



FWC

# G.C.E. A/L Examination June - 2019

Conducted by Field Work Centre, Thondaimanaru

In Collaboration with

Provincial Department of Education Northern Province

Grade :- 13 (2019)

Accounting I

Time :- Two hours

- ❖ Answer all questions
- ❖ Select the suitable answer for the questions 1-30 and write the suitable answer option in the dotted line given
- ❖ Write the correct answer for the question 30-50 in the dotted line given.

## Part – I

01. Select correct statement related to accounting

- a. providing information to interested parties to take decision making
  - b. entity of business is Individual, business or government
  - c. basic assumption of accounting is entity concepts
1. A only      2. A and B only      3. A and C only      4. A,B,C only      5. B and C only  
(.....)

❖ Answer the questions 2,3 and 4 by using following information

- The following information are extracted from Nilavan Business for the month of January 2019
- On 2.1.2019 Rs 25,000 cost of goods sold worth Rs 40,000 by credit
- On 8.1.1019 Return by debtor Rs 8000 (2.1.2019 sold)
- On 15.1.2019 Setoff Rs 4000 from debtor to creditor
- On 25.1.2019 Owner settled to creditor by using his own money Rs 12,000 and discount Rs 3000
- Accounting equation on 1.12019 is given below

Assets	=	capital	+	liability	+	Retained Earning
300,000		160,000		80,000		60,000

02. Which of the following correct accounting equation after above transaction?

Assets =	capital	+	liability	+	Retained Earning	
1. 296,000	160,000		61,000		75,000	
2. 308,000	172,000		61,000		75,000	
3. 303,000	172,0.00		61,000		70,000	
4. 303,000	160,000		61,000		83,000	
5. 308,000	160,000		65,000		83,000	(.....)

03. Select correct source document above transaction to record in accounting books

1. Sales invoice, Debit note ,General journal voucher, Payment voucher
2. Sales invoice, credit note, General journal vocher,Payment voucher
3. Sales invoice, credit note,General journal vocher,Receipts
4. Sales journal,Credit note, General jounal vocher,Invoice
5. Sales journal, Credit note, General journal vocher,General jounal voucher (.....)

04. Net profit of business and increase in net assets are respectively

1. Rs 27,000 and Rs 15000
2. Rs 15,000 and Rs 27,000
3. Rs 12,000 and Rs 15,000
4. Rs 15,000 and Rs 12,000
5. Rs 8,000 and Rs 15,000 (.....)

05. The following information are extracted from Athavan business for the month of January 2019

Total of cash received journal Rs 174,000

Total of Cash payment journal Rs 118, 000

The following information are extracted from bank statement

Realized cheque (except direct deposit) Rs 162,000

Presented cheque Rs 101,000

Direct deposit Rs 4000

Bank charge Rs 2000

Standing order payment ?

Cash control account balance is greater than Adjusted cash control account by Rs 5000 on month of January

Standing order payment and Bank statement balance for the month of January are respectively

1. Rs 12,000 and Rs 48,000
2. Rs 7,000 and Rs 46,000
3. Rs 70,00 and Rs 56,000
4. Rs 4,000 and Rs49,000
5. Rs 7,000 and Rs 49,000 (.....)

06. On 31.03.2019 balance of debtor control account and list of balance was different. balance of debtor list balance was Rs 74,000. The succeeding investigations reveled the following.

- Sales journal overstated by Rs 2000
  - Sales return Rs 3000 has been recorded as 300 in sales return journal
  - Delay interest Rs 1300 has been recorded as 3100 in debtor ledger
  - Credit balance of debtor Rs 2000 has been posting as debit balance
- Balance of Debtor control account before and after on 31.03.2019 are

1. Rs 72,200 and Rs 67,500
2. Rs 69,500 and Rs 64,500
3. Rs 67,500 and Rs 62,800
4. Rs 70,200 and Rs 65,500
5. Rs 70,200 and Rs 62,800 (.....)

07. The following information are related with Sweet production company limited on 31.0.2019

- Production cost Rs 244,000
- Production wages Rs 32,000
- Production overheads Rs 28,000
- Increase in raw material stock Rs 8,000
- Increase in finished good stock Rs 6,000
- Decrease in WIP stock Rs 5,000

Raw material purchase and cost of sale for the year ended 31.032019 are

1. Rs 187,000 and Rs 238,000
2. Rs 197,000 and Rs 238,000
3. Rs 187,000 and Rs 244,000
4. Rs 238,000 and Rs 187,000
5. Rs 177,000 and Rs 238,000 (.....)

❖ **Answer the question No 8,9 and 10 by using the following information**

Trial balance of Seenu Business was not equal and profit for the year 196,000. The following errors was extracted from books

- Interest Received Rs 5000 has been posting debit side to trail balance as interest paid
- Sale return Rs 3000 has been recorded in sale journal
- Opening stock has been over stated by Rs 1000
- Credit sale Rs 138,000 (including VAT 15%) has been recorded only sales account

08. Suspense account balance on 31.0.2019 in trial balance is

1. Debit balance 133,000
2. Credit balance 133,000
3. Debit balance 128,000
4. Debit balance 132,000
5. Debit balance 126,000 (.....)

09. Net profit after rectify above error is

1. Rs 209,000
2. Rs 178,000
3. Rs 196,000
4. Rs 201,000
5. Rs 183,000 (.....)

10. Increase or decrease in net assets after rectify error is

1. decrease by Rs 13,000
2. decrease by Rs 12,000
3. decrease by Rs 14,000
4. increase by Rs 12,000
5. Increase by Rs 13,000 (.....)

11. The accounting concept which is identify debtor and creditor in statement of financial position

1. realization concepts
2. Going concern
3. accrued concept
4. prudence concepts
5. Matching concept (.....)

12. Select correct statement related with accounting concepts

- A - Depreciation as expenses in income statement based on matching concepts
  - B - Money measurement concept state that value of money equally for the period of the time
  - C -. Matching concept state that part of purchase shown as expenses and balance of the stock shown as stock
1. A and B
  2. B and C
  3. A and C
  4. A,B and C
  5. B only (.....)

❖ **Answer the question 13 and 14 by using following information**

Shankar public limited company has been registered for VAT the following information are extracted from Shankar company for the year ended 31.03.2019

- Invoice price of machine Rs 400000
- Machine customs duties Rs 50,000
- VAT Rs 20,000
- Discount allowed Rs 10,000
- Machine repairs expenses 30,000
- Testing charge for production 60,000
- Testing production 200 unit which is sold to Rs 100 per production
- Residual value of machine Rs 20,000
- Use full life 20 Years
- This machine was used from 1/4/2018

13. On 31.03.2019 capital expenses of above machine accordance with LKAS 16 is

- |               |               |               |         |
|---------------|---------------|---------------|---------|
| 1. Rs 460,000 | 2. Rs 480,000 | 3. Rs 520,000 |         |
| 4. Rs 500,000 | 5. Rs 580,000 |               | (.....) |

14. On 31.03.2019 value of machine Depreciation and carrying value of machinery respectively

- |                             |                             |                           |         |
|-----------------------------|-----------------------------|---------------------------|---------|
| 1. Rs 23,000 and Rs 45,7000 | 2. Rs 24,000 and 456,000    | 3. Rs23,000and Rs 43,7000 |         |
| 4. Rs 25,000 and Rs 475,000 | 5. Rs 26,000 and Rs 526,000 |                           | (.....) |

❖ **Answer the question 15,16 and 17 by using following information**

Banu, Venu and Seenu was partner in a partnership with 5:3:2 profit sharing ratio. On 1.04.2018 Seenu Retired from partnership at the date goodwill was calculated which is adjusted through the capital Account and payable amount of Seenu transfer to loan account. Capital interest 10% annually.

On 31.03.2019 balances are given below

	<b>Banu Rs 000</b>	<b>Venu Rs 000</b>
Total Equity	Rs 1610	Rs 1190
Current Account	Rs 510	Rs 290

On 1.04.2018 partners current account balance is given below

Banu	400,000(Credit)
Venu	200,000(Credit)
Senu	100,000(Debit)

On 31.0.2019 Seenu Loan Account Balance Rs 900,000 and on 1.04.2018 Seenu Capital Account Rs 800,000 and banu and venu draw cash for personal use Rs 300,000 and Rs 200,000

15. Goodwill of partnership, when seenu was retired from partnership is

- |                 |                 |               |         |
|-----------------|-----------------|---------------|---------|
| 1. Rs 500.,000  | 2. Rs 200,000   | 3. Rs 100,000 |         |
| 4. Rs 1,000,000 | 5. Rs 2,000,000 |               | (.....) |

16. Net profit of partnership for the year ended 31.03.2019 is

- |               |               |               |         |
|---------------|---------------|---------------|---------|
| 1. Rs 500,000 | 2. Rs 200,000 | 3. Rs 700,000 |         |
| 4. Rs 400,000 | 5. Rs.300,000 |               | (.....) |

17. Total Equity of the partnership on 1.04.2018 is

- |                |                |                |         |
|----------------|----------------|----------------|---------|
| 1. Rs 240,0000 | 2. Rs 2800000  | 3. Rs 4000,000 |         |
| 4. Rs.3000,000 | 5. Rs.3500,000 |                | (.....) |

18. Balance sheet date of Charles public limited company is 31.03.2019 and authorized date of the company is 25.05. 2019.Events of Company from 31.03.2019 to 25.05.2019 are given

- A - Market value of investment decrease by 25,000
- B - On 10.05.2019 Rs 500,000 cost of land imprisonment by government for Rs 300,000
- C - On 31.03.2019 Rs 200,000 cost of Stock sold on 31.03.2019 worth Rs 180,000
- D - Rs 24,000 value of closing Stock destroyed by fire on 12.05.2019

Which of the following events not adjusted in financial statement accordance with LKAS 10

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

❖ Answer the Question 19,20,and 21 by using following information

The following information are Extracted from Samco Company Limited for the year Ended 31.03.2019

Sales	Rs 3200
Selling Expenses	Rs 1500
Administration expenses	Rs 800
Profit of Disposal of Motor Vehicle	Rs 100
Dividend paid	Rs 200
Land revaluation surplus	Rs 500
Machine revalue deficit	Rs 200

On 31.03.2017 Machine was revaluated to increase by Rs 150,000 and land was revaluated on 31.03.2019 first time.

19. Total income and total Expenditure for the year ended 31.0.3.2019 accordance with LKAS 01 is

Total Income Rs 000		Total Expenditure Rs 000		
1	Rs 3500		Rs 1400	
2.	Rs 2500		Rs 1400	
3.	Rs 2600		Rs 2000	
4.	Rs 3800		Rs 2500	
5.	Rs 2800		Rs 2500	(.....)

20. Profit for the year and other comprehensive income for the year ended 31.03.2019 are

Profit for the year	Other comprehensive income	
1. Rs 1050	Rs 500	
2. Rs 1000	Rs 350	
3. Rs 750	Rs 300	
4. Rs 1050	Rs 500	
5. Rs 950	Rs 350	(.....)

21. Retained earnings and Total comprehensive income for the year ended 31.03.2019 are

Retained earnings	Total comprehensive income	
1. 750	1300	
2. 950	1100	
3. 850	1000	
4. 1050	1000	
5. 750	1100	(.....)

❖ Answer the question No 22,2,24 by using following information

The following balances are gathered from books of Saithu company limited as at 31.03.2019

- Retained earnings                      Rs 150,000
- General reserve                         Rs 105,000
- Land revaluation Reserve         Rs 20,000
- Stated capital @20                    Rs 600, 000
- 10%debenture                         Rs 200,000

The transaction for the year ended

- a. Transfer to General Reserve Rs 25,000
- b. Capitalized retained earning @20 to existing share holer based on 3:1
- c. Interim dividend paid Rs 20000
- d. Land was revalued 2<sup>st</sup> time decrease by 80,000 but this Land was revalued 1<sup>st</sup> time increase by Rs100,000
- e. Income Tax for the year 18/19        40,000
- f. Total comprehensive income for the year ended 31.0.2019 180,000

22. Equity capital as at 1.04.2019 is

1. 1125000      2. 925000      3. 800000      4. 715,000      5. 735,000      (.....)

23. Profit before tax for the year ended 31.03.2019 is

1. 140,000      2. 220,000      3. 300,000      4. 260,000      5. 320,000      (.....)

24. Increase in equity capital balance for the year ended 31.03.2019 is

1. 180,000      2. 200,000      3. 140,000      4. 150,000      5. 160,000      (.....)







35. Indicate Suitable accounting concepts for the following situations

- A. Small types of Equipment which are used more than one year but it is indicate as expenses in income Statement
- B. Classified assets as Non-current and current assets
- C. When Cost of stock is greater than net realized value lower value is indicate as stock
- D. Provision for possibility of warranty

Details	Concepts
A	.....
B.	.....
C.	.....
D	.....

36. The following information are related with stock of M as at 31.03.2019

Types of Stock	unit	Cost of purchase	Conversion Cost	Unit price	Direct selling expenses
M1	1000	40	10	52	3
M2	800	24	06	40	5
M3	1500	25	06	34	4

a. Value of stock as at 31.03.2019 by calculating item by item basis

.....

b. Double entry to recording stock

.....

37. The following errors are related with creditor for the year ended 31.0.2019. Rectify following Errors with amount in list of balance and creditor control account

Errors	Rectify in control account	Rectify in list if balance
Purchase return Rs 5000 has been recorded as 500 in journal	.....	.....
Dishonored cheque Rs 2000 has been credited as 200 in creditor ledger	.....	.....
Interest for delay Rs 3000 has been recorded twice in general ledger	.....	.....

38. Indicate following cost direct or indirect cost and variable or fixed cost and included or not included in production cost in leather bag production

Cost	direct or indirect	fixed and variable	production cost (Yes/No)
1. Leather	.....	.....	.....
2. production wages	.....	.....	.....
3. factory Rent	.....	.....	.....
4. button	.....	.....	.....

39. The following information are extracted from Viduthalai Sports Clubs for the year ended 31.03.2019

State increase(I), decrease(D),No change (NC),in accumulated fund ,building fund and surplus for the year

Details	Accumulated Fund	Building Fund	Surplus for the Year
Transfer to building fund from surplus for the year Rs 10000	.....	.....	.....
Deposit in fixed deposit from accumulated fund	.....	.....	.....
Withdraw fixed deposit with interest in maturity period	.....	.....	.....
Fully completed building by using building fund	.....	.....	.....

❖ Answer question No 40 and 41 by using following

Buthan and jesan was partners in a partnership with prioifit sharing 3:2..capital balance are respectively Rs 12,000 and 10,000 .5% interest on initial capital balance and annual salary of Jesu Rs 15,000 and Buthan draw Rs 5000 for personal use.

Balance of opening and closing balance of current account are given below

Partner	31.03.2019	01.04.2018
Buttan	49,000	12,000
Jesan	40,000	(5000)

40. Total divisible Profit of partnership is

.....

41. Total equity of the partnership for the year ended is

.....

42. Following events are classify accounting estimate or accounting policy based on LKAS 08

Events accounting estimate or accounting policy

- A. Changes in method of depreciation .....
- B. changes in evaluation Method of Tax .....
- C. Changes in Net assets .....
- D. Use in stock valuation FIFO for WAC .....

43. The following details are related with Lara company limited for the month of March 2019

Date	details	unit	unit cost
1.03.2019	balance	4000	30
15.03.2019	purchase	6000	20
25.03.2019	Issue	?	
31.03.2019	balance	3000	

The business use stock valuation method WAC and net realized value of the stock is Rs 21

- Cost of sale .....
- Value of stock to indicate in statement of financial position .....

44. The following information are extracted from sumsnksli business

EOQ	800 unit
Ordering cost per unit	Rs 8
Holding cost	Rs 0.50

- Annual Demand .....
- Ordering cost .....
- Holding cost .....
- Total Cost .....

❖ **Answer the questions No 45 and 46 by using following information**

On 1.04.2018 Rs 400,000 cost of machine was purchased by Samsaram business for 5years lease agreement. Machine use full life 6 years. ownership of machine cant be transfer to company.down payment of machine Rs 80,000,annual lease installment 80,000(including interest).lease interest 10%.depriciation on machine straight line basis

45. State following balances in statement of financial position as at 31.03.2019

- Non-current assets
 

Cost	Accumulated depreciation	carrying value
.....	.....	.....
- Non-current liabilities .....
- Current liabilities .....

46. Increase or decrease in Equity as at 31.03.2019 is

.....

47. The details of employees of the business of Kamshigaa business for the month of May 2019 are given below

Employee Name	Cost of living Rs	Loan installment RS	EPF (employee)	Net Salary RS
Seran	8000	3000	10%	15,000
Solan	6000	2000	10%	25,000

EPF contribution by Employee 10% and Employer 15%/

a. Gross salary of employee for the month of May 2019 is

.....

b. Total Basic salary for the month of May 2019 is

.....

c. Total employee related expenses for the month of May 2019 is

.....

48. State Following statement are true or false

a. Payable Loan interest of partner was decrease in Equity of partnership .....

b. Increase in period of stock holding is disclosed efficient of stock control .....

c. When Earning of share is high, investment is return Quickly .....

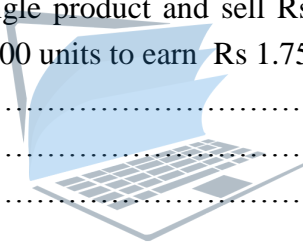
d. When Rs 20,000 cost of stock purchase by credit,current ratio is increased .....

49. Shima company was produced single product and sell Rs 20 per unit when selling 4000 unit  
Rs 4.50 loss per unit and selling 8000 units to earn Rs 1.75 profit

e. Total fixed cost Rs .....

f. Contribution per unit Rs .....

g. Break Even point (unit) .....



50. Makilchchi company invest Rs 200,000 in one of the machinery and useful time of machine 5  
years residual value Rs 40,000.

Year	cash flow
1	90,000
2	80,000
3	60,000
4	50,000
5	30,000

a. Average rate of return .....

b. Payback period .....

(50x4=200 marks)



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**G.C.E. A/L Examination June - 2019**

Conducted by Field Work Centre, Thondaimanaru

In Collaboration with

Provincial Department of Education Northern Province

**Grade :- 13 (2019)****Accounting II****Time :- Three hours 10 minute****Part – II****Important**

- Answer 5 questions only
- Begin each answer on a fresh sheet of the paper
- Relevant workings should be attached to the answer script

01. The trail balance of Sanka PLC as at 31.03.2019 is given below

Details	DR 000	CR 000
Stated capital		48,000
General reserve		3,000
Retained earning as at 1.04.2018		8000
Sales		25,000
Cost of sales	14,000	
Administration Expenditure	1800	
Distribution Expenses	1400	
Provision for warranty as at 1.04.2018		300
Last quarter tax provisions as at 01.04.2018		80
Tax paid	240	
Accrued Administration expenses		120
Trade receivable	360	
Trade payable		200
Provision for allowances for expected losses for trade receivable as at 01.04.2018		60
Stock as at 31.03.2019	340	
Property plant and Equipment- Carrying value	44800	
Bank loan		2000
Financial expenses	160	
15% fixed deposit	5000	
Other income		900
Lease creditor	3800	
Other expenses	1420	
Cash and cash equivalent	14340	
	87660	87660

**Additional information**

1. Details of stock as at 31.0.2019 are given below

Types of Stock	Number	unit cost	Total cost
M1	2000	120	240,000
M2	1000	100	100,000

Net realized value of stock M1 and M2 are respectively Rs 150 and Rs 80

2. Administration expenses include Net salary Rs 900,000 and Employee contribution and employer contribution to EPF are respectively 10% and 15% and ETF 5% but no any provision for EPF and ETF in this Year
3. Property plant and Equipment as at 31.03.2019 are given below

Assets	Useful life	Cost or Revaluation value	Acc. depreciation	Carring value
Land		15,000		15,000
Building	50	20,000	3200	16800
Motor Vehicle	12	12,000	3,000	9000
Office equipment	10	8,000	4000	4000
		55,000	10,200	44800

4. Moto vehicle is used for delivery purpose but other assets are used for administration purpose
5. Land was revaluated first time Rs 15,000,000 at 31.03.2017 and revaluation deficit of land at the time 2000,000 and this land was revaluated 2<sup>nd</sup> time to Rs 20 000 000. No any entry for revaluation.
6. When On 1.04.2018 motor vehicle was revaluated, useful life of motor vehicle is decreased by 2 years it is not adjusted for depreciation calculation
7. On 31.03.2019 building was revaluated 1<sup>st</sup> time for Rs 16,000,000 no any adjustment for revaluation of building.
8. On 1.04.2014 purchase of office equipment Rs 2000,000 which is sold to Rs 1400,000 on 1.10.2018.this disposal profit included in other income and all adjustment are made correctly in books and balance of other income indicate cash received from fixed deposit interest.
9. last quarter tax for the year assessment 2017/2018 Rs 100,000 paid for the year and provision for last quarter tax for the year assessment 18/19 Rs 120,000
10. Sales warranty paid for the last year Rs 400,000 in Current year which is included in distribution expenses and provision for sales warranty for the year 2018/19 1% in sales.
11. Machine was purchased to Rs 10,000,000 by Company for 5-year lease basis. Down payment of leasing Rs 2000,000 and annual lease instalment for the year Rs 1800, 000.useful life of machine 6 years and title of ownership can't be transfer to company. Down payment and installment was correctly recorded in lease creditor account no other entry in accounting book
 

Lease Interest	18/19	250,000
	19/20	150,000
12. Director of the company will decide that Transfer to general reserve Rs 200,000 and capitalized 50000 shares @ Rs 12 from retained earnings.  
½ of bank loan will settle by company within 31.03.2020
13. Provision for allowances for expected losses on trade receivable Rs 50,000 from trade debtor Required  
Prepare following financial statement of sanga PLC required to publish in accordance with LKAS 01

- Statement of profit or loss and other comprehensive income for the year ended 31.03.2019
- Statement of financial position as at 31.03.2019
- Statement of changes in equity for year ended 31.03.2019

(20 marks)

02. A. Factory of Siran Company consists two production departments such as Machine and Finishing and one service department such as Quality Control. Both sections are in separate buildings.

Activity level of production 10000 units

Bases of distribution are given below

	Machine department	Finishing department	Quality control department
Floor area (sq meter)	800	400	200
Number of employee	40	30	10
Machine hours	4000	1000	-
Labour hours	1000	5000	-
Factory Machine cost	400,000	300,000	
Quality control machine			80,000
Kilo watts KW	1200	800	400
Number of Quality control	50	30	

Budgeted overheads

Details	Factory	Service department	Total
Rent	120,000	30,000	150,000
Electricity	50,000	30,000	80,000
Indirect wages	?	?	80,000

Other information

- Redistribution of quality control department by suitable bases
  - Useful life of factory machine and quality control machine respectively 10 years and 8 years
  - Department of factory absorbs suitable bases
  - The following details are related with unit product
    - Direct material                      Rs 71.00
    - Direct wages                              Rs 45.00
- Time of consumed machine department - machine hours 15 minutes  
 Finishing department - labours hours 20 minutes
- Non production variable cost Rs 4
- Total Fixed cost Rs 50,000
  - Profit margin 25% on sale price

**Required**

- 1) Overhead analysis sheet
- 2) Over head absorption rate
- 3) Unit production cost
- 4) Unit selling price
- 5) Statement profit at activity level 10,000

(10 marks)

B. Super grade school of Northern province to be arrange 3 day national educational trip. 300 students will participate in this trip. Payment per student Rs 3000. details of trip are given below

- Meals expenses per student (day) Rs 400
- Water bottle expenses per student (day) Rs 100
- Entrance fees per student (3day) Rs 200
- Cost of identification card expenses per Student Rs 50
- Transportation cost Rs 240,000
- Banner expenses Rs 4000
- Rent of Rest house per day Rs 12000
- Organizing expenses Rs 20000
- Surplus of national educational trip will decide to donate to children home

**Required**

- 1) Contribution per student
- 2) Number of students participate when
- 3) All student paid surplus of income for children home
- 4) margin of safety (student)
- 5) Number of students, when donated Rs 100,000 to children home
- 6) When Payment reduce to 10 student Rs 1000 number. How much donate to children home

(10 marks)

(Total 20 marks)

03. A. The following accounting equation are extracted from Mahela Business for the month of may 2019

Transaction	Machine	Inventory	Trade Receivable	Cash	Capital	Loan	Trade payable	Retained Earning
1/5 Balance	250,000	50,000	40,000	60,000	230,000	50,000	80,000	40,000
3/5				+10,000	+10,000			
5/5		+15,000		-10,000			+5000	
8/5			-8000	+6000				-2000
12/5			-2000				-2000	
15/5	+50,000					+50,000		
18/5		-8000	+20,000					+12,000
21/5					+5000		-6000	+1000
24/5				-4000		-3000		-1000
28/5				-4000	-4000			
31/5		+2000	-5000					-3000



### Other information

- Depreciation of machine 6% at cost
- Directly deposited into the bank by debtor Rs 10,000
- Standing order payment for rent Rs 2000
- Accrued Electricity Rs 1000
- Provision for allowances for expected losses of trade receivable 4% in trade debtor
- Unpresented cheque Rs 4000 and unrealized cheque Rs 8000

### Required

- 1) Explain 1-10 transaction
- 2) Prepare income Statement
- 3) Adjusted cash control account and bank reconsolidated statement

(14 marks)

B. The balance of debtor control account and debtor list balance of Suthosha business for the month of January 2019 are respectively Rs 36,500 and Rs 57,000. Reason for differences given below

- 1) Dishonored cheque Rs 4200 has been recorded as received cheque in general ledger
- 2) Total of Discount column of Cash received journal over stated by 2000
- 3) Discount allowed Rs 1300 has been debited as 3100 in debtor ledger
- 4) Setoff Rs 2500 has been recorded in control account as Rs 5200
- 5) Cash sales Rs 3000 has been recorded as cash received from debtor in debtor ledger
- 6) Impairment loss of debtor Rs 3000 has been debited in debtor ledger

### Required

1. Adjusted debtor control Accounts
2. Reconciliation statement of debtor control account and debtor list balance

04. On 1.03.2019 Shaki commence a business and invest Rs 300,000 as capital and Summary of cash control account of Shaki business are given below

#### Cash received

Capital	Rs 300,000	
Cash Sales	Rs 124,000	
Cash received from debtor	Rs 146,000	
Advance received for Sales	Rs 45,000	<b>615,000</b>

#### Cash Payment

Raw material purchase	Rs 85,000	
Cash paid to Creditor	Rs 115,000	
Direct wages	Rs 24,000	
Advance payment for Raw material	Rs 60,000	
Distribution cost	Rs 8000	
Factory Rent	Rs 12,000	
Factory electricity	Rs 10,000	
On 15.03.2019 purchase of Machine	Rs 80,000	<b>(394,000)</b>
Balance as at 31.03.2019		<b><u>221,000</u></b>

### Other information

- 1) Total of prime entry book for the month of march are given below

Purchase of Raw material for	Rs 150,000
Sales journal	Rs 162,000
Sales return journal	Rs 4000
Purchase journal	Rs 5000
- 2) Rent was paid for the month ended 31.05.2019
- 3) This month Rs 30,000 value of stock issued for advance of sales and Rs 50,000 cost of stock received for advance payment
- 4) Residual value of machine Rs 8000 and useful life 6 years
- 5) Electricity bill for the month of march Rs 12,000 which is received on April 10
- 6) Impairment loss Written off from debtor Rs 6000
- 7) Balance as at 31.03.2019
  - a. Raw material Rs 48,000
  - b. Finished goods Rs 36,000
  - c. WIP Rs 18,000

### Required

- 1) Prepare following ledger account  
Sales account, Raw material account, debtor control account, creditor control account, Advance sales account, advance raw material payment account
- 2) Statement of Production cost
- 3) Income statement
- 4) Statement of financial position

(20 marks)

05. A. balance of Akthar company PLC as at 31.03.2019 and 31.03.2018 are given below

	<b>31.03.2019</b>	<b>31.0.2018</b>	
Property plant and equipment (cost/Revaluation value)	24200	23,000	
Accumulated Depreciation	(2900) 21300	(3000) 20,000	
Inventory	5000	4000	
Trade receivable	2000	3000	
cash	6700	6600	
	<b>35,000</b>	<b>33600</b>	
Stated capital (@ Rs 10/)	21,000	20,000	
Retained Earning	7000	6000	
Lease creditor	4000	5500	
Revaluation Reserve	200	-	
General Reserve	1800	1200	
Payable Administration Expenses	300	200	
Tax Payable	300	400	
Trade payable	400	300	
	<b>35,000</b>	<b>33600</b>	

### Additional information

- 1) On 31.03.2019 profit for the year Rs 2500,000 and estimated income tax for the year Rs 500,000 and last quarter provision tax paid in current year.
- 2) Land was revaluated for Rs 1000,000 surplus and last year this land was revaluated for Rs 800,000 deficit
- 3) Machine was disposed for Rs 50,000 profit and carrying value of this machine in disposed date was Rs 1500,000. depreciation of PPE for the year is Rs 200,000 and motor vehicle was purchase in current year
- 4) Lease interest Rs 300,000 was paid in current year with lease instalment
- 5) Capitalized 50,000 shares@ Rs 10 by using retained earning. This shares not applicable to dividend.

Required

- Cash flow statement for the year ended 31.03.2019 accordance with LKAS 7

(15 Marks)

B. Calculate following accounting ratios by using above information

- Interest coverage ratio
- Earning per share
- Dividend per shares
- Equity earning ratio
- Debt equity ratio

(5 marks)

06. A. Ramani,,Mathani and Rakini were partner in partnership and their partnership agreement are given below

- Fixed Capital interest 10%
- Profit sharing ratio 5:3:2
- Annual salary entitles to partner Ramani and Mathani are respectively Rs 240,000 and Rs 120,000
- Profit of partnership for the year ended Rs 480,0000 after that following errors are extracted from books
  1. Electricity paid Rs 240,000 has been recorded as 420,000 in electricity account
  2. Bank loan interest paid Rs 200,000 has been credited as 20,000 in interest received account
  3. On 1.10.2018 purchase of office equipment for Rs 400,000 has been recorded as 40,000 in office expenses account (depreciation on Office equipment 10% at cost )
  4. Mathani's life insurance Rs 250,000 has been recorded as business insurance
  5. Deposited cheque Rs 400,000 dishonored by bank which is recorded as impairment loss

On 31.03.2019 Rahini retired from partnership in this date goodwill of partnership was Rs 2000,000 .Good will account not maintain in books and all adjustment of good will adjusted through the capital account. Payable amount of Rahini transfer to loan account

Ramani and Mathani continue this partnership with 3:2 profit sharing

On 1.04.2018 capital and current account balances

	Capital account 000	Current account 000
Ramani	4000	800
Mathani	3000	600
Rahini	2000	(200)

Required

- Statement of Profit adjustment for the year ended 31.03.2019
- Profit and loss and appropriation statement
- Capital and current account

(10 marks)

B. Thiyahi sports club commence on 1.04.2017 with 12 members at the date 200,000 value of Motor car received from donation and annual membership fees Rs 500

Summary of members

Members	No of Members	On 31.03. details of member	
		2017/2018	2018/2019
Opening members	12	12	12
2017/2018	40	35	26
2018/2019	20	-	14

### Other information

- 2017/2018 admitted 10 members was leave from sports club at 2018/19 out of 5 members did not pay last year membership fees
- 8 members paid their membership fees for the year 2019/20 in current year
- Donation as income with in 10 years
- Other income for the year 2017/2018 Rs 124000(without donation), Total Expenses Rs 98500(excluded Depreciation)
- Useful life of Motor car is 10 years
- Cash balance as at 31.03.2019 Rs 175,000
- No other assets and liabilities

### Required

- Income surplus for the year 2017/2018
- Membership Account 2018/2019
- Accumulated fund as at 31.03.2019

(5 marks)

C. Chines company limited will planned to replaced new machine for old machine

1) Cash flow for the initial year

Purchase of machine	Rs 300,000
Purchasing cost	Rs 55,000
Assembling cost	Rs 25,000
Old machine disposed	Rs 30,000

2) Cash flow including depreciation

Year	1	2	3	4
Increase in sale	420,000	475,000	555,000	625,000
Increase in operating Expenses (including depreciation)	380,000	410,000	450,000	560,000

### Other information

- Annual depreciation 75,000
- Working capital requirement increase from 60,000 to 80,000 and this is recovered in last year
- Discount rate 10%

### Required

- Initial cash flow
- Net cash flow for every year

(5 marks)

(Total 20 marks)