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 கல்விப் பொதுத் தரப்பப் பத்திர (உயர் தர)ப் பரீட்சை - 2021 ஒசஸ்ற்
 General Certificate of Education (Adv. Level) Exam - August 2021

නව නිර්දේශය
 புதிய பாடத்திட்டம்
 New syllabus

கிணுமீதர்ச்சாய I
 கணக்கீடு I
 Accounting I

33 E I

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 ஒரு மணித்தியாலங்கள்
 One Hour

Instructions:

- *Select the correct answer for question No: 1- 10 & 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 01

PART I

01.What is the objective of general purpose financial reporting according to the conceptual framework for financial reporting?

- 1) Providing past and future information to owners of an entity to take their decisions
- 2) Providing analytical information to the internal management to take their decisions
- 3) Providing information to present and prospective investors, fund providers and other Creditors to take their decisions
- 4) Recording, classifying and summarizing transactions of a business
- 5) Providing financial information to external parties of a business to take their decisions

(.....)

02.Transaction occurred in a business was recorded in an accounting equation as follows:

Assets	=	Liabilities +	Equity
70,000	=	+	(5,000)
(75,000)			

Which of the following transaction/s disclose the above impact on accounting equation?

- A. Stock cost of Rs.75,000 was sold for Rs.70,000 on credit
- B. Sold a property for Rs.70,000 which has a carrying amount of Rs.75,000
- C. Allowed Rs.5,000 of discount when settling debtors balance of Rs.75,000
- D. Acquisition of an asset worth of Rs.75,000 for Rs.70,000
- E. Purchased of stock worth of Rs.75,000 subject to Rs.5,000 of VAT

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

(.....)

03.Select the answer which shows the correct sequential order of source documents to record the following transactions in order?

- a) Provision for doubtful debts
- b) Owner introduces his personal motor vehicle to the business
- c) Cash sales
- d) Purchased returns

- (1) Journal voucher, sales invoice, debit note, journal voucher
- (2) Journal voucher, journal voucher, receipt, debit note
- (3) Journal voucher, receipt sales invoice, debit note
- (4) Journal voucher, journal voucher, debit note, receipt
- (5) Debit note, journal voucher, receipt, sales invoice

(.....)

04. Which of the following concept relates in identifying doubtful debts for the year?

- | | | | | | |
|---|---|-------------------|---|---|-------------|
| A | - | Money measurement | B | - | Accrual |
| C | - | Prudence | D | - | Realization |
| E | - | Matching | | | |
- 1) A & B 2) B C & E 3) A B & C
4) B C & D 5) C & E

(.....)

05. Which of the following accounting concept is violated, if the business did not disclose bankruptcy of the business through their financial statements

- | | |
|--------------------------|------------------------------|
| 1) Periodical concept | 4) Historical cost concept |
| 2) Going concern concept | 5) Money measurement concept |
| 3) Accrual concept | |

(.....)

06. Following transactions occurred in Umayya's business during the month of January 2019.

- Electricity bill for the month Rs. 20 000
- Cash purchases during the month was Rs. 150 000 out of which only Rs. 130 000 worth of stocks was sold during the month.
- Cash drawing Rs. 5 000
- Staff salaries for the month Rs. 50 000
- Acquisition of a machine at the end of the month Rs. 40 000

What is value of expense to be adjusted against the income of the month of January 2019?

- | | | |
|-----------------|-----------------|-----------------|
| (1) Rs. 130 000 | (2) Rs. 150 000 | (3) Rs. 175 000 |
| (4) Rs. 200 000 | (5) Rs. 180 000 | |

(.....)

07. Manidu Traders has calculated its net profit for the year ending 31.03.2019 as Rs. 7 500 000.

Subsequently the following errors have been detected.

- Recognition of an advance of Rs. 200 000 paid to a supplier, to purchase goods in May 2019 as purchase.
- Omission of a telephone bill of Rs. 50 000 for the month of March 2019
- Recording a sales invoice of Rs. 100 000 in the sales journal twice
- Recording a debit note of Rs. 60 000 in the prime entry book twice

What is the net profit for the year ending 31.03.2019 after making corrections for the above?

- | | | |
|-------------------|-------------------|-------------------|
| (1) Rs. 7 700 000 | (2) Rs. 7 750 000 | (3) Rs. 7 850 000 |
| (4) Rs. 7 550 000 | (5) Rs. 7 490 000 | |

(.....)

08. Following information relevant for Charuka's business for the ended 31.12.2018

Increase in stock	Rs.	50,000
Decrease in debtors	Rs.	120,000
Cash received from debtors	Rs.	920,000
Gross profit percentage on cost is 25%		

Value of purchases of Charuka's business for the year ended 31.12.2018 was?

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 650,000 | 2) Rs. 690,000 | 3) Rs. 800,000 |
| 4) Rs. 590,000 | 5) Rs. 850,000 | |

(.....)

09. List of creditor's balance of Rs. 250,000 as at 31.03.2019 of Rahal PLC was not agreed with Creditor's control account balance as at same date. Later following discrepancies were located.

- Total of Purchase return journal Rs. 15,000 was not extracted to creditor's control account
- Opening credit balance of creditors control account was understated by Rs. 4,000
- Credit Purchases of Rs. 22,000 was posted to personal account of creditors as Rs. 13,000

Creditor's control account balance as at 31.03.2019 before correcting errors were ?

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 270,000 | 2) Rs. 250,000 | 3) Rs. 273,000 |
| 4) Rs. 265,000 | 5) Rs. 274,000 | |

(.....)

10. The following information related to trade receivables of an entity for the year ended 31.03.2019

Cash receipts from trade receivables	:	Rs.	500 000
Bad debts written off	:	Rs.	40 000
Provision for doubtful debts as at 01.04.2018	:	Rs.	20 000
Over provision of doubtful debts for the year ended 31.03.2019	:	Rs.	10 000
Sales returns	:	Rs.	50 000
Bad debts recoveries	:	Rs.	5 000

The policy of the company is to make a provision of 10% as doubtful debts at the end of each financial year. What is the value of credit sales for the year ended 31.03.2019?

- (1) Rs. 490 000 (2) Rs. 690 000 (3) Rs. 785 000
(4) Rs. 790 000 (5) Rs. 990 000 (.....)

(Total marks 40)

PART II

- Answer all questions
- Relevant workings should be attached to the answer script

01. Kamal commenced a business on 01.04.2018. The balances extracted from the draft financial statements of this business as at 31.03.2019 are given below.

Description	(Rs. '000)
Property, Plant and Equipment (PPE).....	4 500
Inventory	600
Trade receivables	820
Pre-paid rent	480
Cash balance.....	610
Trade payables.....	100
Accrued expenses.....	90
Advance received.....	240
Profit for the year ending 31.03.2019.....	580
Capital introduced on 01.04.2018.....	6 000

All cash transactions of the business are carried out through a bank current account. It was later revealed that, in preparing the draft financial statements for the year ending 31.03.2019, the following items have not been considered.

- Depreciation of PPE amounting to Rs. 500 000 for the year ending 31.03.2019
- The rent of the showroom Rs. 80 000 for March 2019 has been included in the pre-paid rent account.
- Electricity bill of Rs. 5 000 for March 2019 has been neither paid nor accounted for as at 31.03.2019.
- The purchase of goods costing Rs. 80 000 on credit on 30.03.2019 has not been recorded in the books of accounts.
- The sale of goods costing Rs. 200 000 for Rs. 400 000 on cash on 30.03.2019 has not been recorded in the books of accounts. However, the cheque received in this respect has been deposited in the bank on 01.04.2019.
- Inventory items costing Rs. 40 000 were destroyed during the year and were not in a saleable condition. However, these items had been included in the inventory as at 31.03.2019, at cost and they did not have a realizable value.
- A customer has placed an order to purchase 40 items. The selling price of these goods was Rs. 240 000 and this amount has been received during the year. This amount has been recorded in the advance received account. However, only half of these goods has been delivered to the customer by 31.03.2019 and their cost was Rs. 80 000. Further, no entry has been made with respect to this delivery. The rest of the goods should be delivered during next year.

- (viii) The bank statement received on 03.04.2019, revealed that a cheque for Rs. 20 000 received from a debtor on 28.03.2019 has been dishonored by the bank on 31.03.2019.
- (ix) The bank statement also revealed that a cheque for Rs. 50 000 has been deposited by a debtor directly in the bank on 31.03.2019. This amount has been written off as an irrecoverable amount when preparing the draft financial statements.
- (x) The bank statement revealed Rs. 2 000 paid by the business as examination fees of the owner's child.

Required

(1)Show the impact of transactions (i) to (x) (with values) using the accounting equation and state (+) if the value increases or (-) if the value decreases in front of each value (In answering, use a format similar to the one given below).

Item No	Assets					Liabilities			Equity
	PPE	Inventory	Trade Receivables	Pre-paid Rent	Cash	Trade Payables	Accrued expenses	Advance Received	
Balance									
(i)									

(Total 30 Marks)

02. The following table shows the effects of the transactions took place in a business during April 2019 on accounting equation.

	Assets				Liabilities		Equity
	Property plant and equipment	Stock	Trade receivables	Cash and Cash Equivalents	Non-current Liabilities	Current liabilities	
1	+ 1500				+1000		+500
2		- 2 000	+1500	+1000			+500
3						+10	+10
4				-225	-200		-25
5		+160	-200				-40
6			-1000	+950			-50

If owner has not made drawings by cash or goods during the month, describe the above Transactions No; 1 to 6

(Total 10 Marks)