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33 E I

Second Term Test - Grade 12 - 2020

Index No : **Accounting I** **Two Hours**

- Important**
- ◆ Select the correct answers for questions no. 01 - 30 and write its number on the dotted line given.
 - ◆ Write short answers for questions No. 31 - 50 on the dotted line given.
 - ◆ Each question carries 02 marks
 - ◆ Write your index number in the space provided above.

Question No.	Marks
01 - 30	
31 - 50	
Total	

1. The basic objective of accounting is,
 1. To provide information of an entity to interested parties for make decisions.
 2. To convert transactions and events of a business to financial information.
 3. To provide information of a business to managers for planning and control.
 4. To analyse the information presented by final financial statements.
 5. To record transactions and events of a business in accounting records. (.....)

2. The government decided to decrease the value added tax (VAT) imposed on goods and services above incident related to,
 1. Social and cultural environment
 2. Economic and political environment
 3. Legal environment
 4. Technical and professional environment
 5. Tehnological environment (.....)

3. The correct sequence of following activities take place the accounting process is,
 - A - Posting transactions to ledger accounts
 - B - Occuring transactions
 - C - Preparing source documents
 - D - Recording in the prime entry books
 - E - Preparing trial Balace

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

4. The owner settled a bank loan instalment of Rs. 15000 including interest of Rs. 3000 by his personal money. The effect of above transaction to equity and liabilities is,

Equity	Liabilities
1. Decrease by Rs. 15,000	Decrease by Rs. 15,000
2. Decrease by Rs. 12, 000	Decrease by Rs. 12,000
3. Inceaset by Rs. 12,000	Decrease by Rs. 12,000
4. Increase by Rs. 15,000	Decrease by Rs. 15,000
5. Decrease by Rs. 12,000	Increase by Rs. 12,000

(.....)

5. Which of the following transactions is effect to owner's equity,
- | | |
|--------------------------------|---------------------------------------|
| 1. Receiving cash from debtors | 2. Paying cash to creditors |
| 3. Returning sold goods | 4. Purchasing furniture on cash basis |
| 5. Obtaining a bank loan | (.....) |
6. Which of the following is not a correct effect to accounting equation (Assets = equity + Liabilities)
- | | |
|--|---|
| 1. Increasing assets, decreasing equity | 2. Increasing assets, Increasing equity |
| 3. Decreasing assets, decreasing liabilities | 4. Increasing assets, Decreasing assets |
| 5. Increasing liabilities, Decresing liabilities | (.....) |
7. Which of the following equation uses to calculate profit of a business.
- | |
|---|
| 1. Opening net assests - closing net assets + additional capital - Drawings |
| 2. Opening net assests - closing net assets + Drawings - additional capital |
| 3. Closing net assests + opening net assets - Drawings - additional capital |
| 4. Closing net assests - Opening net assets - Drawings + additional capital |
| 5. Closing net assests - Opening net assets + Drawings - additional capital |
| (.....) |
8. A firm has purchased goods with a list price of Rs. 600 000 on credit subject to a 5% trade discount and thereafter, sold for Rs. 650 000 on cash. The amount due to creditors has not been settled. The net effect of these transactions is shown in the accounting equation as,
- | Assets | Equity | Liabilies |
|----------------------------|--------------------------|----------------------|
| 1. Increased by 50 000 | Increased by Rs. 50000 | - |
| 2. Increased by Rs. 80 000 | Increased by Rs. 80 000 | - |
| 3. Increased by Rs. 80 000 | Increased by Rs. 650 000 | Decreased by 57 0000 |
| 4. Increased by Rs. 650000 | Increased by Rs. 80000 | Increased by 570 000 |
| 5. Increased by Rs. 650000 | Increased by 50000 | Increased by 600000 |
| | | (.....) |

• **Use the following information to answer question No. 9,10 and 11**

Ashan commenced a business by investing. Rs. 500 000 on 1/1/2020. Following transactions occurred in the month of January 2020.

Date	Transaction
2020.01.10	- Purchased goods of Rs. 300000 from Hirushas' business on credit
2020.01.12	- Returned some goods of Rs. 20000 to Hirusha's business.
2020.01.15	- Sold goods for Rs. 300000 which the cost was of Rs. 100 000 to praneth on cash.
2020.01.24	- Settlded the dues to Hirusha subjects to a discount of Rs. 10000.

9. The Source documents used to record transactions with Hirusha's business in the books of Ashan's business in the order of their occurrence.
- | |
|---|
| 1. Invoice, Credit Note, Payment voucher |
| 2. Invoice, Debit Note, Payment Voucher |
| 3. Invoice, Journal Voucher, Payment voucher |
| 4. Invoice, Debit Note, Receipt, Payment Voucher |
| 5. Invoice, Credit Note, Receipt, Journal voucher |
| (.....) |

10. The prime entry books used to record the transactions occurred from 12/1/2020 - 24/1/2020 in Ashans business are,
1. Return outward Journal, cash receipt Journal and cash payment Journal
 2. Return outward Journal, Sales Journal, Sales Journal, Cash Payment Journal
 3. General Journal, Cash receipt Journal, Cash Payment Journal
 4. Purchase Journal, Sales Journal, Cash Payment Journal
 5. Purchase Journal, Cash receipt Journal and cash payment Journal (.....)
11. The profit of Ashan's business for the month ending January 2020 and the cash balanes as at 31/1/2020 respectively is

	Profit for the month (000)	Cash balance (000)	
1.	200	190	
2.	200	530	
3.	210	190	
4.	210	530	
5	210	680	(.....)

12. The following information of petty cash transactions has been extracted from vishmias business.
- Petty cash balance as at 1/1/2020 Rs. 1450
 - Reimbursed the petty cash imprest on 1/1/2020 Rs. 8550
 - Petty cash balance as at 31/1/2020 is 1900
 - The petty cash imprest is reimburst at the beginning in every month
 - It was decided to increase the imprest by Rs. 5000 from February 2020
- The Petty expense in the month of January 2020 and the reimbursed amount on 1st of February are,

	Petty expense in the month of January	reimbursed amount on 1/2	
1.	8,100	13,100	
2.	8,100	15,000	
3.	8,150	13,100	
4.	8,150	15,000	
5	10,000	15,000	(.....)

• **Use following information to answer No 13 and 14**

The accounting year of Nadun company Ltd is ended at 31/3/2019. The balance of the bank statement as at 1/3/2019 Was tallied with the balance of the cash account but the balance of the bank statement of 120000 as at 31/3/2019 was not agree with the balance of the cash account followings were revealed later.

- The value of the unrepresented cheques Rs. 50 000
- The value of the unrealized cheques Rs. 30 000
- Bank Charges Rs. 30 00
- Deposited but dishounceired cheques Rs. 10 000

13. The balance of the cash control account as at 31/3/2019
1. Rs. 100,000 2. Rs. 113,000 3. Rs. 127,000 4. Rs. 130,000 5. Rs. 140,000 (.....)
14. The cash balance should be shown in the statement of financial position as at 31/3/2019
1. Rs. 97 000 2. Rs. 100 000 3. Rs. 114 000 4. Rs. 117 000 5. Rs. 127000 (.....)

15. The trial balance prepared as at 31/3/2019 of Pethum PLC was not tallied. Followings were revealed later.

- Purchased office equipment of Rs. 100000 has been recorded in the cash payment Journal and credited to the cash account only.
- The total of the sales Journal over stated by Rs. 40000
- A discount allowed of Rs. 6000 has been credited to discount received account
- A credit purchase of goods of Rs. 26 000 has been correctly recorded in the Journal and it has been posted to relevant creditors account as Rs. 62 000

The balance of the suspense account before rectifying above errors is,

- | | | |
|-------------------|-------------------|------------------|
| 1. Rs. 58500 Dr | 2. Rs. 58500 Cr | 3. Rs. 72 000 Dr |
| 4. Rs. 112 000 cr | 5. Rs. 112 000 Dr | (.....) |

16. The trial balance of Sayuru's business prepared as at 31/3/2019 was not tallied. The Draft profit has been calculated and following errors were revealed later.

- A credit purchase of Rs. 120 000 has been credited only to the creditors control account
- A received discount of Rs. 20000 has been debited to discount allowed account.
- The opening stock has been over stated by Rs. 10000 when extracting to the trial balance.

The effect to the net profit due to above errors is,

- | | |
|-------------------------------|------------------------------|
| 1. Over stated by Rs. 40 000 | 2. Over stated by Rs. 50 000 |
| 2. Over stated by Rs. 70 000 | 4. Understated by Rs. 80 000 |
| 5. understated by Rs. 100 000 | (.....) |

17. Which of the following errors is not effect to the net profit.

1. Allowed discount column in the cash receipt journal has been under cast by Rs. 2000
2. A cash sale of Rs. 25 000 has been recorded the cast receipt Journal and sales account as Rs. 52000
3. Purchase account in the ledger has been over cast by Rs. 5000
4. The balance of the drawings account of Rs. 75000 has not been taken to trial balance.
5. Paid Rs. 600 for travelling expense has been debited to stationary account as Rs. 6000 (.....)

18. The balance of the debtors control account as at 31/1/2020 of tharidu's business was Rs. 400 000. This was noagree with the total of the debtors list. Followings were revealed later.

- Credit sale of Rs. 80000 has not been recorded in the debtor's ledger.
- The total of the return inward journal has been under cast by Rs. 10 000
- A written off bad debts of Rs. 10 000 has not been recorded in the general ledger.

The total of the debtors list as at 31/1/2020 was

- | | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 1. Rs. 300,000 | 2. Rs. 320,000 | 3. Rs. 340,000 | 4. Rs. 460,000 | 5. Rs. 500,000 |
| (.....) | | | | |

19. The following information relates to a business for the year ending 31/12/2019

	Rs.
Credit purchases	780,000
Discount received	85,000
Return outward	35,000
Decrease the creditors balance in the period by 80000	

The amount paid to creditors within the year ending 31/12/2019 is

- | | | |
|----------------|----------------|----------------|
| 1. Rs. 580,000 | 2. Rs. 660,000 | 3. Rs. 695,000 |
| 4. Rs. 715,000 | 5. Rs. 740000 | (.....) |

20. Which of the following statement is correct relevant for accounting process.
1. Petty cash payment journal uses as a ledger account in the general ledger
 2. The summarized information relevant to credit sales of trade goods are recoded in the debtors control account.
 3. All the source document of a business are prepared by an accountant
 4. Purchase journal is used to recod all the assets purchased on credit basis
 5. Balancing a trial balance ensures the correctness of the accounting process. (.....)
21. The cost of some petty equipemts, are recoreded in the profit and loss account in the purchased year although that equipemt can be used more than one year. which of the following accounting concept provide the guidance for above.
1. Prudence 2. Matching 3. Periodic 4. Materiality 5. Accrual (.....)
22. Which of the following accounting concept uses to record drawings.
1. Entity 2. Matching 3. Accrual 4. Money measurement 5. Going concern. (.....)
23. Which of the following accounting concept provides the basic to catogorize the trade goods as current assest and motor vehicles of the business as non current assets.
1. entity 2. Matching 3. Accrual 4. Realization 5. Going concern (.....)
24. Which of the following accounting concept best decrides the cost of sales as an expense and closing stock as an asset.
1. Prudence 2. Going Concern 3. Matching 4. Historical cost 5. Realization (.....)
25. Which of the following accounting concept provides the basis to provide for the depreciation of PPE
1. Historical cost 2. Going concern 3. Realization 4. Accrual 5. Substance over form (.....)
26. Which of the following accounting concepts provides the basis to recognize creditors and debtors in the final financial statements.
1. Entity 2. Accrual 3. Periodic 4. Matching 5. Reglization (.....)
27. Following have been given some trasactions and balance of some accounts of Isuru's business for the year ending 31/12/2019

		Rs.
- Electricity expense -	Paid in the period	Rs. 60,000
	Payables as at 1/1/19	Rs. 15,000
	Payables as at 31/12/19	Rs. 25,000
- Investment income -	Received in the period	Rs. 30,000
	Receivables as at 1/1/19	Rs. 3000
	Per - received as at 31/12/19	Rs. 7000

Calculate the electricity expense and investment income recognize in the income statement prepared for the year ending 2019

	Electricity Expense Rs,	Investment income Rs.
1.	50,000	40,000
2.	70,000	40,000
3.	70,000	20,000
4.	100,000	26,000
5.	100,000	34,000
		(.....)

28. Following information relates to sadeep's business.

	(₹, '000)
Inventory as at 1/1/2019	360
Purchases	840
Carriage inward cost	40
Sales	1400

Whole inventory was damage due to a fire on 31/12/2019. Gross profit ratio is 25% on sales.

Calculate the cost of goods damaged by fire.

- | | | | |
|----------------|----------------|----------------|---------|
| 1. Rs 150,000 | 2. Rs. 170,000 | 3. Rs. 190,000 | |
| 4. Rs. 200,000 | 5. Rs. 240,000 | | (.....) |

29. The colossing stock of Anura's business was under stated when preparing income statement. The correct effect of above error to following items.

- | | | | |
|--------------------------------|---|---------------------------------------|---------|
| 1. Decrease cost of sales | - | Decrease profit | |
| 2. Increase cost of sales | - | Profit for the period will not change | |
| 3. Cost of sales is not change | - | Increase the profit | |
| 4. Increase the cost of sales | - | Decrease the profit | |
| 5. Decrease the cost of sales | - | Profit not change | (.....) |

30. The following information relates to Madushan's business.

	Rs.
Inventory as at 1/4/2018	300,000
Trade payables as at 1/4/2018	200,000
Inventory as at 31/3/2019	400,000
Trade payable as at 31/3/19	250,000

Rs. 1350000 was paid to creditors within the period ending 31/3/2019 while cash purchase was Rs. 1100,000. Business sells goods by adding a profit margin of 25% on cost.

The value of sales in the year ending 2019/03/31

- | | | | |
|------------------|-------------------|------------------|---------|
| 1. Rs. 1,250,000 | 2. Rs. 1, 625,000 | 3. Rs. 3,000,000 | |
| 4. Rs. 2,250,000 | 5. Rs. 2, 750,000 | | (.....) |

• **Write short answers for question No 31 - 50 on dotted lines.**

31. Indicate whether the following statements relating to the role of management accounting in a firm are true or False.

Statement	T /F
A- It provides information for the managers of a firms to take decisions
B- It provided both financial and non financial information
C- It provides only the past information
D- It uses accounting standard concepts when providing infromation

32. Indicate whether the following statements are True or false.

	Statement	T / F
A	A task of the financial accounting is to analyze the profitability	.....
B	The task of management accounting is to use past and future information.	.....
C	Only the transactions can be measured by monetary value are recorded in accounts	.....
D	General purpose final financial statements are prepared in accordance to accounting standards	.....

33. State the source document use to record each of following transactions.

	Prime entry book	Source document
A	Cash receipt Journal	.....
B	Return out ward Journal	.....
C	Petty cash Journal	.....
D	General Journal	.....

34. Identify the accounting concept that is most applicable to each of following situations.

	Situation	Accounting concept
A	only the monetary transactions are recorded in the final financial Statements.	.....
B	Adjusting the payable expenses and pre - paid expense in the final financial statemets	.....
C	PPE are recognized at cost	.....
D	A loan granted to a director even if it is a small amount it should be disclosed	.....

35. A Business sold some goods for Rs. 432000 (including VAT.) This company has registered for VAT. applicable percentage is 8%
Write The Journal entry to record above transaction.

.....

.....

.....

36. Categorize following Accounts Elements of final financial statement.

	Account	Classification
A	Accumulated depreciation of furniture A/C	.....
B	Drawings A / C	.....
C	Return inward A / C	.....
D	Provision for Compensation A / C	.....

37. The total assets of syamali's business as at 1/1/2019 and 31/12/2019 are Rs. 300 000 and Rs. 600 000 respectively. The owner says that closing liabilities are higher than the opening liabilities by Rs. 75 000. The owner has invested Rs. 150 000 as additional capital. she has taken Rs. 30 000 for her personal usage. The liabilities as at 1/1/19 was Rs. 150 000

Calculate the profit or loss for the year ending 31/12/2019

.....

38. The petty cash at the petty cashier as at 1/3/2020 was Rs. 1250. The cash reimbursed to petty cashier as at that date was Rs. 6750.

1. Calculate petty cash imprest of this business

.....

2. Calculate the petty cash expense in the month of February 2020

.....

39. State four items which are adjusted in cash control account when, reconciling the balance of the cash control account with the balance of the bank statements.

1.

2.

3.

4.

40. The balance of the debtors control account of Chamath's business as at 31/3/2019 was Rs. 100 000. 10% should be allowed for impairment losses on trade receivables. Complete the following table by using above information.

	Situations	Journal entry (With he value)
A-	Allowances for impairment losses at the first time	.....
B-	If The balance of the allowance for impairment loss account as at 1/4/2018 was Rs. 8000	.....

41. The following information related to buildings of Lasith's business as at 1/4/2018

	Rs.
Cost	800,000
Accumulated depreciation	160,000
Annual depreciation	10%

Complete following table by using above information.

Annual depreciation (Rs)	Useful life time (Years)	Accomulated depreciation as at 31/3/19	Carrying amount as at 31/3/19
.....

42. There can have errors and omission even though the balance of the debtors control account agree with the total of the debtors list. State two types of such errors.

1.
2.

43. State two situations that the reconciliation statements are prepared by a business.

1.
2.

44. Rs. 10000 has been paid for the insurance expense of sanira's business in the year of 2019. The pre paid insurance charges as at 1/1/2019 was Rs. 2000 further payable insurance expense as at 31/12/2019 was Rs. 3000

1. Calculate the insurance expense relevant for the year of 2019
.....
2. State two accounting concepts relevant for above calculations.
 - a)
 - b)

45. State whether the following statements relating to a sole proprietorship are true or false.

	T /F
A- Drawings should be deducted when calculating profit or loss according to profit equation
B- The total of the invested capital and retained earnings are equal to the equity.
C- Drawings are recognized as an expense in the income statement
D- Matching concept is used when preparing income statement.

46. State how the following transactions of a business Will effect to the equity. (Increase / Decrease / Not change)

I / D / NC

- A- Setting a bank loan of Rs. 50 000 including an interest of Rs. 5000
- B- Settling the advertising expense of Rs. 20000 of a business by owners personal money.
- C- Receiving a discount of Rs. 2000 when setting a creditor
- D- Donating a stock worth of Rs. 10 000

47. State two exeption to the historical cost concept

- 1.
- 2.

48. Following information was extracted from Amila's business as at 31/3/2019.

	Rs.
Inventory (Physicall) as at 31/3/19	150,000
Debtors	130,000
Sales	860,000

A stock which the cost was Rs. 80000 has been sent for Rs. 120 000 on the goods sent on sale or return basis.

on 31/3/19 It was revealed that 50 % out of above stock has been sold and the time given for other is not expired. When sending above stock it has been recorded as a sale.

- 1. Stock as at 31/3/2019
- 2. Value of the debtors as at 31/3/19
- 3. Value of the sales

49. A Stock worth of Rs. 50000 was damaged. An insurance company has agreed to settle 60% from that damage. Write the journal entries to record above. (With values)

.....

50. Following information relavant for Didula's business for the year ending 31/3/2019

	Rs 000
Inventory (as at 1/4/2018)	500
Purchases	2000
Carriage inward cost	500
inventory (as at 31/3/19)	2000

Gross profit ratio is 50% on cost Calculate followings.

- (1) Cost of sales -
- (2) value of the sales -

4. Rs. 10000 should be written off as impairment losses on trade receivables and Rs. 50000 should be allowed for impairment losses.
5. The contribution for the EPF by the employee and employer are 10% and 15% respectively. The contribution for ETF by the employer is 3%. There is no any entry has been recorded except the contribution for EPF by the employer.
6. Payable advertising expense is Rs. 50000
7. Bank loan has been obtained on 1/1/2019 and the annual interest on bank loan has been paid on above date.
8. There is no any entry for the garments worth of Rs. 10000 taken by the employer for his personal usage.
9. The value of the Remained stationeries as at 31/3/19 is Rs. 10000
10. Garments worth of Rs. 5000 has been donated to a children orphanage (creches)

Required

1. Income statement for the year ending 31/3/2019
2. Statement of financial position as a 31/3/2019 **(40 marks)**

02. All the assets and liabilities of Manel traders as at 1/1/2020 are given below.

Description	Rs. 000	
Property plant and equipments	360	
Accumulated depreciation	(120)	240
Inventory		100
Trade receivables		25
Cash		50
		415
Bank loan		125
Trade payment		40
		165

The following transactions took place in the business during the month of January 2020

1. Goods costing Rs. 40000 was sold for Rs. 60000 on credit.
2. Purchased office equipment of Rs. 50000 on cash.
3. Goods costing 8000 which was sold for Rs. 12000 on credit was returned.
4. Paid Rs. 10000 for the bank loan installment and the included interest is Rs. 1000
5. Set off a receivable amount of Rs. 25000 from a debtor with a payable amount of Rs. 24 000 for a creditor.
6. Paid Rs. 5000 for the insurance instatement of Manel's child.
7. Paid employee salaries Rs. 15000
8. Rs. 5000 received for rent income.
9. Office expense of the business Was Rs. 15000 and Rs. 10000 out of above amount settled by Manel's Personel money and remaining was settled by the business.

Required

- 1). Show the impact of above transactions from 1 to 10 (With values) using the accounting equation and state whether each value increases (+) or decreases (-) in front of the value (In answering this question, use a format similar to the one given below.)

Transaction	Assets				Liabilities		Equity	
	PPE	Inventory	Trade receivables	cash	Bank loan	Payables	Capital	Retained earnings
1								
2								
.....								

- 2) Income statement for the year ending 31/1/2020
 4) Statement of financial position as at 31/1/2020 (40 marks)

03. Following information relates to mayara's business as at 31/3/2019

	(Rs.)
1. Cash balance	90,000
2. Draft net profit	165,000

On reviewing the accounts, the followings were discovered.

1. The total of the sales Journal has been under casted by Rs. 10000
2. The cheque value Rs. 60000 which was issued for cash purchases has been recorded in the cash payment Journal as Rs. 6000
3. The stock of finished goods as at 31/3/19 has been overcast by Rs. 12 000
4. A received discount of Rs. 8000 has been recorded only in the creditors control A/C. There is no any entry recorded for above transaction.
5. Following were there in the bank statement as at 31/3/2019 but those were not been recorded in the books of the business.
 - i. Paid insurance installment on a standing Order is Rs. 15000
 - ii. Direct deposits by debtors Rs. 25000
 - iii. Bank charges Rs. 5000
6. The value of the unrealized deposits is Rs. 90000 and the value of the unrepresented cheques is Rs. 50 000

Required

1. Journal entries to rectify errors (1 - 5) including the narration.
2. Suspense account
3. A statement to rectify the draft net profit
4. Adjusted cash account
5. Bank reconciliation statement

(40 marks)

04. a. Following information relates to Pradeep's business. The business has been registered for VAT. (applicable VAT percentage is 8%) (All the amount are shown exuding VAT)

	Rs.	
Required Amount invested by Pradeep	250,000	
1)2. Cash Receipts Journal (Including VAT column)	100,000	
2)3. Credit purchase Journal (including VAT column)	150,000	
3)4. Cash payment Journal (including VAT column)	50,000	
4)5. Paid expenses by cash	200,000	
5)6. Purchase Journal	400,000	
6)7. Cash sales	30,000	
7)8. Sales Journal	90,000	discount (30 marks) is 10%
8)9. Credit sales to Ramani	150,000	discount allowed is 10000
9)10. Return inward Journal	160,000	
10)11. Income Received	60,000	
11)12. Return outward Journal	500,000	
b. 9. Received from Ramini	300,000	
10. Credit sales to Rangana	100,000	
11. Pradeep withdrew Rs. 5000 for his personal usage	120,000	10% discount
12. Retuned inward by Rangana	50,000	
13. Obtained a bank loan	300,000	
14. Purchased goods for from Nalika	100,000	
15. Returned some goods by Nalika	120,000	
16. Received from Nalika	50,000	
17. Settled the bank loan instatement of	50,000	

tracted Balances as at 1/4/2018 and 31/3/2019 of Malika's business are given below.

Item	as 1/4/2018		as 31/3/2019	
		Rs.		Rs.
1. interest for the loan	payable	2000	Pre - paid expense	4000
2. Investment income	Income received in advance	5000	receivable	2000
3. Stationery	Balance	1500	Balance	3000
4. Rent	Pre - paid	1000	Payable	5000
5. Received commission	Receivable	4000	Pre - received	2000

Following transaction took place in the year ending 31/3/19

1. Paid interest of for the loan	Rs. 8000
2. Received Investment income	Rs. 6000
3. Purchased stationary	Rs. 7500
4. Paid rent	Rs. 9000
5. Received Commission	Rs. 10000

Required

- 1). The amounts should be recorded in the income statement for the year ending 31/3/19
- 2) The Current assets and current liabilities should be shown in the statement of financial position as at 31/3/19

(10

marks)

(40 marks)

05. a. Following adjustments should be done in Sithumi's business as at 31/3/19

1. The cost of the closing stock as at 31/3/2019 was Rs. 85000 and on this date the net realizable value of above has been estimated as Rs. 80000
2. The value of the trade receivables as at 31/3/19 is Rs. 125000. It was informed that a debtor for Rs. 5000 has died. Rs. 20000 should be allowed for impairment losses on remaining trade receivables.
3. There is no any entry for the for 15000 taken by Sithum for his personal usage.
4. Monthly insurance fee is Rs. 6000 and the balance of the insurance expense account as at 31/3/19 is Rs. 60000
5. Received Rs. 85000 as a sales advance. An Stock worth of Rs. 50000 form above stock has been sent to the customer but there is no any entry for above.
6. i. Purchased a motor vehicle of Rs. 600000 on 1/10/18
ii. Motor vehicles are depreciated 10 % per annum. There is no any entry posted for above two transactions.
7. A stapler machine has been purchased for Rs. 200 There is no any entry for above.

Required

Write the Journal entries for above adjustments and write the relevant accounting concept in front of the journal entry.

Use a format Similar to the one given below.

	Journal entry	Concept
1)
-

(20 marks)

b. The Final Financial statements of Pasindu's business for the year ending 31/3/2019 are given below.

Pasindu's Business (A) Income Statements For the year ending 31/3/2019 (B)	
Sales	5000
Cost of sales (C)	(3000)
Gross profit	2000
Operating expenses	(500)
Transferred the profit for the year to the capital account (D)	1500

Pasindu's Business
Statement of Financial position as at 31/3/2019 (Rs. 000) E

	Cost (G)	Acc. depreciation	Carrying amount
Non current assets (F)			
Mv	5000	500	4500
Current assets			
Pre paid rent (H)		200	
Inventory (Cost) (I)		700	
Capital		5000	
Drawings (J)		(100)	
Current liabilities			
Payable electricity (K)		50	

State the accounting concept that are applicable in presenting the information indicated with letters.
(40 marks)

06. Following balances could be seen in parami's business as at 1/4/2018

(Rs)		
Debtors	Nimesh	150,000
	Ramesh	450,000
	Kamesh	300,000
Creditors	Dehemi	90,000
	Ruwini	85,000
	Hashini	60,000

The summary of the transactions occurred in the year are given below.

(Rs.)		
The total of the sales Journal		650,000
Credit purchases	Dehemi	100,000
	Ruwini	150,000
	Hashini	90,000
The total of the return in word Journal		60,000

Rs.

The total of the discount column in cash 7,000

receipt journal is
 The total of the debtors column in cash receipt journal is 390,000

In the cash payment Journal

	Payment to creditors	Discount received
Dehmi	95,000	10,000
Ruwini	100,000	5,000
Hashini	50,000	8,000

Information extracted from General Journal	(Rs.)
Written off impairment losses	8,000
Dishonored Cheques that received from debtors	6,000
Cancelled discount allowed	5,000

Return out ward	Dehemi	15,000
	Hashini	12,000

The balance of the debtors control A/C as at 31/3/2019 was not agree with the total of the debtors list. Following errors were revealed later

1. The total of the sales Journal has been over cast by Rs. 3000
2. A debtor with a Rs. 1000 credit balance has been missed from the list.
3. The total of the discount allowed column has been recorded in the debtors control Account as Rs. 5000
4. Written off bad debts has been recorded in the general Journal as Rs. 18 000
5. A credit Note of Rs. 5000 has been missed from the books
6. The dishonored cheque (received from a debtor) and the cancelled discount has not been recorded in the sub ledger.

Required

1. The debtors control account and the creditors control account before rectifying above errors.
2. Creditors sub ledger and creditors list
3. Adjusted debtors control A / C
4. A statement to reconcile the balance of the debtors control account with the total of the debtors list.

(40 marks)

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