt, Payment voucher
(iii) Journal voucher, Invoice, Payment voucher
(iv) Payment voucher, Invoice, Payment voucher
(v) Payment voucher, Receipt, Petty cash payment voucher (.....)

(09) The sequence of prime entry books used to record above transactions

(i) General Journal, Sales Journal, Petty cash payment Journal
(ii) General Journal, Receipt Journal, Payment Journal
(iii) General Journal, Sales Journal, Payment Journal
(iv) Payment Journal, Sales Journal, Payment Journal
(v) Payment Journal, Receipt Journal, Petty Cash Payment Journal (.....)

(10) The answer that includes only accounts closed at the end of the year.

(i) Discount received, Return inward, Salary, Stock damage
(ii) Drawings, Furniture, Sales, Purchase
(iii) Capital, Accumulated depriciation, Furniture, depreciation
(iv) Sales, debtors, Electricity expense, Discount received
(v) Motor vehicle , Return Outward, Salary insurance (.....)

(11) The following information relates to petty expenses of a business

- The balance of the petty cash account as at 01/01/23 is Rs.600
- The total of the petty expenses during the month of January Rs.3 400
- Reimbursed amount on 01/02/23 is Rs.6 000

The value of the petty cash imprest as at 01st of January and the increased amount of the imprest are,

(i) Rs. 4 000 and Rs. 1 000 (ii) Rs. 2 000 and Rs.600
(iii) Rs.3 400 and Rs. 6 000 (iv) Rs.4 000 and Rs. 3 400
(v) Rs. 4 000 and Rs. 2 000 (.....)

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources
CamScanner

- **Use the following information to answer question No. 12, 13 and 14.**
  - As at 01-03-2023 - Unrealized cheques Rs. 60 000
    Unpresented cheques Rs. 40 000
  - During the month of March - The total of the cash receipt journal Rs 1200 000
    The total of the cash payment journal Rs. 850 000
  - The information extracted from the bank statement received on 31/3/2023
    - Realized cheques Rs. 1 210 000
    - Presented cheques Rs 800 000
    - Direct deposits Rs. 20 000
    - Standing order payments Rs 40 000
    - Balance as at 31/3 Rs 420 000

(12) The balance of the adjusted cash control account as at 31/3 /2023
1) Rs. 380,000 (2) Rs. 580,000
3) Rs.850,000 (4) Rs.1,200,000
5) Rs. 1,430,000 (.....)

(13) The balance of the cash control account before adjustment
1) Rs. 230,000 (2) Rs. 420,000
(3) Rs. 400,000 (4) Rs. 850,000
(5) Rs.1,260,000 (.....)

(14) The balance of the cash controal account as at 1/3/2023
1) Rs. 30,000 (2) Rs. 35,000
(3) Rs. 40,000 (4) Rs. 50,000
(5) Rs. 60,000

15) The objectives of maintaining a subledgers of a business
A Prevent the getting general ledger too long
B Minimizing errors
C Prevent trial balance because extremely long
D Minimizing cost for accounting
(1) A and B only (2) A, B and C only (3) B, C and D only
(4) B and C only (5) All A, B, C and D (.....)

(16) The following information relates to credit sales of a business
- The balance of the debtors control account as at 01/01/2023 is Rs. 210 000
- Credit sales during the month of January Rs. 560 000
- Written off impairment losses Rs. 80 000 (month of January)
- Cash recepit from debtors during the month of January Rs. 440 000
- Allowances for impairment losses as at 31/01/2023 Rs. 44 000

The balance of the debtors control account as at 31/01/2023
1) Rs. 206,000 (2) Rs. 210,000
(3) Rs. 250,000 (4) Rs. 560,000
(5) Rs. 770,000 (.....)

- **Use following information to answer questions No. 17 and 18.**
  The balance of the creditors control Account and the total of the creditors ledger did not agree on 31/3/2023. The total of the creditors list as at same date was Rs. 129 000. The profit for the year ending 31/3/2023 was Rs. 562 000. The subsequent investigation revealed the following errors.
  - A purchase invoice of Rs. 460 000 (including 15% VAT) has not been recorded in books
  - Relieved discount of Rs. 15 000 has not been recorded in general ledger
  - A return outward of Rs. 9 000 has been credited to purchase account

(17) The balance of the creditors control account as at 31/3/2023
(1) Rs. 114,000 (2) Rs. 129,000 (3) Rs. 144,000 (4) Rs. 460,000 (5) Rs. 604,000 (.....)

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources
CamScanner

(18) The corrected profit for the year ending 31/3/2023
(i) Rs. 117 000 (ii) Rs.126 000 (iii) Rs. 141 000
(iv) Rs. 177 000 (v) Rs. 186 000 (.....)

(19) Which accounting concept is violated by writing inventory to net realizable Value
(i) Matching (ii) Entity (iii) Prudence
(iv) Accrual (v) Historical cost (.....)

(20) The balance of the rent account as at 31/3/2023 was Rs.54 000. But Rs. 60 000 has been recorded as rent expense in the income statement. Which accounting concept provide the basis for above
(i) Matching (ii) Accrual (iii) Prudence
(iv) Money measurement (v) Historical cost (.....)

Use following information to answer questions No: 21, 22, 23

	(Rs. 000)
Inventory as at 1/4/22	200
Purchases	600
Carriage inward cost	40
Sales	960

- The company marks the selling price of goods keeping a profit margin of 20% on cost
- The Whole inventory in the warehouse as at 31/03/2023 was completely damage due to a fire and the insurance company has agreed to cover 80% out of above damage

(21) The gross profit for the year ending 31/3/2023
(i) Rs.120 000 (ii) Rs.160 000 (iii) Rs.640 000
(iv) Rs.800 000 (v) Rs.960 000 (.....)

(22) The cost of the inventory damaged on 31/3/2023
(i) Rs.40 000 (ii) Rs.120 000 (iii) Rs.160 000
(iv) Rs.200 000 (v) Rs.500 000 (.....)

(23) The effect on assets due to damaging of the closing stock as at 31/3/2023
(i) Decreased by Rs. 8 000 (ii) Increased by Rs. 8 000
(iii) Decreased by Rs. 32 000 (iv) Increased by Rs.32 000
(v) Decreased by Rs. 40 000 (.....)

(24) Palitha company LTD has paid Rs.450 000 to employees as salaries for the year ending 31/3/2023. The contribution for the EPF by the employee and employer are 10% and 15% respectively. The contribution for the ETF is 3%. Contribution for the EPF by the employee and ETF are not been accounted yet. Total expense relates to employees and payable EPF

	Total expense	Payable EPF
(i)	450 000	45 000
(ii)	500 000	50 000
(iii)	500 000	125 000
(iv)	590 000	125 000
(v)	590 000	140 000

(.....)

(25) Following information was extracted from a business for the year ending 01/04/2022
Properly plant and Equipments 600 000
Accumulated depreciation as at 1/4/22 Rs. 120 000
A motor vehicle worth of Rs. 200 000 has been purchased on 30/06/2022 and annual deprecation is 10%
Annual depreciation for the year ending 31/3/2023 and the carrying amount of PPE as at 31/3/2023

	Annual deprication	Carrying amount
(i)	60 000	800 000
(ii)	75 000	800 000
(iii)	75 000	605 000
(iv)	80 000	605 000
(v)	80 000	600 000

(.....)

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources
CamScanner

(26) The following information is relevant to a manafacting business for the year ending 31/3/23

Prime cost	130,000
manufacturing overheads	80,000
increase in WIP as at 31/3/23	10,000
finished goods as at 1/4/22	40,000
Decrease in finished goods as at 31/3/23	15,000

Total manufacturing cost for the year ending 31/3/23 and cost of sales

	Total manufacturing	Cost of sales
(1)	Rs. 130,000	Rs. 150,000
(2)	Rs. 210,000	Rs. 265,000
(3)	Rs. 200,000	Rs. 215,000
(4)	Rs. 250,000	Rs. 255,000
(5)	Rs. 265,000	Rs. 265,000

(.....)

(27) There are 10 life time members of a sports club which was started on 01/4/2022 with 50 members. Members subscription is Rs. 1 000 and the lifetime members subscription is ten times of that. 5 members have not paid their subscription as at 31/3/23. The members subscription for the year ending 31/3/23 and the members subscription received by cash. Life time members fee is recognized as revenue over five years.

	Members fee	Members fee received
(1)	Rs. 40,000	Rs. 40,000
(2)	Rs. 40,000	Rs. 35,000
(3)	Rs. 50,000	Rs. 135,000
(4)	Rs. 60,000	Rs. 100,000
(5)	Rs. 60,000	Rs. 135,000

(.....)

(28) Which of the following term is in the section no. 24 of the partnership ordinance 1890.

A - No partner shall be entitled to remuneration
B - Partners are entitled to an annual interest of 5% on capital
C - Partners are entitled to and annual interest of 5% on the loans provided to the partnership
D - Profits and losses should be shared among partners equally

Which of the above statement / statements is / are correct

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

(.....)

- **Use the following information to anser question No 29 and 30.**

Amal and Bimal who share profits and loss at 2:1 were partners of a business. Chamal was admitted as a partner on 1/4/22. He brought Rs 300 000 as the capital.
The terms of the new partnership agreement are as followers

- The new profits and losses sharing ratio is 3 : 2 : 1
- Partners are entitled to an annual interest 10% on the adjusted balance of the capital
- Each partner is entitled to a monthly salary of Rs. 10 000

Capital and current account balances

	Asat 1/4/22	as at 31/3/23
Capital Accounts - Amal	600,000	?
- Bimal	500,000	?
- Chamal	-	100,000
Current Accounts - Amal	150,000	?
- Bimal	100,000	?
- Chamal	-	170,000

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources
CamScanner

(29) The calculated good will of the partnership business as at recruited date of Chamal

(1) Rs. 300,000 (2) Rs. 500,000 (3) Rs. 800,000

(4) Rs. 1,000,000 (5) Rs. 1,200,000 (.....)

(30) The profit of the partnership business for the year ending 31/3/2023

(1) Rs. 240,000 (2) Rs. 710,000 (3) Rs. 740,000

(4) Rs. 800,000 (5) Rs. 1,200,000 (.....)

- **Write short answers for questions No. 31 - 50 on the dotted lines**

31. Write two characteristics of a transaction that are used as an accounting input

1. .....

2. .....

32. Write the journal entry to record a credit sales of Rs. 690 000 (including 15% VAT)

.....

.....

.....

33. State the prime entry book and the source document which each of following transactions are recorded

	Transaction	Prime enty book	Source document
(1)	Obtaining a bank loan	.....	.....
(2)	Returning goods purchased on credit	.....	.....
(3)	Purchasing furniture on credit	.....	.....
(4)	Paying petty cash imprest	.....	.....

34. For each item below, state the element of financial statements in which it is recognized of final financial stater

Account	Element
A - Drawings	.....
B - Accumulates depreciation	.....
C - Return inward	.....
D - Allocations for impairment loss	.....

35. The balance of the cash control account as at 31/3/2023 was Rs. 520 000 and the balance of the bank statement was Rs. 680 000. Write two possible reasons for above difference. (assume there are no any errors)

1. .....

2. .....

36. The trial balance of Rasidu's business as at 31/3/2023 did not balance and the difference was transfered to a suspense account. The subsequent investigation reveabed the following error

1 A paid Rs. 15 000 for insurance expense has been recorded only in the cash control account

2 A credit note of Rs. 12 000 has been missed from the books.

3 The discount received Rs. 1500 has been debited to discount allowed account

4 The balance of the statianey expense account Rs 6000 has not been extracted to the trial balance.

1 Write the journal entry to rectify above error no. 03

.....

.....

.....

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources
CamScanner

2 The balance of the suspense account due to above errors.

.....

37. State the most appropriate accounting concept for the following accounting treatments

		Accounting concept
A -	Recording the drawings of the owner	.....
B -	Allowances for impairment losses on trade receivables	.....
C -	Recording annual depriciation	.....
D -	Recording income and expenses of the year in the income Statement	.....

38. Param's business rented a building on 1st of October 2022 on the basis of paying a monthly rent of Rs. 20 000. On the same day Rs. 240 000 was paid as its annual rent.
The annual rent expense for the year ending 31/3/2023. .....

39. A manufacturing business produced 200 units in the month of January and the prime cost per unit was Rs. 120. It is 60% of the total production cost per unit.
1 Total manufacturing cost in the month of January .....
2 The prime cost in the month of January .....

40. Following information related to credit purchases of a business.
- The balance of the creditors control / account as at 1/4/22 Rs. 69 000
- Discount Received Rs. 12 000
- Return outward Rs. 9000
- Cash paid to creditors Rs. 146 000
- The balance of the creditors control account as at 31/3/23 Rs. 84 000

Credit purchases in the period is .....

41. Write the objective and basis of preparing following final financial statements of a non profit motive organization

	Statement	Objective	Basis
1	Cash Account	.....	.....
2	income statement	.....	.....

42. A three wheeler worth Rs. 950 000 was donated to Rantharu sports club on 1st of April 2022 and the donation is recognized income over a period of ten years.
1 The amount should be recognized in the income statement as donation .....
2 Annual depreciations .....

43. A youth club was formed on 1/4/2020 with 10 life time members. It was recognized Rs. 50 000 as life time members income, in the income statement for the year ending 31/03/2023. Life time members fee is recognized in income over a period of 05 years
1 Life time members fee per member .....
2 Life time members subscription amount as at 31/3/23 .....

44. The following information relates to members fee of samanala children's club
- members fee in arreased as at 1/4/22 Rs. 12 000
- Pre received members fee as at 1/4/22 Rs. 10 000
- Members fee received Rs. 62 000
- 04 out of 06 members who were in arrearsed as at 1/4/22 have not paid their membership fees this year as well
- Their membership was canceled
- Members fee in arrears as at 31/3/23 Rs. 8 000 3.
- Members have paid their fees for the next year

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources
CamScanner

1 Annual members fee .....

2 The journal entry relevant for cancellation of membership

.....

.....

45. State two instances where the ownership of a partnership is changed

1 .....

2 .....

46. State whether following statements are true (T) or false (F) according to partnership ordinance 1890.

A - Profits and losses should be shared equally .....

B - Partners are entitled to an interest of 5% on capital balances .....

C - Each partner should be paid salaries .....

D - 5% annual interest should be paid to retired partners when the payable amount to him is kept as a loan .....

47. The cost of the clossing stock as at 31/3/23 of a partnership business was Rs. 800 000

Since a stock of Rs. 200 000 has suffered a minor damage, it is estimated that the stock can be sold for Rs. 180 000 by spending Rs. 60 000.

The value of the stock as at 31/3/23 .....

48. State two differences between capital accounts and currents of a partnership business

(1) .....

(2) .....

49. State two methods which can be appropriate the profit of a partnership business

(1) .....

(2) .....

50. Sali was admitted to the partnership business by giving 1/5 of the profit. which was continued by sharing profits and losses at 2 : 1 by Nali and Mail. It was estimated the good will as Rs. 1500 000.

1 New profits and losses sharing ration of Nali, Mali and Sali partnership business

.....

2 Write journal entry to adjust good will through capital accounts (Narrations is not required)

.....

.....

.....

.....

.....

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources
CamScanner

සියලු ම හිමිකම් ඇවිරිණි / All Rights Reserved

වයඹ පළාත් අධ්‍යාපන දෙපාර්තමේන්තුව
Provincial Department of Education - NWP

තෙවන පරීක්ෂණය - 12 ශ්‍රේණිය - 2023
Third Term Test - Grade 12 - 2023

Index No:.....

Accounting – II

Three hours
Additional time for reading 10 minutes

Instructions:-

- **Answer five questions only including question No. 01.**
- **Begin each answer on a fresh sheet of paper.**
- **Relevant workings should be attached to the answer script.**

(01) Dilki and Malki carried out a partnership sharing profits and losses in the ratio of 3 : 2 and sethmi was admitted as a partner in 1/4/2022.

The terms of the new partnership agreement are as follows.

- Profits and losses to be shared between Dilki, Malki and Sethmi in the ration of 2 : 2 : 1
- A good will account is not maintained and the good will is adjusted through the capital accounts.
- Partners are entitled to an interest of 10% per annum on the closings balance of the capital accounts
- Each partner is entitled to a monthly salary of Rs. 20 000.
- Partners are entitled to an interest of 10% per annum on the loans given by them.

The trial balance of the partnership as at 31/3/2023 is as follows.

	Debit Rs. 000	Credit Rs. 000
Sales		6110
Cost of sales	1800	
inventory as at 31/3/23	400	
Trade receivables	420	
Other operating expenses	1209	
Carrying amount of PPE	7000	
Depreciations on PPE	1200	
Paid salaries	460	
Paid insurance	96	
Cash	2765	
loan given by malki on 1/1/23 (for 5 years)		1000
Capital accounts as at 1/4/22		
Dilki		4000
malki		3000
Current accounts as at 1/4/22		
Dilki		150
Malki		50
Cash brought by sethmi		1040
	15350	15350

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources

Additional information

(i) Sethmi brought following as capital

	Rs. 000
cash	1040
office equipment	200

How ever only cash brought by Sethuni bad been accounted

(ii) When sethmi admitted, the goodwill of the partnership was estimated as Rs. 1 200 000.

(iii) PPE are depreciated on cost at 10% per annum on straight line method.

(iv) The goods drawing by Dilki and Malki respectively are Rs. 20 000 and Rs. 30 000. It has not been accounted.

(v) The composition of the insurance premiums paid by the business is given below.

Annual insurance primium of Malkils personal car	Rs. 16 000
For the fire damage insurance of the business	Rs. 80 000
for the year ending 31/12/23 from 1/1/23	

(vi) Wage paid includes six months remuneration to partners

(vii) The electricity bill for the month of march 2023 for Rs. 12 000 has been received in the month of April. That bill has been paid by Dilki by her personal money. There is no any entry has been recorded.

(viii) The vehicle park of the busness was established in a land owned by Malki on 1/1/23. The monthly rent of that land is Rs. 10 000. How ever this rent has not been paid or accounted yet.

(ix) A sales advance of Rs. 80 000 received for goods agreed to be delivered in April 2023 is recorded as sales in the current year.

(x) Rs. 20 000 has been decided to written off as impairment loss. Interest for the loan given by Malki has not been paid or account.

Required

1) Income statement of the partnership for the year ending 31/3/2023 (including appropriations to partners.)

2) Partners capital accounts and current Accounts for the year ending 31/3/2023

3) The statement of financial position as at 31/3/2023.

(Total 40 marks)

(02) The balances of some accounts of Narmoda's business as at 1/4/2023 were as follows

	Rs. '000'
PPE (carrying amount)	8000
Trade receivables	350
inventory	180
cash	240
Trade payables	400
Other payables	10
Bank loan	560
Equity	?

All the cash trasactions are done through Bank account

The following transactions took place during the month of April 2023

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources

(i) Issuing a cheque for Rs. 180 000 to a trade creditor after allowing a discount of 10%

(ii) An inventory costing Rs. 80 000 was sold for Rs. 120 000 on cash basis

(iii) Receiving an advance of Rs. 60 000 for goods agreed to deliver in the month of May 2023.

(iv) Purchased a stock of marked price Rs. 200 000 subject to a trade discount of 5% from pabodha.

(v) Paid Rs. 30 000 from Narmada's personal money and rest by issuing a cheque by the business for an advertising expenditures of Rs. 50 000.

(vi) Sold an office equipment which the carrying amount was Rs. 120 000 for Rs. 80 000'

(vii) Paid a bank loan installment of Rs. 30 000 including the interest of Rs. 5 000.

(viii) The bank has informed that the cheque of Rs. 6 000 issued for the electricity bill in the month of march 2023 has been dishonored

(ix) off setting a debtors balance of Rs. 45 000 against a creditors balance of Rs. 50 000.

(x) A stock costing Rs. 80 000 was sold on credit to Nayomi for Rs. 160 000

(xi) Returned a stock of Rs. 20 000 by Nayomi. The cost of above stock is Rs. 10 000

(xii) Received Rs. 340 00 from trade receivables as at 30/4/2023.

Additional information

The balance of the bank statement as at 30/4/2023 did not agree with the balance of the cash control account. Followings were revealed later.

* A cheque of Rs. 12 000 directly deposited by a debtor has not been recorded in cash account
* A cheque of Rs. 15 000 deposited by the business has been mistakenly credited to the account of another account holder by the bank.
* The bank charges charged for the month of April Rs. 2000 has not been recorded in the cash account.

Required

1) Show the impact of items (i) to (xii) (with values) using the accounting equation and state (+) if the value increases or (-) if the value decreases in front of each value. (In answering , use a format similar to the one given below)

(Rs. '000')

Transastion No.	PPE	Trade receivables	inventory	Cash	Trade Payables	Other payables	Bank loan	Equity
Balance (i)								

2) Adjusted cash balance as at 30/4/2023

3) Bank Reconciliation statement for the month of April 2023.

4) Profit or loss for the month of April 2023 by using net asset method

(Total 40 marks)

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources

(03) Madhavi Traders is a firm registered for value added tax (VAT). The following balances were extracted from the books of the firm as at 1/3/2023.

Trade Receivables	Rs .240 000
Trade Payables	Rs .120 000
VAT payables	Rs. 24 000
Cash	Rs. 360 000

The following transactions have been taken place in this firm during the month ending 31/3/2023.

2/3 Purchased goods Rs. 672 000 on credit from parami (Pvt) Ltd. (This purchase includes VAT of Rs. 72 000)

4/3 The value of returned goods to parami is Rs. 56 000. (this includes VAT of Rs. 6 000.)

2/3 Sold goods costing Rs. 320 000 for Rs. 448 000 on credit to Madhara Traders. (This sales includes VAT of Rs. 48 000)

16/3 Purchased an office equipment of Rs. 120 000.

18/3 Issued a cheque of Rs. 115 000 to settle the full amount due to trade creditors as at 1/3/2023 subject to a discount and a cheque of Rs. 24 000 to settle payable VAT.

20/3 Sold goods costing Rs. 150 000 for Rs. 224 000 on cash. (This sale includes VAT of Rs. 24 000)

22/3 Received Rs. 230 000 from trade receivables which was on 31/3/2023 subject to a discount as full settlement

24/3 Purchased goods with a list price of Rs. 340 000 for Rs. 336 000 on credit from Nimali Traders. (This purchase includes VAT of Rs. 36 000)

25/3 Paid salaries Rs. 40 000

27/3 Sold goods costing Rs. 80 000 for Rs. 168 000 on credit to Janthu Traders. (This sale includes VAT of Rs. 18 000)

28/3 Returned goods of Rs. 56 000 by Janthu Traders. (This includes VAT of Rs. 6000)

30/3 Purchased goods with a list price of Rs. 125 000 for Rs. 112 000 on cash basis. (This purchase includes VAT of Rs. 12 000)

Required

1) The following prime entry books of the business for the month ending 31/3/2023.

(i) Cash receipt Journal (ii) Cash payment journal

(iii) Purchase Journal (iv) Sales Journal

2) The following accounts for the month ending 31/3/2023

(i) Cash account (ii) Trade receivable control Account

(iii) Trade payable control account (iv) VAT control Account

(40 marks)

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources

(04) The following were extracted from Ruchira Traders which was reqistered for VAT.
The information extracted from debtors ledger as at 31/3/2023 is given below.

Debtor	Balance as at 1/3/2023	Sales including 12% VAT	Return inward including 12% VAT	Cash received	Discount Received	Impairment loss	Balance as at 31/3/23
Asithu	250	336	28	325	25	-	208
Lasitha	150	504	56	190	10	-	398
Gimhan	100	280	-	95	5	-	280
Ruberu	50	-	-	30	-	20	-
	550	1120	84	640	40	20	886

Although the total of the debtors list as at 1/3/2023 agree with the balance of the control Account, the balance of the control account as at 31/3/23 was not agree with the total of the debtors list. The profit as per draft income statement was Rs. 1 200 000. Followings were revealed later.

(i) The total of the debtors analysis coloumn of the cash receipt journal has been recorded as Rs. 460 000 in the debtors control Account

(ii) The return inward (excluding VAT) has been recorded in the debtors control account.

(iii) The bank has informed that the cheque of Rs. 95 000 received from Gimhana has dishonored. It has not been recorded in the books of the business

(iv) The written off impairment of Ruberu has not been recorded in GL

(v) The total of the discount coloumn in the cash receipt journal has been debited to the debtors control account. But it has been correctly recorded in the discount allowed account

(vi) A sales invoice regarding a credit sales on 31/3/23 of Rs. 56 000 to Dulari (including 12%VAT) has been missed from the books.

Required

1) Reconciliation statement to reconcile the balance of the debtors control account before rectifying errors and the total of the debtors list.
2) The Journal entries to rectify above errors
3) Adjusted debtors control Account
4) The statement to recfity draft net profit (Total 40 marks)

(05) (a) Heshan business follows petty cash imprest system. Montly petty cash imprest is Rs. 8 000. The cash balace and the petty cash balances as at 31/3/2023, were Rs. 60 000 and Rs. 800 respectively.

The total of the petty cash payments in the month of April after reimbursing the petty cash imprest on 1/4/2023 are given below.

Entertainment expenses	Rs. 2,800
Stationery expense	Rs. 2,100
Traveling expense	Rs. 1,800
Cleaning expense	Rs. 800

It was decided to increase the petty cash imprest by Rs. 2 000 from the month of may 2023.

The petty cash imprest was reimbursed on 1st of may 2023.

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources

Required

(1) Petty cash Account and the ledger account relating to posting transactions recorded in the petty cash payment journal to the ledger as at 30/4/2023.

(2) Journal entries relating to reimbursing the imprest on 1/5/2023 (07 marks)

(b) The summarized information Relates to garment factory which was commenced by umara on 01/04/2023 is given below

(i) Cash receipts and payments Rs 000

<u>Cash receipts</u>	
Capital	5000
Sales	1500
Receipt from trade receivables	2200
<u>Cash payments</u>	
Payment to trade payables	800
Raw material purchases	2400
Machineries (Purchased on 1/4/22)	1200
Salaries for production employees (Net)	180
Wages to production supervisor (Net)	90
electricity at show room	20
Other manufacturing overheads including fuel	650
Rent for the factory	120
administrative and distribution cost	358

(ii) Rs. 2 400 000 worth of raw materials were purchased on credit during the year and the credit sales Rs. 4 800 000. The value of returned goods was Rs. 200 000.

(iii) Received a discount of Rs. 50 000 when settling trade payables and allowed a discount of Rs. 80 000 when receive money from trade receivables.

(iv) The useful life time of the machinery is 10 years and machineries are depreciated on straight line method

(v) Stocks as at 31/3/2023 Rs. 000

Raw material	250
WIP (manufacturing cost)	300
finished goods	200

(vi) Accrued administrative expenses as at 31/3/2023 was Rs. 180 000. Salaries for the production employees and supervisors have been paid after deducting the contribution for employers of 10%. The employers contribution for EPF is 15% and ETF is 3%. Employers contribution for EPF and ETF have not been accounted yet.

Required

(1) Manufacturing Account for the year ending 31/3/2023

(2) income statement for the year ending 31/3/2023

(3) Statement of financial position as at 31/3/23 (33 marks)

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources

(06) Thuruliya Social club has been formed on 1/1/20 with the objective of protect the environment. Its founding members joined as life members by contributing Rs. 120 000.

The following information has been extracted from the books of this association.

	As at 31/12/2022	As at 31/12/21
Office equipments (carrying value)	320,000	300,000
Members subscription in arrears	9,600	12,000
Remaining stationery	1,800	2,400
Cash	?	80,000
Accumulated fund	?	290,000
Life time members fee	?	96,000
Pre-received members fee	3,600	6,000
Payable electricity	4,200	2,400

Additional information

(i) The annual subscription per person is Rs. 1200. There were 120 members (excluding life members) as at 31/12/22

(ii) To become a lifetime members, annual membership fees for 10 years must be paid at once. Life time members fee is recognized in income over 10 years.

(iii) There is one members who has not paid members fee in 2021 and 2022 and it was decided to cancel his membership at the end of 2022.

(iv) A plant nursery project was started in october 2022 to distribute free plants to households in the area next year. The basic cost of above project was Rs. 40 000 and the payable amount to agricultural service center for obtaining seeds was Rs. 12000. A donation of Rs. 25 000 has been received from the local government for this project.

(v) Rs. 28 000 has been paid for electricity expense during the year including payable electicity charges as at 31/12/21

(vi) Purchased office equipment worth of Rs. 50 000 and stationery worth Rs. 12 000 during the year

(vii) The organization has cleared houses and roads in December to prevent dengue in this area. A cash donation of Rs. 10 000 has been received from a private bank for this programm.

Required

1) Cash account and members subscription account for the year ending 31/12/22

2) income statement for the year ending 31/12/22

3) The total equity as at 31/12/2022 (Total 40 marks)

iexamhub
www.iexamhub.com
Your Trusted Partner for Exam Success
Past Papers Model Answers - Study Resources