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අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය

General Certificate of Education (Advance Level) Examination

බර්මපාල විද්‍යාලය - පන්තිපිටිය

Accounting II

Grade 12

33

E

II

Time: 3 hours

01.) Trial balance as at 31.03.2021 of Rivineth's business is given below.

Description	Dr (Rs.)	Cr (Rs.)
Land and Buildings	500,000	
Purchases and Sales	450,000	932,500
Furniture	300,000	
Motor vehicle	400,000	
Stock as at 01/01/2021	180,000	
Return inwards and return outwards	10,000	15,000
Provision for depreciation – 31/12/2021		
Buildings		120,000
Furniture		90,000
Motor vehicle		80,000
Debtors and Creditors	117,500	165,000
Electricity expenses	26,000	
Insurance expenses	25,000	
Carriage inwards	20,000	
Depreciation for the year		
Buildings	20,000	
Motor vehicles	40,000	
Furniture	30,000	
10% Bank Loan (01/07/2021)		300,000
Bank loan interest	5,000	
Advertising expenses	16,000	
Employee salaries and wages (net)	72,000	
Impairment losses	4,000	
Rent income		24,000
Provision for impairment losses		7,000
Commission income		20,000
Cash control account	38,000	
Capital		600,000
Investment (31/12/2021)	100,000	
	2,353,500	2,353,500

Additional Information:

- 1) The cost of the closing stock was Rs. 100,000. The net realizable value of this stock was estimated as Rs.80,000.
- 2) A stock which was sent on sale or return basis has been recorded as credited sales. The invoiced price of this stock was Rs. 25,000 and the cost of the stock was Rs. 20,000. It has been reported that half of these have been sold.
- 3) Accrued electricity expense Rs. 4,000 and Pre-paid insurance Rs. 5,000.
- 4) A stock of Rs. 20,000 has been damaged. The insurance company has agreed to compensate 80%. No entry has been made regarding this.
- 5) A cheque of Rs. 15,000 issued to a creditor has been dishonored. But no adjustment has been made in this regard.
- 6) Impairment loss of Rs. 5,000 should be write off, while a provision for impairment losses on trade receivables has to be made of 10% of the remainder.
- 7) Impairment loss written off, of Rs.6,000 in the previous year has been recovered in the current year. But, no any entry has been made in this regard.
- 8) The employee contribution to the employee provident fund (EPF) is 10% while the employer's contribution is 15%. Contribution to the employee trust fund (ETF) is 3%.
- 9) Rent income receivable is Rs.6,000 and commission income receivable is Rs. 8,000.
- 10) The owner has withdrawn a stock of Rs. 8,000 for his personal use. But no any record has been kept regarding this.

Required,

- 1) Income statement for the year ended 31.12.2021.
- 2) Statement of financial position as at 31.12.2021.

02.) Kethmika commenced a business in November 2021 by investing Rs. 600,000 in cash. Transactions occurred during the month of November are given below.

Date	Transaction
01/11	Cash purchases Rs.552,000.
03/11	Credit sales of Rs. 690,000 to Nadeeka.
05/11	Nadeeka has returned a stock of Rs. 57,500 due to the colour change.
06/11	Credit sales of Rs. 287,500 to Sithum.
08/11	Cash sales Rs. 621,000
10/11	Credit purchases of Rs. 230,000 from Ravindu and Rs. 345,000 from Kaweesha.
14/11	Rs.46,000 stock has been returned to Kaweesha because it is not the ordered brand.
16/11	Cash purchases of Ra. 161,000.
18/11	Cash receipt from Nadeeka Rs. 200,000. Discount allowed is Rs. 2,000.
20/11	Rs. 150,000 paid to Ravindu by a cheque. Discount received Rs. 2,000.
21/11	Credit sales to Sekara Rs. 172,500. (Rs. 2,500 of trade discount has been deducted)

22/11	A motor vehicle worth Rs. 4,000,000 has been purchased on credit from Udara PLC.
25/11	Cash sales Rs. 161,000
26/11	Gave a 5% discount when settling the balance of Rs. 80,000 due from Sekara.
27/11	Credit purchases from Viduka is Rs. 195,500. (A trade discount of Rs. 2,500 has been deducted)
27/11	Receiving a 5% discount on Rs. 50,000 upon payment for items purchased from Kaweesha.
28/11	Building rent paid Rs. 35,000
28/11	Rs. 34,500 worth of goods purchased from Viduka has been returned due to damages.
30/11	The interest received on the fixed deposits invested is Rs. 48,000.
30/11	Cash sales Rs. 276,000
30/11	The owner gave his laptop worth Rs. 150,000 for business use.

15% VAT is included in above mentioned values. VAT is applicable for purchases and sales only.

Required,

- 1) Prime entry books.
- 2) Relevant ledger accounts in the general ledger.

03.) You are given following information regarding financial position of Kesara's business as at 01.03.2021.

	<u>Rs.000'</u>
Capital	4,000
Liabilities	1,000
Assets	5,000

Transactions occurred from 01/03/2021 to 31/08/2021 are given below.

- 1.) Goods costing Rs. 500,000 have been sold for credit for Rs. 400,000 and Rs. 3,000 in cash.
- 2.) Rs. 600,000 have been settled to creditors and the discount received is Rs.8,000. Debtors paid Rs.270,000 in cash and the discount allowed is Rs. 30,000.
- 3.) The owner has invested Rs. 200,000 worth of furniture in the business.
- 4.) The administration expenses paid during the first five months were Rs. 180,000, While the electricity payable and salaries payable of the last month were Rs. 6,000 and Rs. 9,000 respectively.
- 5.) Once in 3 months Rs. 100,000 should be paid for bank loan installment. Only one installment has been paid so far.
- 6.) Miscellaneous income is Rs. 220,000. The rent for June is Rs. 20,000.

- 7.) The owner has withdrawn Rs. 6,000 for his personal use.
- 8.) Depreciation of non – current assets for the period ended 31.08.2021 is Rs. 30,000.

Required,

- 1) Record the above transactions in the accounting equation of “**Assets = Liabilities + Equity + (Income – Expenses) “**
- 2) Calculate the profit for the period by preparing an income statement.
- 3) Prove and demonstrate the profit calculated above through the profit equation.
- 4) Calculate the change in net assets.
- 5) State 2 reasons to explain whether the change in net assets is equal with the profit or not equal with the profit of the business.

04.) (a) You are given bank reconciliation statement of Nimal’s business for the month of May 2020.

Bank reconciliation

For the month of May 2020

	(Rs.000’)
Balance as per the adjusted cash control account	240
(+) Unpresented cheques	<u>90</u>
	330
(-) Unrealized cheques	<u>(50)</u>
Balance as per the bank statement	<u>280</u>

Information given below is included in the bank statement for the month of June 2020.

- | | <u>Rs.000’</u> |
|---------------------------|-----------------------|
| ➤ Cheques paid | 800 |
| ➤ Cheques realized | 900 |
| ➤ Direct remittances | 40 |
| ➤ Bank charges | 10 |
| ➤ Standing order payments | 20 |
- Direct remittances and bank charges included in the bank statement are not included in the bank account prepared for the month of June 2020.
 - Out of the unpresented cheques held on 31.05.2020, Rs. 60,000 of cheques were presented to the bank in June 2020 and out of the cheques issued in June, cheques amounting to Rs. 50,000 have not been presented to the bank as at 30.06.2020.
 - Cheques not realized by 31.05.2020 has been realized in June 2020. And cheques deposited in June 2020 is amounted to Rs. 1,000,000.
 - A cheque of Rs. 60,000 deposited on 25.06.2020 was dishonored by the bank on 28.06.2020 and no records were kept in the bank account in this regard.

Required,

- 1) Cash control account for the month of June before adjustments.
- 2) Adjusted cash control account for the month of June 2020.
- 3) Bank reconciliation statement for the month of June 2020.

b) The trial balance of Samagi business as at 31.03.2021 did not tally. Drafted net profit calculated is Rs. 825,000. Following errors and omissions were revealed when checking the books of accounts. (Note that the cash journals have been posted to the ledger by using the summarized method.)

- I. Telephone expenses paid Rs. 63,000 has been correctly recorded in the cash payments journal. But it has been posted to the telephone expense account as Rs.67,200.
- II. The total of the analysis column of “debtors” in the cash receipts journal has been over summed by Rs. 10,000.
- III. Cash sales of Rs. 17,500, has been recorded in the books of accounts as credit sales.
- IV. Bad debt written off, of Rs. 3,000 during the year, has been recovered and it has debited the bad debt account.
- V. Office equipment worth Rs. 120,000 purchased in cash on 31.03.2021 has been posted to the purchases account.
- VI. Commission paid of Rs. 6,000 which was recorded in the cash payments journal has been credited to the commission received account.

Required,

- 1) Journal entries to correct the above errors.
- 2) Suspense account
- 3) A statement to correct the net profit.

05.) You are given following information regarding trade receivables and trade payables of Colex Ltd. as at 01/12/2021.

Trade Receivables

• A	120
• B	80
• C	40
• D	(10)

Balance (Rs 000')

Trade Payables

• P	70
• Q	96
• R	36

Balance (Rs 000')

Following transactions occurred during the month ended 31/12/2021. (Rs.000')

Name	Credit sales	Return inwards	Cheques received	Returned cheques	Discount allowed	Impairment losses
A	1,200	40	840	-	-	-
B	1,440	-	1,340	50	-	-
C	860	20	780	-	-	-
D	1,220	-	980	-	60	-
E	110	-	-	-	-	110
Total	4,830	60	3,940	50	60	110

Name	Purchases	Return outwards	Cash	Discount received
P	360	-	250	20
Q	660	60	660	-
R	160	-	160	12
S	120	-	24	-
Total	1,300	60	1,094	32

The balances of debtors control account and the creditors control account as at 01.12.2021 were agreed with the total of the debtors list of balances and the total of the creditors list of balances respectively. But the balances of debtors' control account and the creditors' control account as at 31/12/2021 did not agreed with the total of the debtors list of balances and the total of the creditors list of balances.

Additional Information:

- I. Rs.70, 000 bad debts written off, of H has been recovered during this month and it has been credited to the debtors control account. But this has not been recorded in debtors' ledger.
- II. The debit note of Rs. 60,000 which was sent to Q, has not been recorded in her account.
- III. Cash sales of Rs. 60,000 have been credited to the creditors control account.
- IV. Dishonored cheques received from B were not recorded in the debtors' control account.
- V. The total of the purchases journal has been posted to the control account as Rs. 1,030,000.
- VI. The debit side of the debtors control account has been over summed by Rs.50, 000.
- VII. Credit purchases of Rs.30, 000 from Ton 30/12/2021 has not been recorded in purchases journal.
- VIII. Discount received of Rs.10,000 from P has been debited to creditors control account and credited to discount received account.
- IX. Cash sales of Rs. 90,000 have been recorded as credit sales in debtors control account.
- X. Provision for impairment losses on trade receivables as at 01st of December is Rs. 24,000 and a provision of 10% for impairment losses should be made on debit balances of debtors as at 31st December.

Required,

- 1) Accounts in the debtors' ledger for the month ended 31/12/2021 before adjustments.
- 2) Balances as at 31/12/2021 of debtors' control account and creditors' control account before rectifying the above errors.
- 3) Adjusted debtors control account
- 4) Statement to reconcile the creditors balance which has to be presented in the statement of financial position and the total of the list of balances.
- 5) Provision for impairment losses account on trade receivables for the month ended 31/12/2021.

06) a) You are given the statement of financial position as at 31.03.2021.

Power Light Business

Statement of Financial Position

As at 31/03/2021 **(A)**

(Rs.000') (B)

<u>Non – current assets (C)</u>	Cost (D)	Provision for Depreciation	Net value
Land and Buildings	7,000	2,000	5,000
Motor vehicles	4,000	1,000	3,000
Machinery	<u>3,000</u>	<u>3,500</u>	<u>2,500</u>
	<u>14,000</u>	<u>3,500</u>	10,500
<u>Current assets (E)</u>			
Stock (F)		2,000	
Trade receivables		1,500	
Prepaid electricity (G)		800	
Bank balance		<u>1,200</u>	<u>5,500</u>
			<u>16,000</u>
<u>Equity and Capital</u>			
Capital as at 01/04/2020 (H)		8,000	
+ Net Profit (I)		<u>1,500</u>	9,500
<u>Non – Current Liabilities</u>			
Bank Loan		4,500	4,500
<u>Current Liabilities</u>			
Trade Payables		1,500	
Accrued Electricity (J)		<u>500</u>	<u>2,000</u>
			<u>16,000</u>

Required,

- 1) Some of the accounting concepts used in preparing the above statement of financial position are marked in English letters. Write the relevant accounting concept on the answer sheet and the corresponding letters in front of it.

b) Dangolla Ltd. manufactures and sells a single product and the following information is extracted from the books of accounts.

<u>Balances as at 31/03/2021</u>	<u>Units</u>	<u>Rs.</u>
Raw material	20,000kg	200,000
Work- in-progress		22,500
Finished goods	30,000	150,000
<u>Transactions occurred during the year 2020/21</u>		
Imported raw material	150,000kg	1,500,000
Raw material issued to production	160,000kg	
Finished goods produced	350,000	
Direct labour cost		160,000
Sales (Rs.8/= per unit)		2,400,000
Factory overhead		80,000
<u>Stocks as at 31.03.2021</u>		
Raw material	10,000kg	
Work-in-progress (Rs.)	12,500	
Finished goods (in units)	50,000	

- Finished goods custodian has left the country. At the same time, it was discovered that some stocks were missing.

Required,

- 01)Statement of production cost.
- 02.) Cost of missing stocks

c) You are given an extract of a trial balance of a business as at 31.12.2021.

Trial Balance

Electricity	10,000	
Building rent	35,000	
Interest on Fixed deposit		10,000
Trade receivables	70,000	
Motor vehicle (at cost)	500,000	
Stock as at 01/01/2020	20,000	

Additional information,

01. Electricity Payable Rs.10,000 and rent payable Rs.15,000 as at 31.12.2021.
02. Fixed deposit interest receivable is Rs. 20,000 as at 31.12.2021
03. Rs. 4,000 should be write off as bad debts.
04. Motor vehicles should be depreciated by 10% on cost

Required,

- 1) Write journal entries related to the above adjustments.
- 2) An extract of the statement of financial position as at 31/03/2021.

