



Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education - NWP
 Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education - NWP
 Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education - NWP
Provincial Department of Education - NWP
 Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education - NWP
 Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education - NWP
 Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education NWP Provincial Department of Education - NWP

33 E I

Third Term Test - Grade 12 - 2018

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. Which of the following statement / statements true in relation to management accounting
- A - It is used to planning, supervising and controlling the operational activities of an organization.
 - B - It provides information to external parties to make their decisions and to control
 - C - It is a part of the information management system.
 - D - Government can obtain information to prepare rules and regulation.
1. A only 2. B only 3. A and C only
 4. A,B and C only 5. All above (.....)

2. Following have been given some accounting environmental factors and some changes in accounting due to those factors. Select the correct answer.

Environmental Factor	Change
1. Economic environment	Using international standards
2. Legal environment	Introducing social responsibility accounting
3. Professional environment	Introducing inflation accounting
4. Technological environment	Introducing computerize accounting systems
5. Economic and political environment	Introducing environmental management accounting

(.....)

3. Some steps of accounting procedure are given below.
- A - Posting to ledger
 - B - Transactions and events
 - C - Preparing source documents
 - D - Recording in prime entry books
 - E - Preparing the trial balance
- What the correct sequence in which the above activities take place in the accounting process?
1. BACDE 2. BCADE 3. BCDAE 4. DABEC 5. BCAED (.....)

4. Select the answer having transactions which help to change equity.
- A - Investing a motor vehicle worth of Rs. 1,500,000 by the owner
 - B - Paying an electricity bill of the owner's home by the business
 - C - Paying a telephone bill of the business for Rs. 10,000
 - D - Purchasing furniture's worth of Rs. 100,000 for the use of the business
 - E - Receiving Rs. 25000 as the interest for the fixed deposit.
1. ABCE 2. ABCD 3. ABDE 4. BCDE 5. ABC only (.....)
5. A building was air-conditioned by paying Rs. 1,000,000. The effect of above transaction to the accounting equation is,
- 1. Decrease in assets Rs. 1,000,000 increase in expense Rs. 1,000,000
 - 2. Decrease in assets Rs. 1,000,000 increase in assets Rs. 1,000,000
 - 3. Decrease in assets Rs. 1,000,000 increase in liabilities Rs. 1,000,000
 - 4. Decrease in assets Rs. 1,000,000 decrease in liabilities Rs. 1,000,000
 - 5. Decrease in assets Rs. 1,000,000 increase in equity Rs. 1,000,000 (.....)
6. Thilina settled a creditor worth of Rs. 100,000 by paying Rs. 90,000 from his personal money. Received discount is Rs. Rs. 10,000 . The effect of above transactions is shown in the accounting equation as,
- | | Assets (Rs.) | = | Equity (Rs) | + | Liabilities (Rs.) | |
|----|---------------------|---|--------------------|---|--------------------------|---------|
| 1. | -90,000 | = | +10,000 | | -100,000 | |
| 2. | +10,000 | = | +100,000 | | -90,000 | |
| 3. | -10,000 | = | +90,000 | | -100,000 | |
| 4. | - | = | +90,000 | | -90,000 | |
| 5. | - | = | +100,000 | | -100,000 | (.....) |
7. The total assets of a business has been increased by Rs. 180,000 during the year ending 31/3/2018. Liabilities has decreased by Rs. 40,000. Owner has withdraw Rs.400 per week within the year. He has invested Rs. 50,000. as additional capital Calculate the profit for the period.
1. Rs. 60,800 2. Rs. 70,800 3. Rs. 110,800 4. Rs. 180,800 5. Rs. 190,800 (.....)
8. What is the correct sequence of the source documents in which the following activates take place in the accounting process of a textile shop?
- A - Selling clothes on cash basis
 - B - Destroying some clothes by flood
 - C - Purchasing clothes on credit basis
 - D - Returning some clothes due to mismatching the fashion.
- 1. Counterfoil, Journal voucher, Invoice, Credit note
 - 2. Receipt, Journal Voucher, Invoice , Debit note
 - 3. Invoice, Journal Voucher, Receipt, Debit note
 - 4. Receipt, Voucher, Invoice, Debit note
 - 5. Receipt, Invoice, Debit note, Journal voucher. (.....)

• Use following information to answer question No. 09 and 10

A business sold a stock on credit basis which the marked price was Rs. 100,000 under a trade discount of 5%. The customers returned Rs. 20000 worth of goods stating that these goods are damaged. Later customer paid cash to settle the remaining balance under discount of 5%.

9. The order of source documents to record these transactions is,
- | | |
|--|--|
| 1. Invoice, Debit note, Payment voucher | 2. Invoice, Credit note, Payment voucher |
| 3. Invoice, Credit note, Receipt | 4. Invoice, Credit note, Journal voucher |
| 5. Invoice, Journal voucher, Payment voucher | (.....) |
10. The cash discount allowed to the customer is,
- | | | | | | |
|-------------|-------------|-------------|-------------|-------------|---------|
| 1. Rs. 1000 | 2. Rs. 3800 | 3. Rs. 4000 | 4. Rs. 4750 | 5. Rs. 5000 | (.....) |
|-------------|-------------|-------------|-------------|-------------|---------|
11. Which of the following transactions is not recorded in the general journal of an entity?
1. Purchasing office equipment's by a cheque
 2. Providing for bad and doubtful debts
 3. Investing a motor vehicle as an additional capital by the owner.
 4. Purchasing furniture for the use of the business on credit basis.
 5. Providing for depreciation for PPE. (.....)
12. Janith's business introduced a petty cash imprest stem. It is reimbursed at the ended date of every month. There was Rs. 1200 at the petty cashier as at 31/05/2018 and there was only 1500 at the petty cashier as at 30/06/2018. Total petty expenses within the month of May is Rs. 5600. It was decided to increases petty cash float by Rs. 500. Calculate the amount should be reimbursed as at 30/06/2018
- | | | | | | |
|-------------|-------------|-------------|-------------|-------------|---------|
| 1. Rs. 5600 | 2. Rs. 5800 | 3. Rs. 5900 | 4. Rs. 6100 | 5. Rs. 6400 | (.....) |
|-------------|-------------|-------------|-------------|-------------|---------|
13. The balance of the bank statement as at 31/3/2018 was Rs. 600,000. However, it did not agree with the cash control account balance. The followings were revealed later.
- Value of the cheques issued but not presented is Rs. 180,00
 - Value of the cheque deposited but not realized is Rs. 120,000
 - Direct deposits which are not recorded in the cash control account are Rs. 50,000 and bank charges Rs. 10,000
- What is the balance of the cash control account before adjusting above,
- | | | |
|----------------|----------------|----------------|
| 1. Rs. 480,000 | 2. Rs. 500,000 | 3. Rs. 520,000 |
| 4. Rs. 530,000 | 5. Rs. 540,000 | (.....) |
14. Which of the following errors helps not to tally the trial balance.
- A - Totally omitting a purchase invoice
 - B - Not recording a paid electricity expense to electricity expense A/C
 - C - Crediting a paid amount to creditor control account
 - D - Recording an expense to an asset account
- | | | |
|-----------------|-------------------|-----------------|
| 1. A and B only | 2. A,B and C only | 3. A and D only |
| 4. B and C only | 5. B,C and D only | (.....) |

19. Followings were in a business

- A - Sold a stock for Rs. 200,000 on credit basis while that was recognized as sales income
- B - Providing for doubtful debts for above debtors
- C - Recognizing debtors as an asset in the statement of financial position.

The most suitable accounting concept apply for above events respectively is ,

- 1. Realization, entity, Going concern
- 2. Realization, Prudence, Accrual
- 3. money measurement, Prudence, entity
- 4. Substance over form, realization, Accrual
- 5. Accrual, Materiality, Going concern (.....)

20. Which accounting concept provides the basis to reduce the closing stock when calculating cost of sales.

- 1. Prudence
- 2. Consistency
- 3. Matching
- 4. Going concern
- 5. Money measurement. (.....)

21. Which accounting concept provides the basis to recognize a stock damage as an expense from followings,

- 1. Historical cost
- 2. Money measurement
- 3. Periodic
- 4. Realization
- 5. Matching (.....)

22. The accounting concept provides the basis to providing for doubtful debts is,

- A - Matching
- B - Going concern
- C - Prudence

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

23. Which of the following statement / statements is / are correct,

- A - All the assets are considered as current assets of the business which have not a going concern
- B - The increment of the value of a land should be accounted as per prudence concept.
- C - The selected accounting policies should be used continuously as per consistency concept.

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

24. Followings were extracted form a business which is not kept its accounts records properly.

	Rs.
Opening stock	340,000
Closing stock	360,000
Purchases	1,220,000

Gross profit margin is 40% on sales. The value of the Sales of this period is,

- 1. Rs. 1,200,000
- 2. Rs. 1,680,000
- 3. Rs. 2,000,000
- 4. Rs. 2,800,000
- 5. Rs. 3,200,000 (.....)

25. Followings were extracted form final financial statements of a business.

	Rs.
Opening stock as at 1/4/2017	8,000
Purchases	52,000
Sales	60,000

Gross profit ratio is 20% on sales. The closing stock of this business destroyed due to fire. The insurance company has agreed to recover 75% out of the above damage. The loss from above damage is,

- 1. Rs. 3000
- 2. Rs. 8000
- 3. Rs. 9000
- 4. Rs. 12000
- 5. Rs. 15000 (.....)

26. Following information related for a manufacturing business for the year ending 31/3/2018

	Rs.
WIP - as at 1/4/2017	14,000
as at 31/3/2018	20,000
Used direct material	6000
Direct labour	4000
Manufacturing overheads	4000

The manufacturing cost of above goods is,

1. Rs. 6000 2. Rs. 8000 3. Rs. 10000 4. Rs. 12000 5. Rs. 14000 (.....)

27. Following information is relevant for "Hiru" sports club for the year ending 31/3/2018

	As at 31/3/2018	as at 31/3/2017
Receivable members fee	120	100
Members fee received in advance	40	50
Life time members fee	?	800

There were 100 members at the sports club as at 1/4/2017 and 10 members are life time members out of above 100. 5 new members were recruited on 1/4/2017 while the annual members subscription per member is Rs. 10,000. Life time members were recruited on 1/4/2011 and it has been decided to recognize 10% from above members subscription as annual income.

Calculate the members subscription income including life time members fee for the year ending 31/05/2018 and the members fee received by cash within the period.

	Total members fee income (Rs. 000)	Members fee received by cash by (Rs. 000)	
1.	950	900	
2.	1000	900	
3.	1150	920	
4.	1150	950	
5.	1100	980	(.....)

28. Following information was extracted from "Wayamba Tharu" sports club for the year ending 31/3/2018

	Rs.
Building of the sports club	127,500
Furniture and sports equipment's	51,950
Members fee received in advance	6,500
Accrued members fee	10,500
Payable expenses	5,000
Stock at the juice bar	20,550
Cash at hand	4,600

The accumulated fund as at 1/4/2018 of the sports club is,

1. Rs. 162,000 2. Rs. 195,000 3. Rs. 195,600 4. Rs. 200,000 5. Rs. 203,600 (.....)

29. Not a term of section No. 24 of the partnership ordinance is,

1. Profit and loss should be shared equally.
2. Partners are entitled to an annual interest of 5% for the capital
3. all partners must engage in the administration of the business, there is no entitlement to a salary in respect of such assistance.
4. Each partner is entitled to an interest of 5% per annum for the loan provided by them.
5. If a partner has spent his personal funds for business activities he is entitled to be reimbursed. (.....)

30. A partnership business was commenced by Akila and Kokila on 1/4/2017 by investing Rs. 600,000 and Rs. 300,000 respectively. Profit and loss sharing ratio is 3:2 . Each partner is entitled to an annual interest of 10% for the capital balances and a monthly salary for Rs. 8000. Net profit earned during the year ending 31/3/2018 is Rs. 362,000. The current accounts balances as at 31/3/2018 are,

	Akila (Rs.)	Kokila (Rs.)	
1.	198,000	164,000	
2.	204,000	158,000	
3.	217,200	144,800	
4.	220,000	142,000	
5.	804,000	458,000	(.....)

• **Write short answers from Questions No. 31- 50**

31. Indicate whether the following statements relating to the financial accounting in a firm are "True" or "False"

	True / False
A- It provides historical information
B- It provides information only to the internal parties
C- It provides information prescribed in the accounting standards
D- It is not a legal requirement for companies

32. State whether the equity of a business would "increase" , "decrease" or "not change" in each of the following situations.

	Increase / Decrease / Not change
A Owner withdrawing for his personal usage
B Owner settling an expense of the business by his personal money
C Purchasing office equipment's for administrative purposes
D Owner setting a creditor of the business by his personal money

33. A stock which the cost was Rs. 50000 was sold for Rs. 80000 on credit basis while a debtors balance of Rs. 10000 was sett off with a creditors balance.

Write the net effect from above transactions to assets liabilities and the equity.

A Assets
B Liabilities
C Equity

34. Write the source document applicable to following transactions

Transaction	Source document
A Owner investing furnitures worth of Rs. 50000 as capital
B Purchasing a stock for Rs. 180,000 for the purpose of resale on credit basis
C Receiving Rs. 5000 for written off bad debts in the previous year
D Returning some goods worth of Rs. 15000 to creditors

35. The balance of the cash control account as at 31/3/2018 of Lahiru's business was Rs. 180,000 and it was not agree with the balance as per bank statement. Followings were revealed later.

- A standing order payment for Rs. 15,000 and a deposited but dishonored cheques for Rs. 30,000 has not been recorded in the cash control account
- There were deposited but not realized cheques worth of Rs. 40,000 and unrepresented cheques worth of Rs. 75,000as at 31/3/2018

(a) Calculate the balance as per cash control account should be shown in the statement of financial position as at 31/3/2018

.....

(b) Calculate the balance as per bank statement as at 31/3/2018

.....

36. State two possible items which are not adjusted in the cash control account when the balance as per cash control account is not agree with the balance as per bank statement.

1.....

2.....

37. Calculate the value of the net assets of Shanaka Traders as at 1/4/2017 by using following information.

assets	Rs.
Net assests as at 31/3/2018	850,000
Profit for the year	250,000
Cash drawings within the period	100,000
Cost of the goods withdrawn by the owner within the period.	25,000
(This is not accounted)	

Net assets as at 1/4/2017

38. A sales invoice for Rs. 42000 has been recorded in the sales journal as Rs. 24000 and it has been posted to general ledger as same.

(a) Write the journal entry to rectify above error. (Narration is not required)

.....

(b) If this is not rectified state the effect to the profit whether it increase, decrease or not change

Rs.

39. State the accounting concept which has been violated by following situations.

Situation	Accounting concept
A- An advance received for a service should be provided for next year, considering as an income
B- Not categorizing assets as current and non- current in the statement of financial position
C- An asset which is acquired on leasing is not recognized as an asset
D- Not recoding owners cash drawings

40. The following information relates to Harsha's Business for the year ending 31/3/2018 which is registered for value added tax. All the sales and purchases are on cash basis.

	Dr (Rs. '000')	Cr (Rs.'000")
Balance as at 1/4/2017	-	300
Cash (added on sales)	-	5000
Cash (paid on purchases)	1300	-
Cash (Paid to inland revenue dept.)	3400	-

Calculate the VAT liability as at 31/3/2018

41. Categorize following cost items as manufacturing and non- manufacturing

	Manufacturing / Non manifesting
A Storing cost of finished goods
B Carriage inward cost of raw material
C Damaging of raw material stock
D Paid salaries for office staff

42. State two major elements of manufacturing cost

1.
2.

43. Followings relevant to a drama played by a commerce society of a school

	(Rs. '000')
Income received by cash from selling tickets	170
Receivable income from tickets	30
Fee for the Troupe	50
Payable rent for the hall	30
Tickets printing expenses	20

Calculate the surplus or deficit from above show

.....

44. State two differences between an income statement and receipt and payment account (cash A/C) of a not for profit motive organization.

1.
2.

45. State a similarity and a dissimilarity between Profit and loss statements of a profit motive organization and an income statement of a not for profit motive organization.

	Profit and loss statement of a profit motive organization	Income statement of a not for profit motive organization
1) Similarity
2) Dissimilarity

46. State two main characteristics should be there in a partnership business

1.
2.

47. State two instances that the profit and loss sharing ratio of a partner can be changed

1.
2.

48. State two differences between the partner's current account and partners capital accounts

	Capital accounts	Current accounts
1.
2.

49. Sumudu and Kumudu are the partners sharing profit or loss at 3:2 Pubudu was admitted for $\frac{1}{3}$ from the profit. compute the new profit and loss sharing ratio

.....

50. Write the term in the section no 42 of the partnership ordinance

.....
.....



Third Term Test - Grade 12 - 2018

Accounting II

Three Hours

Important

- ◆ Answer six questions only. Including question No. 01 and 02.
- ◆ Begin each answer on a fresh sheet of paper.
- ◆ Relevant workings should be attached to the answer script.

01. Anura, Binara and Chameera were carrying a partnership business. The terms of the agreement are given below

- Profits and losses are shared between Anura, Binara and Chameera in the ratio of 2:2:1
- Each partner is entitled to an annual salary of Rs. 240,000
- Partners are entitled to an interest of 10% per annum for the invested capital
- All transactions relating to partners should be done through their current accounts.

The trial balance as at 31/3/2018 is given below.

Description	Dr. (Rs.'000')	Cr (Rs. '000')
PPE (at cost 1/4/2017)	18,000	
Trade receivables	420	
Stock as at (1/4/2017)	150	
Purchases	6,800	
Distribution expenses	720	
Administrative expenses	1900	
Drawings Anura	60	
Binara	40	
Chameera	30	
Cash	1050	
Petty cash	10	
Capital Accounts 1/4/2017		
Anura		5000
Binara		4800
Chameera		2500
Sales		12000
Current Accounts 1/4/2017		
Anura		200
Binara		100
Chameera	50	
PPE Accumulated depreciation (1/4/2017)		3000
Provision for doubtful debts (1/4/2017)		30
Loan provided by Anura (1/10/2017)		40
Additional capital invested by Binara (1/10/2017)		100
Trade payables		1100
	29,230	29,230

Additional information ,

- i. The cost of inventory as at 31/3/2018 was Rs. 300,000. On this date, the net realizable value of the inventory was estimated as Rs. 350,000
- ii. The invoice price of the goods sent on sale or return basis was Rs. 120,000. That stock has not been sold yet while the allowed date has not expired. The invoice price has been marked by adding a 20% profit margin on cost.
- iii. All PPE except land are depreciated on cost at 10% per annum on straight line method. Cost of the land is Rs. 8000000
- iv. A building belongs to Chameera is used for the partnership business as the warehouse from 1/10/2017. There is no any entry has been recorded regarding this.
- v. During the year Anura and Binara have obtained goods worth of Rs. 30,000 and Rs. 20,000 respectively as drawings. No any entry has been recorded for that.
- vi. Every partner has been settled 6 month salary by cash and paid salary has been recorded in administrative expenses.
- vii. Rs. 20,000 should be written off as bad debts and 10% should be provided for doubtful debts on the remaining balance of debtors.
- viii. The interest for the loans provided by the partners have not been accounted yet.

Required,

- 1) Income statement (Including appropriations to partners) for the year ending 31/3/2018
- 2) Partners capital and current accounts for the year ending 31/3/2018
- 3) The statement of financial position as at 31/3/2018

(20 marks)

02. Tikiri engage in curd retail and whole sale distributing business. Following accounts balances were there as at 1/06/2018

1/6/2018 Trade receivables	(Rs. 000)
Amal Traders	120
Bimal groceries	100
chamal Traders	90
1/6/2018 Trade payables	(Rs. 000)
Nimal stores	80
Mali Traders	70
pathum Groceries	65
	(Rs.'000')
Cash balance as at 1/6/2017	480

Transactions in the month of June 2018 are given below.

i. Cash purchases	400,000
ii. Cash sales	900,000
iii. Paid expenses	140,000
iv. Class fee for his son	5000
v. Invested additional capital	200,000

vi. Information relates to credit sales are given below

Customer	Transactions			
	Credit sales (Rs.'000')	Return in word (Rs. '000')	Cash received (Rs.'000')	Discounts (Rs.'000')
Amal traders	200	20	180	20
Bimal Groceries	150	-	108	12
Chamal Traders	140	40	135	15
Demel Stores	100	-	54	6

vii. Information relates to credit purchases

Supplier	Transactions			
	Credit purchase (Rs.'000')	Return out ward (Rs. '000')	Paid cash (Rs.'000')	Discounts (Rs.'000')
Nimal stores	150	10	190	10
Mali Traders	130	20	152	8
Patum Groceries	120	-	95	5

Business has registered for value added Tax (VAT). All above sales, Purchases, Return inward and return outward values have been given excluding VAT . The applicable VAT rate is 15%

Required,

- 1) Following prime entry books
 - i. Cash receipts journal
 - ii. Cash payments journal
 - iii. Sales and sales return journals
 - iv. Purchase and purchase return journals
- 2) Following accounts in general ledger
 - i. Cash control account
 - ii. Sales Account
 - iii. Purchase account
 - iv. Sales return account (Return inward)
 - v. Purchase return Account (Return outward)
 - vi. VAT control Account
 - vii. Debtors control account
 - viii. Creditors control account

(20 marks)

03. Wishwa Kumar commenced a computer and mobile phone repairing business on 1/4/2018. Some transactions of the business which took place during April 2018 have been recorded using the accounting equation as follows.

(Rs.'000')

Date	PPE	Repair materials	Trade receivables	Cash	Trade payables	Bank loan and other loans	Equity
4/1	+500			+100			+600
4/2		+200		-60	+140		
4/5			+50	+20			+70
4/8				+80		+80	
4/10		-20			-20		
4/12		-120					-120
4/15				+150			+150
4/18			-30	+27			-3
4/20	+100					+100	
4/22				-15			-15
4/25			-5				-5
4/28				-10		-8	-2
4/29				-72	-80		+8
4/30	-5						-5
4/30	595	60	15	220	40	172	678

Required,

- 1) Describe transactions from 1/4 -30/4 with values. (The owner has not withdrew or invested additional capital)
 - 2) Calculate the profit or loss for the month ending 30/4//2018
 - 3) Statement of financial position as at 30/4/2018 by categorizing assets and liabilities as current and non- current
- (15 marks)**

04. Siriyalatha makes doormats by using waste pieces of clothes. Some information for the year ending 31/3/2018 given below.

Stocks	31/3/2018 Rs.	1/4/2017 Rs.
Raw material	120,000	45,000
WIP	126,000	195,000
Finished goods	?	100,000

	(Rs.)
Raw material purchases	873,000
Carriage inward cost	10,000
Loading and unloading charge	5000
Return outward of raw material	48,000
Direct salary	400,000
EPF expense for the employees engage in manufacturing process	60,000
Rent and rates at factory	36,000
Sewing machine depreciation	12,000
Machinery repair	4,000
Production supervisor's salary	120,000
Factory electricity	14,000
Lubricants	2000

Additional information,

- 30,000 door mats were produced withing the year. There were 2500 finished door mats as at 1/4/2017 and 31000 doormats including opening finished doormats have been sold within the period.
- There was no any entry has been recorded for payable EPF Rs. 18000 for supervisors salary.
- Door mats are sold by adding a 25% profit margin at cost.

Required,

- Manufacturing account for the year ending 31/3/2018 (cost sheet)
- Cost of a doormat
- Cost of finished goods as at 31/3/2018
- Calculate the gross profit by selling 1000 doormats.

(15 marks)

05. (a) A summary of the bank statement which was sent by the bank as at 31/5/2018 for Bandara's business is given below.

Date	Description	Debit (Rs.)	Credit (Rs.)
2018.05.01	Balance		50,000
	Cash deposits		180,000
	Cheque deposits		425,000
	Cheque paid	520,000	
	Interest for FD		40,000
	Loan installment and interest	32,000	
	Cheque book charges	2,000	
	Standing order (Insurance)	16,000	
		570,000	695,000
2018.05.31	Balance		125,000

Additional information,

- Details of the unrepresented cheques and unrealized deposits as at 1/5/2018 are given below.

	Balance as at 1/5/2018	Amount in the bank statement in the month of May 2018
Unrepresented cheques	90,000	75,000
Unrealized deposits	120,000	65,000

- In addition to above, cheques issued to suppliers amounting Rs. 130,000 from the issued cheques by the business in the month of May 2018 have not been presented and cheques deposited in the bank amounting Rs. 215,000 have not been realized.
- Following have been recorded only in the bank statement
 - Interest for FD Rs. 40,000
 - Loan installment and interest 32,000
 - Insurance fee paid by a standing order 16,000

Required,

- Balance of the cash control account as at 1/5/2018
- Value of the unrepresented cheques and unrealized cheques as at 31/5/2018
- The balance of the adjusted cash control account as at 31/5/2018
- Bank reconciliation statement as at 31/5/2018

(10 marks)

- (b) The trial balance of Kalpa Traders as at 31/3/2018 did not tally. The difference was transferred to a suspense A/C. There was a profit for Rs. 640,000 in the draft financial statement prepared on that date. The subsequent investigation revealed the following errors and omissions.
1. A cash sale amounting Rs. 30,000 has been recorded in the sales journal as a credit sale.
 2. Purchased furniture worth of Rs. 120,000 on 1/1/2018 has been debited to purchase A/C. PPE are depreciated 20% on straight line method.
 3. The total of the discount column in the cash receipt journal amounting Rs. 7500 has been credited to discount received account as Rs. 5700
 4. The balance of the creditors control account for Rs. 225,000 has been recorded in the trial balance as Rs. 252,000.
 5. There is no any entry for written off bad debts amounting Rs. 8000.

Required,

- 1) Journal entries to rectify above errors
- 2) Calculate corrected net profit for the year ending 31/3/2018.
- 3) Suspense account

(05 marks)

(15 all marks)

06. Narilatha who conducts a retail business had not maintained proper books of accounts. Following information has not been provided for the year ending 31/3/2018

Assets and liabilities as at 31/3/2018 and as at 1/4/2017 are as follows.

	31/3/2018 (Rs.)	1/4/2017 (Rs.)
PPE (carrying amount)	1,500,000	900,000
Stock	130,000	125,000
Trade receivables	81,000	36,000
Pre- paid electricity expense	3000	2000
Trade payables	54,000	72,000
Accrued rent	4000	-
Cash	?	68,000

Cash receipts and payments recorded by Narilatha as follows.

	(Rs.)
Electricity expense	12,000
Received from debtors	319,000
Paid for creditors	288,000
Paid rent	44,000
Cash purchase of furniture	640,000
Obtained bank loan	1,200,000
Paid interest	15,000
Cash sales	260,000
Salaries	24,000
Drawings	6000

All the purchases are only on credit basis and sales on cash and credit basis

Required,

- 1) Cash balance as at 31/3/2018
- 2) Income statement for the year ending 31/3/2018
- 3) Statement of financial position as at 31/3/2018

(15 marks)

07. A commerce society was established in a school of North Western Province by 50 old commerce student on 1/4/2017. Followings are relates for that society.
- i). Entrance fee per member is Rs. 2000 and it is recognized as an income in the received year. Monthly members subscription is Rs. 500. 20 new members were admitted on 1/10/2017
 - ii). 10 members have not settled their members subscription for 3 months while 15 members have settled their members subscription for two months in the next year.
 - iii). First annual general meeting was conducted on 31/3/2018 and following information is relavent for that.

	(Rs.)
Printing expenses for the sournior	20,000
Payable printing expense for the sournior	5000
Refreshment expenses	70,000
Stage decoration expenses	8,000
Received cash from well wishers	50,000
Purchased stationaries	4000

- iv). A laptop worth of Rs. 120,000 was purchased on 1/10/2018 and the useful life time of above was estimated as 4 years.
- v). A walk was organized to commence a Library found. Received amount from above walk is Rs. 800,000. The library was built up and completed on 31/3/2018 by using above fund
- vi). Closing stock of stationary is Rs. 1200
- vii). Rs. 100,000 was invested in a fixed deposit.

Required,

- 1) Cash account for the year ending 31/3/2018
- 2) Income statement for the year ending 31/3/2018
- 3) The accumulated fund of the commerce society as at 31/3/2018

(15 marks)

Third Term Test - 2018 - Answer Paper

Accounting - Grade 12

Part I

- | | | |
|--------|--------|--------|
| (1) 3 | (11) 1 | (21) 5 |
| (2) 4 | (12) 2 | (22) 4 |
| (3) 3 | (13) 2 | (23) 5 |
| (4) 1 | (14) 4 | (24) 3 |
| (5) 2 | (15) 3 | (25) 1 |
| (6) 5 | (16) 1 | (26) 2 |
| (7) 5 | (17) 4 | (27) 3 |
| (8) 2 | (18) 1 | (28) 5 |
| (9) 3 | (19) 2 | (29) 2 |
| (10) 2 | (20) 3 | (30) 2 |

(Marks 120)

Part II

- 31) A) True (1) B) False (1) C) True (1) D) False (1)
- 32) A) Decrease (1) B) Not change (1)
C) Not change (1) D) Increase (1)

- 33) A - Increase by Rs 20,000 }
B - Increase by Rs 10,000 }
C - Increase by Rs 30,000 }

For all correct answers (04)
02 correct answers (03)
01 correct answer (01)

- 34) A Journal Voucher (1)
B Invoice (1)
C Receipt (1)
D Debit note (1)

35 a) Rs 135,000 (02) b) Rs 170,000 (02)

36 1) Deposited but not realized cheques (02)
2) Issued but not presented cheques (02)
3) Errors by the bank (2 marks for each correct item)

37 Rs 700 000 (04)

38 a) Debtors' control Alc Dr 18000 }
Sales Alc cr 18000 } (02)
b) Decrease by Rs 18000

39 A - Realization (01) B Going concern (01)
C - Substance overform (01) D Entity (01)

40 Rs 600,000 (04)

41 A - Non manufacturing (01) B Manufacturing (01)
c) Non manufacturing (01) D Non-manufacturing (01)

42 1) Prime cost (02) 2) Manufacturing OH (02)

Rs 100,000 (Surplus) (04)

44 Give 02 marks for each correct answer

45

	Profit or loss statement of a profit motive organization	Income statement of a not for profit motive organization
↑ Similarity	on accrual basis	on accrual basis (02)
↔ Dissimilarity	calculate profit or loss	calculate surplus or deficit (02)

- (46)
- 1) Having two or more persons
 - 2) Having a business activity
 - 3) Objective of earning profit
 - 4) Having a common agreement.

$$(2 \times 2 = 4)$$

- (47)
- 1) Admitting a new partner (02)
 - 2) Retiring, bankrupting of an (02) existing partner

(48) Capital A/c	Current A/c.
1) Shows the fixed equity	Shows short term / variable equity
2) Normally shows a credit ^{-balance}	Can have a credit balance or a debit balance
3) Usually there are fixed balance	Balance are undergoing changes

$$2 \times 2 = 4$$

(49) Between Sumudu, Kumudu and Pubudu respectively is 6 : 4 : 05

(4)

(50) If the amount should be settled to a retiring partner is not settled by cash and if it is transferred to a loan A/c an ^{annual} interest of 5% should be settled.

(01)

1 - 30	=	120
31 - 50	=	80
Total		<u>200</u>

Part - II

Anura, Binara and Chameera Partnership ①
Income statement for the year ending 31/3/2018

	Rs 000	Rs 000
Sales		12 000 ①
<u>Cost of Sales</u>		
Opening stock	150 ①	
Purchases	6800 ①	
Drawings	(50) ①	
	6900	
Closing stock	(400) ②	(6 500)
Gross profit		① 5 500
Expenses :-		
Loan interest	10	①
Depreciation for PPE	1000	①
Rent	60	②
Doubtful debts	10	①
Administrative expenses	1540	②
Bad debts	20	*①
Distribution expenses	720	(3 360)
Net profit		2 140
Interest on capital - Anura	500	
Binara	485	
Chameera	250	(1 235)
Salaries for the partners - Anura	240	
Binara	240	
Chameera	240	(720)
Share of profit - Anura	74	
Binara	74	
Chameera	37	(185)

Partner's Capital Accounts (Rs 000)

	Anura	Binara	Chameera		Anura	Binara	Chameera
				B/B/f	5000	4800	2500
B/c/d	5000	4900	2500	Cash	-	100	-
		(1)					
				B/B/f	5000	4900	2500

(009 marks)

Partner's Current Accounts (Rs 000)

	Anura	Binara	Chameera		Anura	Binara	Chameera
B/B/f		(1)	50	B/B/f	200	100	-
Drawings	60	40	30	Rent	-	-	60
Drawings (goods)	30	20	-	Salaries	240	240	240
Paid salaries	120	120	120	Loan interest	10		
B/c/d	814	719	387	interest on capital	500	485	250
		(1)		Share of profit	74	74	37
	1024	899	587		1024	899	587
				B/B/f	851	719	387

(11 marks)

Anura, Binara and Chameera Partnership (1)

Statement of financial position as at 31/3/2018 (Rs 000)

Non Current Assets	Cost	Accumulated Depreciation	Carrying Amount
PPE	18000	(1) 4000	(1) 14000
	18000	4000	14000
<u>Current Assets</u>		400 (2)	
Stock			
Trade receivables	400		
- Provision for doubtful debts	(40)	360	(2)
Cash		10502	(1)
Petty cash		10	
		1820	
		15820	

<u>Capital Accounts</u>			
Anura		5000	
Binara		4900	
Chameera	(01)	2500	12400
<u>Current Accounts</u>			
Anura		814	
Binara	(01)	719	
Chameera		387	1920
<u>Non-current liabilities</u>			
Loan Account - Anura			400 (01)
<u>Current liabilities</u>			
Trade Payables			1100 (01)
			<u>15820</u>

(11 marks)

(1) $\frac{18}{18} + \frac{02}{02} + \frac{09}{09} + \frac{11}{11} = \frac{40}{40}$

NO.

Date:

(2)

Cash receipts Journal (Rs 000)

date	Description	Discount	Cash	Analysis of receipts			
				cash sales	From debtors	Income	other
	Sales		900	900			
	Capital		200			(01)	200
	Anil Traders	20	180		180		
	Bimal Groceries	12	108	(02)	108		
	Chamal Traders	15	135		135	(02)	
	Demel Stores	6	54		54		
		53	1577	900	477	-	200

(7 marks)

Cash Payments journal (Rs 000)

Date	Description	Discount	Cash	Analysis of Payments			
				Cash Purchase	Payments to creditor	Expenses	Other
	Purchases		400	400			
	Expenses		140			(01)	140
	Drawings		5				5
	Nimal	10	190	(02)	190		
	Mali	08	152		152		
	Pethum	05	95		95	(01)	
		23	982	400	437	140	5

(6 marks)

③ (1)

- 1/4 Owner invested Rs 100000 cash and PPE worth Rs 500000 as initial capital (02)
- 2/4 Purchased repair materials worth of Rs 60000 on cash basis and Rs 140000 on credit basis (02)
- 5/4 Provided a service for Rs 50000 on credit basis and Rs 20000 on cash basis (02)
- 8/4 Obtained a bank loan of Rs 80000 (01)
- 10/4 Returned some repair materials worth of Rs 20000 to suppliers (02)
- 12/4 Used repair materials worth of Rs 120000 (02)
- 15/4 Received Rs 150000 from providing services (01)
- 18/4 Received Rs 27000 from debtors. Discount received is Rs 3000 (02)
- 20/4 Purchased PPE worth of Rs 100000 on credit basis (01)
- 22/4 Paid expense for expenses Rs 15000 (01)
- 25/4 Write-off Rs 5000 as bad debts (02)
- 28/4 Paid Rs 8000 for loan instalment and Rs 2000 interest (02)
- 29/4 Paid Rs ~~72000~~ for creditors and discount received is Rs 8000 (02)
- 30/4 Depreciate PPE Rs 5000 (01)

(23 marks)

$$\begin{aligned}
 (2) \text{ Profit or Loss} &= \text{Closing net assets} - \text{Opening net assets} - \text{Additional capital} \\
 &= 678000^{(02)} - 600000^{(02)} \\
 &= \text{Rs } 78000
 \end{aligned}$$

(4 marks)

3) Statement of financial position (Rs 000)

<u>Non current Assets</u>		
PPE		*595
<u>Current Assets</u>		
Repair materials	*60	
Trade receivables	*15	
Cash	*220	295
		<u>890</u>
Capital	*600	
+ Net profit	*78	678
<u>Non current Liabilities</u>		
Bank and other loans	<u>172</u>	*172
<u>Current liabilities</u>		
Trade Payables	<u>40</u>	*40
		<u>890</u>

one mark for each correct item
maximum 03

Sales journal

(RS 000)

Date	S no	Customer	Amount	VAT	Total Amount	L/f
		Amal Traders	200	30	230	} (01)
		Binoal Groceries	150	22.5	172.5	
		Chamal Traders	140	21	161	
		Demel Stores	100	15	115	
		Transferred to G/L	590	88.5	678.5	

20/6/18

(3 marks)

Return Inward journal (RS 000)

Date	credit note	Customer	Amount	VAT	Total Amount	L/f
		Amal Traders	20	3	23	} (01)
		Chamal Traders	40	6	46	
		Transferred to G/L	60	9	69	

20/6/18

(2 marks)

Purchase journal (RS 000)

Date	In no	Suppliers	Amount	VAT	Total Amount	L/f
		Ninoal Traders	150	22.5	172.5	} (01)
		Mali Traders	130	19.5	149.5	
		Pethum Groceries	120	18	138	
		Transferred to G/L	400	60	460	

20/6/18

(2 marks)

Return Outward journal (RS 000)

Date	debit note	Supplier	Amount	VAT	Total Amount	L/f
		Ninoal stores	10	1.5	11.5	} (01)
		Mali Traders	20	3.3	23	
		Transferred to G/L	30	4.5	34.5	

20/6

(2 marks)

Cash Control Account (Rs 000)

1/6/2018 B/B/f	480	Purchases	400
Capital A/c	200	Creditors control	437
Sales	900	Drawings	5
Debtors control	477	Expenses	140

2057 (one mark for two items) 2057 (4 marks)

Sales A/c (Rs 000)

Return inward A/c (Rs 000)

Debtors control	590 ⁽⁰¹⁾	Deb. con	60 ⁽⁰¹⁾
Cash	900 ⁽⁰¹⁾		

Purchase A/c (Rs 000)

Return outward A/c (Rs 000)

Credit. control	400 ⁽⁰¹⁾		Creditors control	30 ⁽⁰¹⁾
Cash	400 ⁽⁰¹⁾			
B/C/D	24			93

VAT control A/c (Rs 000)

Debtors control	9	Debtors control	88.5	(one mark for two items) maximum 2 marks
Creditors control	60	credi. cont.	45	

Debtors control A/c (Rs 000)

1/6/2018 B/B/f	310	Return inward	60
Sales	590	VAT	9
VAT	88.5	Discount allowed	53
		cash	477
		B/c/d	389.5
	<u>988.5</u>		<u>988.5</u>

(one mark for two items including balances) maximum 3

Creditors Control A/c (Rs 000)

Return outward	30	1/6/18 B/B/f	215
VAT	4.5	Purchases	400
Discount recv.	23	VAT	60
cash	437		
B/C/D	182.5		
	<u>675</u>		<u>675</u>

(One mark for two items maximum 03)

(22 + 18 = 40)

④ Manufacturing Account.

1) Opening stock of raw material		45000	01
Purchase of raw material	873000		01
+ Carriage inward cost	10000		
loading and unloading charge	5000		
	888000		
Return outward	(48000)	840000	01
		885000	
closing stock of raw material		(120000)	02
Cost of raw materials consumed		765000	
Direct wages (40000 + 60000)		460000	03
Prime cost		1225000	01
<u>Manufacturing overheads</u>			
Factory rent and rates	36000		01
Depreciation on machinery	12000		01
Machinery repair	4000		01
Production supervisor's salary (120000 + 18000)	138000		03
factory electricity	14000		01
Lubricants	2000	206000	01
		1431000	
Opening WIP		195000	01
		1626000	
closing WIP		(126000)	01
Total production cost		1500000	01

2) Cost of a doormat = $\frac{1500000}{30000} = \text{Rs } 50$ (04)

3) value of the closing stock = $\text{Rs } 175000$ (04) $\left[\begin{array}{l} 30000 + 2500 - 3000 \\ 1500 \times 50 = 75000 \end{array} \right]$

4) Profit from selling 100 doormats = $\text{Rs } 1250$ (02)

$100 \times 50 = 5000$
 $100 \times 62.50 = 6250$

SchoolMATE Profit = $6250 - 5000 = 1250$

④ $\frac{20}{20} + \frac{04}{04} + \frac{04}{04} + \frac{02}{02} = 30$

(5)

1) Balance of the cash control account as at 1/5/2018 -
Rs 80 000 (03)

workings

Balance of the bank statement as at 1/5 = 50 000 (01)
+ Unrealized deposits = 120 000 (01)

170 000

- Unpresented cheques = (90 000) (01)

Balance of the cash control A/c as at 1/5/18 80 000

2) Unrealized deposits as at 31/5/2018 = Rs 270 000 (02)
(55 000 + 215 000 = 270 000)

Unpresented cheques as at 31/5/2018 = Rs 145 000 (02)
(15 000 + 30 000 = 145 000)

3) Balance of the adjusted cash control A/c
for the month of May = Rs 250 000. (02)

4) Bank reconciliation statement

Balance as per adjusted cash control A/c	250 000 (01)
+ Issued but not presented cheque	<u>145 000</u> (01)
	395 000
- Deposited but not realized cheques	<u>(270 000)</u> (01)
Balance as per bank statement.	<u>125 000</u>

* Allote mark if
bank reconciliation statement have been prepared
from bank statement.

TE

(12 marks)

5. (b)

General Journal

Rs

1) i) Cash control Account Dr 30000
 Debtors control A/c 30000
 (Rectifying being correction of recording cash sales as credit sales)

2) i) Furniture Account Dr 120000
 Purchase Account / Profit and loss A/c 120000
 (Being correction of recording credit purchase of furniture to Purchase A/c)

ii) Furniture depreciation A/c / Dr 6000
 Profit and loss A/c- Accumulated depreciation of furniture 6000
 (Recording Annual depreciation)

3) Discount allowed account / Profit and loss A/c - Dr 7500
 ← Discount received / Profit and loss A/c 5700
 Suspense Account 13200
 (Being correction of recording allowed discounts in discount received A/c)

4) Suspense Account 27000
 (Being correction of not recording the balance of creditors control A/c to the trial balance)

5) Bad debts / Profit and loss A/c - Dr 8000
 Debtors control A/c 8000
 (Recording bad debts)

2) corrected net profit - Rs 732800⁽⁰⁵⁾
 workings
 (640000 + 120000 - 6000 - 13200 - 8000)
 732800⁽⁰¹⁾

SchoolMATE

3) Suspense A/c
 B/B/c 40200
 Discounts 13200
 Error in creditors control A/c 27000
 40200

Can be prepared as a statement

6

Cash balance as at 31/3/2018 = Rs 818000

workings

Cash Account (Rs 1000)	
B/B 1f	68
Debtors control	319
Bank loan	1200
Sales	260
<hr/>	
	1847
electricity	12
creditors control	288
Rent	44
Furniture	640
interest	15
Salaries	24
Drawings	6
B/c/d	818
	<hr/>
	1847

(one mark for each correct items including balances) (6 marks)

Income statement (Rs000) statement of financial position

Sales	624	non-current assets	
cost of sales	(03)	PPE	1500
Opening stock	125*	current assets	
Purchases	270 (02)	stock	1302 (01)
	395	Trade receivables	81 (01)
Closing stock	(130)* (265)	Pre-paid electric	3 (01)
Gross profit	(01) 359	Cash	818 1032
			<hr/>
Expenses			2532
Rent	48 (02)	capital	1059 (03)
interests	15*	Net profit (01)	221
furniture depreci	40 (02)		1280 (01)
salaries	24*	Drawings	(6) 1274
electricity	11 (02) (138)		
Net profit	(01) 221	non-current liability	
		Bank loan	1200
		current liability	
		Trade payable	54*
		Payable rent	4* 58
			<hr/>
			2532

(6) $\frac{66}{66} + \frac{15}{15} + \frac{09}{09} = 30$

SchoolMATE

(* 01 mark for two items) (9 marks)

Workings

Debtors control A/c (Rs 000)				Creditors control A/c (Rs 000)			
Balance	36	cash	319	cash	288	B/B/f	72
* Sales	364	B/c/d	81	B/c/d	54	* Purchase	270
	<u>400</u>		<u>400</u>		<u>342</u>		<u>342</u>

Electricity expense				Rent A/c (Rs 000)			
Balance	2	* PEL	11	one cash	44	* PEL	48
cash	12	B/c/d	3	mark for 02 items	4		
	<u>14</u>		<u>14</u>	Balance	<u>48</u>		<u>48</u>

Capital as at 1/4/2017

Capital	1059	PPE	900
Trade payables	72	stock	125
		Trade receivables	36
		Pre-paid electricity	2
		Cash	68
	<u>1131</u>		<u>1131</u>

(or mark for two items)
maximum 03

Sales = 260 + 364 = 624

(7)

Cash	Account	(Rs 000)
Entrance fee	140	Convenient printing expense 20
Members fee	360	Refreshment expense 70
Donations	50	expense for decorations 8
Receipts from walk	800	stationery 4
		computer 120
		fixed Building 800
		Fixed deposits 100
		B/cfd 228
	<u>1350</u>	<u>1350</u>

(13 marks)

Income Statement		(Rs 000)
<u>Income</u>		
Entrance fee		140
Members fee		360
Donations		50
		<u>550</u>
<u>Expenses</u>		
Convenient printing expense	25	
Refreshment	70	
Decorations	8	
Stationery	2.8	
Depreciation of computer	15	(120.8)
Surplus	(01)	<u>429.2</u>

(13 marks)

3) Accumulated fund as at 31/3/18 = Rs
(04) 429.200

(7) $\frac{13}{13} + \frac{13}{13} + \frac{04}{04}$ SchoolMATE 30