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

නව නිර්දේශය
 புதிய பாடத்திட்டம்
 New syllabus

கிணுதிமர்ச்சாய I
 கணக்கீடு I
 Accounting I

33 E I

One Hour & Thirty Minutes

Instructions:

Just 13 Weeks more

- *Select the correct answer for question No: 1- 20 & write its number on the dotted line given.
- * Write short answers for question No: 21-30 on the dotted line.
- *Answer all questions in Part II

Paper No 32

01. Which of the following statements best describes the objective of preparing published financial statements in accordance with conceptual framework of financial accounting?

- Provide information about the firm for decision making purposes for various interested parties.
- Provide information about the firm for decision making purposes for internal parties.
- Provide information about the firm for decision making purposes for potential and present investors, Lenders and creditors.
- Records the transactions and events of the firm in the books of accounts.
- Provide information about the firm for decision making purposes for external parties

(.....)

02. Goods costing Rs. 125,000 were sold for Rs.200,000 on credit. Debtors settled due balance subject to discount of Rs.12,500. Net effect of above transaction was,

	Assets	Equity
i)	Increased by Rs.50,000	Increased by Rs.50,000
ii)	Increased by Rs.62,500	Increased by Rs 62,500
iii)	Increased by Rs.75,000	Decreased by Rs.75,000
iv)	Increased by Rs.75,000	Increased by Rs 62,500
v)	Decreased by Rs. 75,000	Increased by Rs.75,000

(.....)

03. Following information is relevant for the business, which earns net profit of Rs. 500,000 for the year ended 31.03.2021. This business is commenced on 01.04.2020.

Increased in Assets during the year	Rs. 9,000,000
Drawings	Rs. 2,000,000
Introduction of additional capital	Rs. 1,000,000

Increase or decrease of liabilities of the business for the year ended 31.03.2021 was?

- Increase of Rs.9,500,000
- Increase of Rs. 10,000,000
- Decrease of Rs.9,500,000
- Increase of Rs. 5,000,000
- Decrease of Rs. 5,000,000

(.....)

04. Which of the following accounting concepts provides the basis for preparation of financial statements in accordance with conceptual framework for financial accounting?

- i) Matching Concept
- ii) Going concern concept
- iii) Business entity concept
- iv) Realization concept
- v) Accrual concept

(.....)

05. Drawings, Provision for doubtful debts and rent income received in advance accounts can be classified respectively as,

- i) Equity, Assets and Income accounts
- ii) Equity, Assets and Expenses accounts
- iii) Equity, Assets and Liability accounts
- iv) Expenses, Assets & Income accounts
- v) Assets, Equity & Expenses accounts

(.....)

06. A firm purchased goods for Rs.80,000 on cash and Rs.50,000 on credit. Of this, Rs. 8,000 worth Of stock were returned to suppliers and credit sales amounting to Rs. 35,000.The order of source documents to record these transactions is?

- i) Purchase invoice, Payment voucher, Credit note, Receipt
- ii) Invoice, Credit note, Payment voucher, Sales invoice
- iii) Payment voucher, Credit note, Sales invoice, Purchase invoice
- iv) Purchase invoice, Payment voucher, Debit note, Receipt
- v) Payment voucher, Purchase invoice, Debit note, Sales invoice

(.....)

07. Following information was extracted from Rajarata PLC for the year ended 31.03.2021

Brought forward balance of VAT control account as at 01.04.2020	Rs. 85,000(Cr)
Total sales (Including 15% VAT)	Rs. 460,000
Total Purchases (Including 15% VAT)	Rs. 230,000
Total sales returns (including 15% VAT)	Rs. 69,000

Value added tax liability to be settled to Inland Revenue department as at 31.03.2021 was?

- i) Rs.145,000
- ii) Rs. 136,000
- iii) Rs. 106,000
- iv) Rs. 97,000
- v) Rs. 154,000

(.....)

08. Following information is relevant for debtors of sole trader ship business for the year ended 31.03.2021

Provision for doubtful debts account balance as at 01.04.2020	Rs. 9,000
Provision for doubtful debts account balance as at 31.03.2021	Rs. 15,000
Discount allowed during the year	Rs. 24,000
Bad debts written off	Rs. 16,000
Recovery of bad debts written off	Rs. 9,000
Cash received from debtors	Rs. 186,000

Debtors related expenses for the year ended 31.03.2021 was?

- i) Rs. 36,000
- ii) Rs. 46,000
- iii) Rs. 55,000
- iv) Rs. 39,000
- v) Rs. 35,000

(.....)

09. Which of the following accounting concept provides the basis for classify liabilities as current and non-current?

- i) Accrual concept
- ii) Matching concept
- iii) Periodicity concept
- iv) Going concern concept
- v) Realization concept

(.....)

10. Prepaid Insurance expenses of a business as at 01.04.2020 were Rs. 35,000. According to the insurance policy obtained monthly charges is Rs. 40,000. Accrued insurance expenses for the year ended 31.03.2021 was Rs. 15,000.

Insurance expense paid during the period was?

- i) Rs. 480,000 ii) Rs. 515,000 iii) Rs. 415,000
iv) Rs. 430,000 v) Rs. 460,000

(.....)

11. Bank reconciliation statement for the month ended 31.03.2021 of a business is as follows.

Balance as per bank account		Rs. 375,000
(+) Un presented cheques	Rs.35,000	
Dividend collected by the bank	Rs.15,000	Rs. 50,000
		Rs. 425,000
(-) Standing order payments	Rs. 60,000	
Unrealized cheques	Rs. 20,000	(Rs. 80,000)
Balance as per bank statement		Rs.345,000

Bank account balance to be shown in the statement of financial position as at 31.03.2021 is?

- i) Rs. 330,000 ii)Rs. 425,000 iii) Rs. 375,000
iv) Rs. 345,000 v) Rs. 410,000

(.....)

Use following information to answer questions no 12 & 13

Trade receivable balance as at 01.04.2020	Rs. 240,000
Trade receivable balance as at 31.03.2021	Rs. 280,000
Bad debts written off during the year	Rs. 18,000

Policy of the business to provide provision for doubtful debts is 10% of year end trade receivables. Business is maintained provision for bad and doubtful debts account.

12. Net debtors balance to be shown in the statement of financial position as at 31.03.2021 is:

- i) Rs. 280,000 ii) Rs. 262,000 iii)Rs. 252,000
iv) Rs. 222,000 v) Rs. 240,000

(.....)

13. Bad debts and doubtful debts expenses to be shown in the income statement for the year ended 31.03.2021 is?

- i) Rs. 22,000 ii) Rs. 28,000 iii) Rs. 46,000
iv) Rs. 42,000 v) Rs. 52,000

(.....)

14. The trial balance prepared by a business as at 31.03.2021 was not agreed. Later following reasons were disclosed.

Insurance expense of Rs. 8,000 has been credited to Insurance expenses account.

Discount allowed of Rs. 5,000 has been credited to Discount received account.

Purchase invoice of Rs. 12,000 has been omitted from the books of accounts.

Balance of the suspense account before rectifying above errors is?

- i) Credit balance of Rs. 13,000
- ii) Debit balance of Rs. 21,000
- iii) Credit balance of Rs. 26,000
- iv) Debit balance of Rs. 26,000
- v) Debit balance of Rs. 16,000

$$(\dots)$$

15. A motor vehicle purchased on 01.04.2016 was disposed on 31.03.2021 for Rs. 450,000 and incurred a loss of Rs. 250,000. This business depreciates motor vehicle on cost on straight line method. Accumulated depreciation of disposed motor vehicle at the date of disposal was Rs. 1,200,000.

Which of the following answers shows cost of the disposed motor vehicle?

- i) Rs. 500,000 ii) Rs. 1,450,000 iii) Rs. 1,650,000
iv) Rs. 700,000 v) Rs. 1,900,000

(.....)

16. Amal and Bimal commenced a partnership business on on 01.04.2020 and following provisions were included in their partnership agreements.

Initial capital introduction	Amal	Rs. 600,000
	Bimal	Rs. 400,000

Interest on capital 10% per annum

Partnership salaries Rs.5,000 per month per partner

Net profit for the year ended 31.03.2021 is Rs. 560,000

Annual income of individual partners is respectively?

	Amal (Rs.)	Bimal (Rs.)
i.	290,000	270,000
ii.	310,000	280,000
iii.	320,000	360,000
iv.	320,000	360,000
v.	360,000	360,000

(.....)

17. Asiri and Chamara are running a partnership by sharing profit and losses in the ratio of 3:2. They have decided to admit Palitha as a new partner with $\frac{1}{5}$ of share of profits. New profits sharing ratio of the partnership among Asiri, Chamara and Palitha respectively is?

- i) 5:3:2 ii) 3:2:1 iii) 9:6:5
iv) 12:8:5 v) 4:2:3

$$(\dots)$$

18. Following information is relevant for the month of August 2017 of a business organization.

Sales	List price (Rs. 000)	Trade discount
Cash sales	4,000	10%
Credit sales	12,000	5%

10% cash discount can be obtained, if the debtors settle dues within 20 days. 50% of debtors settle due balance within 20 days. Remaining balance of debtors also received during the year. What would be the correct double entry to record total cash receipt from debtors?

	Dr. (Rs.)	Cr. (Rs.)
i)	Discount allowed account 530,000	Cash account 530,000
ii)	Discount allowed account 1,200,000	Cash account 1,200,000
iii)	Discount allowed account 1,200,000	Debtors control account 1,200,000
iv)	Discount allowed account 530,000	Debtors control account 530,000
v)	Discount allowed account 570,000	Debtors control account 11,400,000
	Cash account 10,830,000	

(.....)

19. Closing stock as at 31.03.2020 had been understated by Rs. 50,000 and 31.03.2021 it had been overstated by Rs. 40,000 What would be the effect on net profit for the year ended 31.03.2021 due to above errors?

- i) Profit overstated by Rs. 50,000 ii) Profit overstated by Rs. 40,000
iii) Profit understated by Rs. 50,000 iv) profit overstated by Rs.90,000
v) Profit understated by Rs. 90,000

(.....)

20. Following information extracted from manufacturing company for the year ended 31.03.2017.

Raw material stock	01.04.2020	Rs. 50,000
	31.03.2021	Rs. 100,000
Work-in-progress	01.04.2020	Rs. 25,000
	31.03.2021	Rs. 40,000
Manufacturing overheads		Rs. 20,000
Direct labour		Rs. 10,000
No of units produces during the year	1,000	
Manufacturing cost of unit of production		Rs. 150

Value of raw materials purchases for the year ended 31.03.2021 was?

- i) Rs. 175,000 ii) Rs:185,000 iii) Rs. 195,000
iv) Rs. 210,000 v) Rs. 225,000

(.....)

WRITE SHORT ANSWERS ON THE DOTTED LINES FOR THE QUESTION NO 21 TO 25

21. Remaining cash balance with petty cashier as at 01.01.2021 was Rs. 6,400 and petty cash imprest re-imbursed by the petty cashier at same day was Rs. 17,600.

- a) What would be the amount of petty cash imprest of the business?
b) What would be the amount of petty cash expense of the month of December 2020?

22. State source documents in relevant to following prime entry books

Purchase journal
General journal
Petty cash book
Cash receipt journal

23. Purchased invoice worth of Rs 51,000 has been extracted to purchase journal as Rs. 15,000.

- i) State journal entry to rectify above error.

.....
.....

ii) State effect on profit due to this error

.....

24. Value of a sales invoice including 15% VAT is Rs. 575,000. State journal entry to record this transaction in books of accounts.

.....
.....
.....

25. Following information extracted from Current accounts of Anil and Basil partnership

	31.03.2021 (Rs.000)	31.03.2020 (Rs. 000)
Anil	1,500	1,000
Basil	1,000	600

- Profit sharing ratio of Amal and Bimal 3:2
- Annual Partnership salary of Anil Rs. 200,000 , Basil Rs.120,000
- Goods Drawings Anil Rs. 120,000

i) State the amount of net profit for the year ended 31.03.2021

ii) State share of profits of each partner

Anil

Basil

26. Cost of a building as at 01.04.2020 was Rs. 1,000,000 and accumulated depreciation as at that date was Rs.360,000. This building was revalued for the second time for Rs. 800,000 on 01.04.2020 and it was recorded revaluation loss of Rs.60,000 in previous year. Building depreciates 10 % on cost on straight line method.

State the followings

i) Balance of Revaluation reserve account as at 31.03.2021

ii) Annual depreciation of Building for the year ended 31.03.2021.

27. State the appropriate classification of following cash flows in terms of LKAS No 7

- a) Salary payment to employees
- b) Receipt of dividend income
- c) Payment of Lease instalment(without interest)
- d) Disposal proceed of motor vehicle

28) Following information included in salary sheet of a business organization,

Gross salary of employee	Rs.1,200,000
Loan installment to be deducted	Rs. 140,000
Contribution for EPF by employee	Rs. 120,000
Contribution for EPF by employer	Rs. 180,000
Contribution for ETF by employer	Rs. 36,000

i) Net salary to be paid to employee

ii) Total salary related expenses

29) Following transaction relevant for manufacturing business. State relevant accounting concept for following transactions.

- i) Recording annual depreciation of machinery under production overheads
- ii) Preparing manufacturing account for the ended 31st December each year.....
- iii) Recording sales advances as liabilities of the business
- iv) Recording lower of cost of NRV of inventories in books of accounts

30) Following cost items are relevant for manufacturing business. Classify it as direct cost or Indirect cost.

- a. Fabric use in a garment
- b. Factory manager's salary
- c. Machine operator's salary
- d. Depreciation of Machinery

PART II

01.Diyatha PLC sells mobile phones and computers. Trial balance prepared as at 31.03.2021 is given below:

Description	Debit (Rs. '000)	Credit (Rs. '000)
Property, Plant and Equipment cost	30 000	
Stocks as at 01.04.2020	1 000	
Purchases	23 000	
Trade receivables	12 200	
Distribution cost	1 000	
Administration expenses	3 800	
Other expenses	550	
Interest on bank loan	450	
Salary	2 000	
Income Tax	1 600	
Value Added Tax (VAT) paid to inland revenue	500	
Interim Dividends	800	
Building rent	1 200	
3 months treasury bills (acquired on 31.03.2021)	1 000	
Cash	3 500	
Sales		34 500
20% Bank Loan		2 000
Allowance for expected losses on trade receivable		500
Provision for depreciation on PPE as at 01.04.2020		3 300
Stated capital ordinary shares		23 000
Revaluation reserves 01.04.2020		3 000
Retained earnings 01.04.2020		5 500
Employee Provident Fund payables (EPF) Employer Contribution		200
Trade Payables		4 500
Lease Liability		5 700
Provision for income tax as at 01.04.2020		400
(for the year ended 31.03.2020)		

Additional Information

Before preparation of the Financial Statements for the year ending 31.03.2021, adjustments have to be made for the following.

- (i) The cost and net realizable value of inventory of goods as at 31.03.2021 were as follows:

	Cost (Rs. '000)	Net Realizable Value (Rs. '000)
Computers	5 000	6 000
Mobile Phones	3 000	2 500

- (ii) 15% Value Added Tax (VAT) included in all purchases and sales values
- (iii) A business premises of the company is carrying out in a building which was acquired on rent. Annual building rent is agreed at Rs600 000 from 01.04.2020 onwards and paid rent for two years at once
- (iv) Rs.200 000 was paid to directors as fuel and telephone allowances for the year ended 31.03.2021 and this has been included in administration expenses. Another Rs. 300 000 should be paid for fuel to the directors.
- (v) The composition of property, plant and other relevant information are given below.

Asset	Cost/Fair value as at 01.04.2020 (Rs. '000)	Accumulated Depreciation as at 01.04.2020(Rs. '000)	Useful life time
Land	15 000	-	-
Motor vehicle (Acquired under finance lease)	12 000	2 400	5
Office equipment	2 000	500	8
Furniture	1 000	400	5
	30 000	3 300	

Property Plant and Equipment are depreciated on straight line basis. Depreciation has not been provided for the current year.

- (vi) Company lands were revalued on 31.03.2021 for Rs.10 000 000 by a professional valuer. A surplus of Rs.3 000 000 was reported when this asset was revalued for the first time on 31.03.2019 and this is represented by revaluation reserve.
- (vii) Company motor vehicle was acquired on 01.04.2019 on finance lease. This motor vehicle used for delivery of goods and the lease term is 4 years. Annual lease installment of Rs.3 750 000 paid at the end of the year has been debited to the lease liability account. Lease interest has not been accounted and lease interest of this year and next two years are as follows:-

Year	Lease Interest (Rs. '000)
2020/2021	900
2021/2022	600
2022/2023	300

- (viii) The company sells goods with one year sales warranty from this year onwards. It was reliably estimated that Rs.500 000 should be provided for this as at 31.03.2021.
- (ix) Employee Provident Fund (EPF) contributions of employer and employee are 15% and 10% respectively. Employer contribution of Employee Trust Fund (ETF) is 3%. Employer Contribution to the above two funds for the entire year was not provided yet.
- (x) Rs.600 000 paid for the previous year and payments for the first three quarters of the current year are included in the income tax. The income tax liability of the final quarter of the current year is estimated as Rs.700 000. This has not yet been adjusted.

- (xi) A debtor with a balance of Rs.200 000 as at 31.03.2021 has been declared bankrupt on 25.04.2021. It is estimated that the allowance for expected losses on trade receivables should be Rs. 100 000. The board of directors of the company authorized the financial statement on 15.05.2021.
- (xii) Directors decided on 31.03.2021 to create a general reserve using Rs2 500 000 from retained earnings and to pay Rs.2 000 000 dividends to ordinary share holders.
- (xiii) Out of the bank loan balance as at 31.03.2021 Rs.500 000 should be settled during the year ended 31.03.2022.

Required:

The following financial statements (including notes) of Diyatha PLC for publication purpose

- (1) Statement of profit or loss and other comprehensive income for the year ending 31.03.2021
- (2) Statement of changes in equity for the year ending 31.03.2021
- (3) Statement of financial position as at 31.03.2021

(40 Marks)