

Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake  
 ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක  
 Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake  
 ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක  
 Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake  
 ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක ලක්ෂිත රත්නායක  
 Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake Lakshitha Rathnayake

අධ්‍යයන පොදු සහතික පත්‍ර (උසස් පෙළ) විභාගය - 2021 අගෝස්තු  
 கல்விப் பொதுத் தரப்பப் பத்திர (உயர் தர)ப் பரீட்சை - 2021 ஓசஸ்ந்  
 General Certificate of Education (Adv. Level) Exam - August 2021

නව නිර්දේශය  
 புதிய பாடத்திட்டம்  
 New syllabus

ගිණුම්කරණය I  
 கணக்கீடு I  
 Accounting I

33 E I

පැය එකයි  
 ஒரு மணித்தியாலங்கள்  
 One Hour

### Instructions:

- \*Select the correct answer for question No: 1- 15 & write its number on the dotted line given.
- \*Answer all questions in Part II - Relevant workings should be attached to the answer script

Paper No 06

### PART I

- In which of the following ways are the accounts of building maintenance, income tax for the year, drawings and provision for doubtful debts are classified respectively?  
 (1) Expense, Expense, Equity, Asset  
 (2) Expense, Liability, Expense, Income  
 (3) Expense, Income, Equity, Asset  
 (4) Asset, Asset, Equity, Liability  
 (5) Asset, Income, Equity, Asset  
 (.....)
- During the month of January, an entity has invoiced Rs. 100 000 worth of goods to a customer. But later it was revealed that only Rs. 90 000 worth of goods have been sent to the customer. The journal entry made to record this difference in the entity's book is:  

Dr		Cr
(1)	Sales Return Account	Debtors Account
(2)	Creditors Account	Purchase Return Account
(3)	Sales Account	Purchase Return Account
(4)	Creditors Account	Purchase Account
(5)	Sales Account	Debtors Account

 (.....)
- Which of the following statements is correct regarding petty cash imprest system?  
 1. Debit note is used as a source document for petty cash payments  
 2. Petty cash imprest system cannot be considered as an internal control system for cash  
 3. At the end of each imprest period same amount of money is reimbursed for petty cash payments  
 4. The amount reimbursed at the end of each imprest period is equal to the amount held by the petty cash controller  
 5. The total of amount of petty cash held by the petty cash controller at the end of the imprest period and the amount that was spent during the period is equal to the petty cash imprest.  
 (.....)
- The effect of a transaction of a business is reflected through the accounting equation as follows:  

Assets	=	Liabilities	+	Equity
-45 000		-50 000		+ 5 000

The transaction presented here is:

- (1) Sale of goods costing Rs. 45 000 for Rs. 50 000 on credit basis
- (2) Settlement of a bank loan of Rs. 50 000 with an interest of Rs. 5 000
- (3) Payment of Rs. 45 000 to a creditor with a balance of Rs. 50 000
- (4) Purchase of goods worth of Rs. 50 000 inclusive of 10% Value Added Tax (VAT) on credit basis
- (5) Sale of a machine with a carrying amount of Rs. 45 000 for Rs. 50 000 on credit basis

(.....)

05. Monthly gross salary of employees of a business was Rs. 400 000 and the contribution to the Employee Provident Fund (EPF) by the employer and the employees were Rs. 60 000 and Rs. 40 000 respectively. Even though the salary has been paid in cash, the contribution to the EPF is paid in the following month. In which one of the following ways is the effect of this transaction shown in the accounting equation?

		Assets (Rs.)	=	+	Liabilities (Rs.)	+	Equity (Rs.)
(1)	-	400 000	=	+	100 000	-	500 000
(2)	-	360 000	=	+	100 000	-	460 000
(3)	-	400 000	=	+	60 000	-	460 000
(4)	-	360 000	=	+	40 000	-	400 000
(5)	-	360 000	=	+	460 000	-	100 000

(.....)

06. Which of the following statement/statements is/are correct?

- A - All assets of a business not having a going concern are considered as current assets
- B - According to the prudence concept, an increase in the market value of a land should be accounted
- C - According to the consistency concept, a business should use the selected accounting policies continuously

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

(.....)

07. The inventory as at 31.03.2020 of a business has been overvalued by Rs. 30 000 and its inventory as at 31.03.2021 has been undervalued by Rs. 10 000. What is the effect of this on the profits of the two years?

- |     | Year ending 31.03.2020 |   | Year ending 31.03.2021 |
|-----|------------------------|---|------------------------|
| (1) | Increase of Rs. 30 000 | - | Decrease of Rs. 10 000 |
| (2) | Decrease of Rs. 30 000 | - | Increase of Rs. 10 000 |
| (3) | Increase of Rs. 30 000 | - | Decrease of Rs. 20 000 |
| (4) | Increase of Rs. 30 000 | - | Decrease of Rs. 40 000 |
| (5) | Decrease of Rs. 30 000 | - | Increase of Rs. 40 000 |

(.....)

08. A business acquires a new equipment worth of Rs. 100 000 on 31.03.2021 exchanging an equipment which had a carrying amount of Rs. 70 000 on this date. Rs. 40 000 was paid together with the old equipment for this transaction. What is the profit or loss on exchange of the equipment?

- (1) Profit Rs. 10 000 (2) Loss Rs. 10 000 (3) Profit Rs. 30 000
- (4) Loss Rs. 30 000 (5) Loss Rs. 50 000

(.....)

09. The following information relates to Ravindu's business

	31.03.2021	31.03.2020
Inventory	300 000	200 000
Debtors	180 000	140 000

During the year ending 31.03.2021, Rs. 920 000 was received from debtors and cash sales were Rs. 790 000. The business sells goods with a 40% mark up on cost.

What is the amount of purchases for the year ending 31.03.2021?

- (1) Rs. 1 134 000                      (2) Rs. 1 150 000                      (3) Rs. 1 350 000  
(4) Rs. 1 150 000                      (5) Rs.1 564 000

(.....)

10. The following information relates to the partnership of Pasidu, Dileepa and Rukshan for the year ending 31.03.2021?

- A - The annual salary of Dileepa is Rs. 24 000  
B - Rs. 12 000 of above salary has been paid during the year  
C - Profit shares distributed among Pasidu, Dileepa and Rukshan are Rs. 40 000, Rs. 30 000 and Rs. 20 000 respectively  
D - Loan interest of Rs. 3 000 payable to Rukshan is not recorded in the books  
E - Goods drawings of Pasidu and Rukshan are Rs. 3 000 and Rs. 2 000 respectively and these are not recorded in the books

Which of the above items can be considered as appropriation of profits and losses among the partners?

- (1) A and B only                      (2) A and C only                      (3) A B and C only  
(4) A B C and D only                      (5) All A B C D and E only

(.....)

**WRITE SHORT ANSWERS ON THE DOTTED LINES FOR THE QUESTION NO 11 TO 15**

11. Use a ✓ mark in the relevant column to indicate whether the following statements are True or False

		True	False
A	The primary objective of financial accounting is to provide an comprehensive analysis of business transactions to the management		
B	All errors that occur in recording transactions' can be identified through the trial balance		
C	According to the money measurement concept it is assumed that the value of money is constant		
D	The trade discount deducted from the list price when a product is purchased is credited to the discount received account		

12. State the prime entry book and the source document relevant to the following transactions of a trading business

	Transaction	Prime entry Book	Source Document
(1)	Purchase of goods for resale on credit basis	.....	.....
(2)	Purchase of a motor vehicle on credit basis for the use in business	.....	.....

13. Indicate following items of a trade business can be recognized as expense as per conceptual frame work of financial reporting

	Item	Can be recognized as an expenses (Yes/No)
A	Cost of Sales	
B	Increasing the useful life time of a PPE due to a subsequent cost	

C	Paid distributing expenses for next period	
D	Loss from the revaluation of MV at first time	

14. What is the qualitative characteristic engage by a firm for following situation?

	Event	Qualitative Characters
A	Using WAC method to measure the cost of the stock in every year	
B	MV acquired on leasing is considered as an asset	
C	Represent PPE at revalued amount	
D	Publishing Financial Statements without any time gap	

15. Which of the following objective is relevant for following given interested party?

1. Is there any ability to fulfill the conditions on warranty certificates?
2. Whether plans are well directed?
3. Is there good return for investments?
4. Is there any job security?

	Interested Party	Information
A	Managers	
B	Employees	
C	Customers	
D	Investors	

(Total marks 45)

## PART II

01. "Darshana Furniture" was opened on 01.04.2020 and carrying out all transaction through the cheques.

The following transactions took place during the first month

1. 04.01 - Invested Rs. 1 100 000 worth building and Rs. 500 000 in cash to the Business
2. 04.01 - Purchased furniture Rs. 300 000 and out of this Rs. 100 000 furniture are bought to use of the business
3. 04.07 - Sold furniture with a cost of Rs. 100 000 for Rs. 150 000 on credit
4. 04.12 - Purchased furniture on credit Rs. 150 000 from Dambulu Furniture
5. 04.15 - Received cheques from debtors Rs. 54 000 discount allowed Rs. 6 000
6. 04.16 - Return inwards Rs. 9 000 (goods sold on 04.07)
7. 04.18 - Paid a cheque to Dambulu Furniture Rs. 70 000. Discount received Rs. 5 000
8. 04.22 - Acquired a lorry by using a bank loan Rs. 2 400 000
9. 04.25 - Paid electricity bill Rs. 5 000
10. 04.26 - Sold furniture with a cost of Rs. 50 000 for Rs. 75 000
11. 04.27 - The cheque received from debtors Rs. 9 000 was dishonored cancelled discount allowed Rs. 1 000
12. 04.29 - The cheque issued to electricity bill was dishonored

### Other Information:

Following adjustments should be made as at 30.04.2020

- (i) Property Plant and Equipment are depreciated on cost 10% per annum
- (ii) Rs. 10 000 is written off as bad debts from debtors and 10% provision for doubtful debts to be made from remaining debtors balance

**Required:**

- (1 ) Using the accounting equation show the impact of above transactions from 1 to 12 with values. Indicate decreases (-) or (+) Use the following format for this purpose:

Transaction No	Assets				Liabilities		Equity
	Property Plant and Equipment	Inventory	Trade receivable	Bank	Noncurrent Liabilities	Current Liabilities	Capital

- (2 ) Prepare the Income Statement for the year ending 30.04.2020

**(30 marks)**

**02.** The trial balance of Roy & Company did not balance. The difference of Rs. 790 was credited to a suspense account. Later the following errors were noticed.

- (i) The sales account had been under casted by Rs. 7,000
- (ii) The over payment of electricity bill, Rs. 500 had been correctly recorded in the electricity prepaid account, but not credited to the electricity account.
- (iii) payment of Rs. 2,500 to creditors wrongly credited to the creditors control account.
- (iv) A credit sale of Rs. 900 has been credited to the sales account and also to the debtors control account.
- (v) purchase journal total of Rs. 890 has been posted from the day book to creditors control account as Rs. 800

**Required:**

- (i) Show the **journal entries** to rectify the above errors
- (ii) Prepare the suspense account

**(15 marks)**