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Following transactions took place within Septembe

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**Accounting I**

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**fojk jdr mßlaIKh - 2019**

**Second Term Examination - 2019**

1. Purchase of goods on credit for Rs 880 inclusive of VAT 10%

2. Sold goods on credit for Rs 1375 with a 10% VAT. ( profit margin on cost was 25% )

3. Paid salaries Rs 90 after deducting 10% of employee contribution. Employer

contributions to EPF and ETF respectively are 15% and 3%. Total of EPF, ETF and

VAT liability the end of the month is,

i. 50 ii. 73 iii. 78 iv. 63 v. 76

02. Net profit earned by the business for the month,

i. 250 ii. 194.5 iii. 150 iv. 137 v. 132

03. What are source documents that are used to recorded the following transactions of a furniture

trading business

A - Purchase of a table on credit for business use

B - Purchase of wood and polish on credit

C - Return of furniture sold on credit

D - Return of wood purchased on credit

i. Credit note, purchase invoice, journal vouchers, debit note

ii. General journal, purchases invoice, return inward journal, return outward journal

iii. Purchase journal, general journal, return inward journal, return outward journal

iv. Journal vouchers, purchases invoice, credit note debit note

v. Journal vouchers, purchase invoice, credit note, debit not**e**

04. Some of the transactions occured in a business are as follows.

 Tax estimation for the period was Rs.120 000 but only Rs.70 000 was paid.

 Interim dividend paid was Rs.150 000 and proposed dividends for ordinary shares is

Rs.50 000.

 Rs.200 000 worth of reserves have been capitalised.

Which of the following shows the correct impact to the Accounting equation from the above

transactions.

**Assets = Equity + Liabilities 2m**

i. (420) (470) + 50

ii. (220) (320) +100

iii. (220) (270) +50

iv. (220) (150) (70)

v. (70) (120) +50

05. Gamunu plc had sold a machine for Rs.80000 on 31.03.2019. Cost of the sold machine and

carrying amount as at the date of disposal was Rs.200000 and Rs.120000 respectively. What

would be the impact on assets and equity by recording above disposal correctly in books

of account?

i. Assets decrease by Rs.120000 and equity decrease by Rs.40000

ii. Assets and equity increases by Rs.120000

iii. Assets and equity decreases by Rs. 40000

iv. Assets and quity increases by Rs.200000

v. Assets and equity increases by Rs.40000

06. Following Information is relevant for Shanon PLC

⚫ Overdrafts balance according to bank statement as at 31. 03.2018 was Rs. 10,000

⚫ Direct remittance Rs. 15,000

⚫ Unrealized cheques as 31.03.2018 was Rs. 45,000

⚫ Unprecedented cheques as at 31.03.2018 was Rs. 30,000

What would be the bank account balance to be shown in the statement of financial position as

at 31.03.2018

i. Rs. 20,000 OD ii. Rs. 5,000 iii. Rs. 40,000 OD

iv. Rs. 25,000 v. Rs. 25,000 OD

07. Monthly net salary of Nathali company was Rs.27000. Employer and employee contributed to

Employee Provident Fund 15% and 10% respectively

What would be the total E.P.F. payable for the year and E.P.F. expense for the year.

i. Rs 81000 and Rs. 48600 ii. Rs 81000 and Rs 54000

iii. Rs 7500 and Rs 4500 iv. Rs 90000 and Rs 36000

v. Rs 90000 and Rs 54000

1. Information extracted from Dilini's business is given below.

Opening stock 115 000

Sales 750 000

Purchases 885 000

Carriage inwards 90 000

Goods sent on sales or return basis 140 000 ( haove not sold yet )

Goods taken by the owner 50 000

Gross profit margin on cost 25%

The value of the closing stock that should be recorded in the financial statements based on the

above Information would be,

i. Rs.640000 ii. Rs.150000 iii. Rs.600000

iv. Rs.440000 v. Rs.540000

08. Following errors were detected from swetha traders books after preparing financial sratement

for the year ending 31st of March 2019. Drafted net profit was Rs 1000 000.

1. Purchase of equipment Rs 300 000 on 1st of October 2018 has been debited to purchase

account. Its active life time was 10 years and scrap value 50000.

2. Discount received Rs 12000 has been debited to discount Allowed account.

3. Closing stock has been understated by Rs 40000.

The suspense account balance and net profit after correcting the errors are

Suspense account Correctednet profit (Rs 000)

i. 24 1299

ii. 324 1515

iii. 24 1515

iv. 64 875

v. 24 1299

09. Which of the following statements 1s incorrect in relation to application of Accounting

concepts of a firm.

i. The basis to show thedividendpaidto ordinary sharesholdersas a deduction from

retained earnings is connected to the consistency concept.

ii. The basis to classify income receivable as a current asset is provided by the going

concern concept.

iii. The basis to recognize discount received from creditors as an income is provided by the

matching concept.

iv. The basic to recognize discount Allowed to debtors as an expenses is provided by the

realisation concept.

v. The basis to recognize contingent liabilities as a liability in the statement of financial

position is provided by the prudence concept

10. A stock which was sent on sales or return basis has been recorded in as a revenue. The violated

concept by the above Accounting treatment is,

i. Prudence ii. Matching iii. Realizations

iv. Consistency v. Periodicity

11. A business has paid Rs. 536,000 as net salaries for the month of February 2019. It was the net

amount of deducting 8% of employees EPF contribution and Rs. 200,000 salary advance. EPF

and ETF were calculated on basic salary. contribution of Employer is 12%. ETF contribution

is 3%. Calculate the basic salary and salary expenditure for the month.

**Basic Salary Salary Expenditure**

|  |  |  |  |
| --- | --- | --- | --- |
|  | i. | 512,000 | 690,000 |
|  | ii. | 600,000 | 910,000 |
|  | iii. | 600,000 | 672,000 |
|  | iv. | 512,000 | 690,000 |
|  | v. | 600 000 | 990,000 |

12. A listed price of stock was Rs. 60,000. It was sold with a 10% trade discount and adding 15 of VAT. This business was a VAT registered business. If debtors settled his balance with a

10% of cash discount the received amount of cash from debtors is

1. 62100 2. 54000 3. 55890

4. 48600 5. 66000

13. Following details are related to a manufacturing business for the year ending 3rd of May 2019

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Rs. | “000” |
|  | Cost of material consumed |  | 1200 |
|  | Direct labour |  | 520 |
|  | Factory overhead cost |  | 680 |
|  | Increasing of working progress |  | 400 |
|  | Decreasing of finished stock |  | 800 |

Production cost and cost of sales for month of May

**Production cost Cost of sales**

i. 2400 2000

ii. 2800 2400

iii. 2000 2800

iv. 2800 2000

v. 2400 2800

14. Following information is provided to you.

**Electricity Telephone**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 1/1 Accrued expense | 200 | 300 |
|  | Prepayments | 800 | 500 |
|  | Paid in cash | 1000 | 3000 |
|  | 12/31 Accrued expense | 80 | 220 |
|  | Prepayments | 400 | 300 |

Calculate the electricity and telephone expenditure which should be recoded in income statements.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | i. | Rs. 31000 | ii. | Rs. 3900 | iii. | Rs. 4400 |
|  | iv. | Rs. 4000 | v. | Rs. 3700 |  |  |

15. ABC partnership P/L appropriation details are given below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Interest on capital | A | 10,000 | share of profits A 20,000 |
|  |  | B | 15,000 | B 30,000 |
|  |  | C | 25,000 | C 50,000 |
|  | Interest on loan | C | 5000 | Salaries A 20,000 |
|  |  |  |  | B 18,000 |
|  |  |  |  | C 12,000 |

\* 10% of interest is paid on capital select the correct answer.

TotaI total

Equity profit

i. 700,000 200,000

1. 50,000 205,000
2. 500,000 100,000

iv 550 000 200 000

v. 500,000 200,000

16. Sheshan and Ishan partnership profit out loss sharing ratio is 5.3 on 1st of January 2019. Minol

were joined to the partnership as a new partner new profit and loss sharing ratio was 5:4:3 and

estimated good 600,000

The contributed ratio by Sheshan and Ishan to Minol’s profit is,

i. 1:5 ii. 3:2 iii. 5:1

iv. 5:3 v. 5:4

17. The goodwill was adjusted through the capital A/C. The net impact occurred in Sheshan and Ishan capital balances are,

i. 100,000 – 50,000 ii. 93,750 – 56,250 iii. 56,250 – 93,750

iv. 125,000 – 25,000 v. 25,000 – 125,000

18. Udaya PLC intends to import a machine from Japan. Relevant information in as following.

Marked value of machine 600,000

Trade discount 100,000

Import Tax 150,000

Carriage inwards 200

onwards are porting cost 50000

Installation cost 60,000

Repairing xpenses 50,000

First triall cost of the machine was Rs. 150,000 and was able to sell for Rs 100 000.

i. 830 000 ii. 800,000 iii. 820 000

iv. 900,000 v. 112,500

19. Dilena Tharu sport club book details for the year ending 31st of March 2019 are as follows.

**As at 1/4/2018**

\* Subscription in arrears 20,000

\* Subscription received in advance 10,000

\* Number of members of the society was 150 and annual subscription was Rs.1000

\* During the year 12 members have paid subscription for the year 2018/2019

\* Decided to write off off 5 members membership who did not pay for the year 2017/2018

and 2018/2019.

Ths subscription received in cash for the year ending 31st of March 2018/2019 is,

i. 148,000 ii. 153,000 iii. 150,000

iv. 162,000 v. 140,000

20. Tharaka retail trade details which collected from his diary for the year ending 31st of March

2019 were as follows.

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2019.03.31** | **2018.03.31** |
|  | Trade receivable | 20,000 | 30,000 |
|  | Trade payable | 10,000 | - |
|  | Cash | - | 30,000 |
|  | Stock | 40,000 | ?- |
|  | **During the year** |  |  |
|  | Paid cash to suppliers | 180,000 |  |
|  | Received cash from debtor | 250,000 |  |
|  | Personal goods drawing | 12 ,000 |  |

If business sold goods with 25% of profit margin on cost the opening stock of the business

was

i. 20,000 ii. 72000 iii. 50,000

iv. 70,000 v. 170,500

21. As at 1st of April 2018 Shenuki PLC stated share capital account balance was Rs. 10,000,000

(value of a share is Rs. 100). On this day Reserves of the company were capitalized by issuing

One share for every 5 shares for Rs. 120. On 31st of March 2019 a right issue was completed

Issuing One share for every 6 shares at Rs 110 each. after the above transaction the stated

capital hare capital balanc and impact to the total equity,

Stated share Capital Impact to equity

(Rs.000) Rs. (000)

i. 10,000 No change

ii. 12,400 increase by 2400

iii. 14,600 increase by 2200

iv. 14,600 increase by 4600

v. 14,400 increase by 2200

22. A - Right issues B - Paying interim Dividend

C - Transferring to general Reserve D - Capitalizing Reserves

Out of the above the reason/s which affected to decrease equity,

i. A and B ii. Only Biii. A and B

iv. C only v. D only

23. Following information is related to Steve PLC for the year ending 31st of March 2019

(Rs. 000)

Sale 6000

|  |  |  |
| --- | --- | --- |
|  | Cost of sales | 2000 |
|  | Operating expenses | 1000 |
|  | Income tax | 200 |
|  | Motor vehicle diposal profit | 100 |
|  | Land revoluation þprofit | 500 |
|  | Motor vehicle revolution loss | 100 |

**Additional information**

In revolution of 2017/2018 for the first time motor vehicle reported revolution excess

Rs. 80,000. The total income and profit after tax for the years would be,

**Total income (Rs.000) profit after tax**

i. 6100 3080

ii 6600 3100

iii 6500 3080

iv. 6100 3880

v. 66002880

24. For the year ending 31st of March 2019 total Comprehensive income and other income are

i. 3300 420

ii. 3500 400

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | iii. | 3080 |  | 500 |
|  | iv. | 3300 |  | 320 |
|  | v. | 2500 |  | 420 |
|  |  |  |  |  |
|  |  |  |  |  |

25. Net cash generated from operating activation is,

i. 2700 ii. 2200 iii. 2800

iv. 2400 v. 2500

26. Some accounting ratios are given below.

A - Return on equity ratio B - Debt equity ratio

C - Assets turn over ratio D - Interest coverage ratio

The ratios that used to long term financial stability financial stability are,

i. A and B ii. B and D iii. A,B,C

iv. B only v. A and D

27. The transaction that affect to decrease current ratio.

i. Selling property plant and equipment for cash.

ii. Selling goods with a profit

iii. Received cash from debtors

iv. Obtaining a bank loan

v. Purchasing goods on credit

28. Machinery account balance are at 31st of March 2019 was 4000,000. And Accumulated

depreciation accounto balance Active life was Rs. 8 and no scrap value.deprivation account

balance was Rs. 1500,000 the purchased date of the machine is,

i. 2016.01.01. ii. 2015.01.01. iii. 2017.04.01

iv. 2016.04.01. v. 2015.04.01.

29. The impact of changing life time of asset wii be adjusted to,

i. To returned earning A/C opening balance

ii. To current year profit

iii. To future year profit

iv. To current and future years profit.

v. To closing balance of PL… account

30. In between reporting date of a financial statement of 31/03/2019 to 15/06/2019 following things happened in a business.

A - A debtor balance who was at the business was bankrupt on 20th April 2019

B - Investment which was 31st of March 2019 market value have been decreased on 30th of

May 2019.

C - A building which was at of March 2019 was destroyed due to a five on 5th of

June 2019.

D - According to a verdict given by the courts it was revealed that there were liability to

The biusiness at 31st of March 2019.

According to LKAS 10 the events which should be adjusted to the financial statement as at

31st of March 2019.

i. A, D ii. A,B,C iii. B,D

iv. C,D v. B,D

31. State weather it is true or false following statement regarding with financial accounting.

i. Supplies information to internal and external both powties ( )

ii. Follows of accounting standards and concepts ( )

iii. Prepare specific purpose financial statement ( )

iv. Prepare separate repasts for different department of the business ( )

32. Identify the relevant accounting elements for following items.

i. provision for warranty \_\_\_\_\_\_\_\_\_\_\_\_\_

ii. Retained inward \_\_\_\_\_\_\_\_\_\_\_\_\_

iii. Allowance for impairment loss \_\_\_\_\_\_\_\_\_\_\_\_\_

iv. General Reserves………………….

33. Write the relevant source document to following transaction.

**Transaction Source Document**

i. Provision for income tax \_\_\_\_\_\_\_\_\_\_\_

ii. Returned outward \_\_\_\_\_\_\_\_\_\_\_\_\_\_

iii. Dishonouring of cheques \_\_\_\_\_\_\_\_\_\_\_\_\_\_

iv. Recovering of written off \_\_\_\_\_\_\_\_\_\_\_\_\_\_

34. Identify the qualitative characteristic that are protected by following occasions

i. Revaluing of property planed and equipment \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Recoding assets on its cost in books. \_\_\_\_\_\_\_\_\_\_\_\_\_\_

iii. Assets obtained under finance lease recording financial statements \_\_\_\_\_\_\_\_\_\_\_\_\_\_ iv. Presenting financial statement on dates \_\_\_\_\_\_\_\_\_\_\_\_\_\_

35. Identify the followed accounting concepts in following occasion.

i. Preparing financial statement for every accounting period \_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Not identifying price level changes in financial statements \_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Writing off of inventories from cost to NRV \_\_\_\_\_\_\_\_\_\_\_\_\_\_

iv. Identifying sales advance as a liability \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

36. Write four source documents that are used in preparing bank reconciliation statements.

i. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ii. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

iii. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ iv. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

37. Write two main sources that are used in preparing control account

………………………………………………………………………………………………..

38. Office equipment 400000 has been debited to office rxpense account as 40000. Write journal

entries to correct this error.

…………………………………………………………………

…………………………………………………………………

39. Mention weather it relevant or not The following items to calculate prime.

**Cost Yes/No**

i. Material inward \_\_\_\_\_\_\_\_\_\_\_\_\_\_

ii. Supervisors salaries \_\_\_\_\_\_\_\_\_\_\_\_\_\_

iii. Machine depreciation \_\_\_\_\_\_\_\_\_\_\_\_\_

iv Machine operator salaries \_\_\_\_\_\_\_\_\_\_\_\_\_\_

40 Material purchase 600,000

Increasing of raw material stock 45,000

Direct wages Rs. 230,000

Decreasing of working progress Rs. 10,000

Total production cost 995,000

W.I. P is calculated on prime cost basic

1. Calculate prime cost \_\_\_\_\_\_\_\_\_\_\_\_\_\_

ii. Calculate production over head cost \_\_\_\_\_\_\_\_\_\_\_\_\_\_

41. ABC were in a partnership sharing profit and loss in the ratio of 2:2:1 as at 31st of March 2018.

There were following balance. (Rs.000)

**A B C**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Capital A/C | 500 | 400 | 400 |
|  | Current A/C | 150 | 50 | 100 |

On 31st of March 2019 C was retired. Calculated goodwill for retirement was Rs. 600,000 net profit for the year ending 31st of March was 300,000

i. The amount to be paid to “C” of his retirement \_\_\_\_\_\_\_\_\_\_\_\_\_\_

ii. After retirement of “C” the equity of the partnership as at 31st of March 2019

\_\_\_\_\_\_\_\_\_\_\_\_\_\_

42. As at 31st of March 2019 the value of current asset of a business was Rs. 250,000. The closing

stock value was Rs. 50,000. As at the data acid test ratio was 1.1. Calculate the current asset

ratio as at the date. \_\_\_\_\_\_\_\_\_\_\_\_\_\_

43. Following information was taken from inventory record of a business,

01/09/2019 Balance 40 units of 50/= each

07/09/2019 Purchases 100 units of 45/= each

14/09/2019 Sales 80 units

21/09/2019 Purchases 50 units of 50/= each

28/09/2019 Sales 60 units

i. Calculate closing stock as at 30th of September under F.I.F.O. method.

ii. Cost of sales

44. Write the cost formulas according to LAKA 2-…………………………………………..

45. Mention two acts that are connected to partnership and write two objectives of each act.

………………………………………………………………………………………………

46. Write the source document for following items.

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i. Basic salary

ii. O.T.

iii. Allowance

iv. ETF

47. In forming interest coverage ratio interest will be added to profit before tax. Explain the reason

for addition of interest.

………………………………………………………………………….

48. Mentions two main fields that consider in preparing ratios and mention two ratio under them.

…………………………………………………………………………………………………

…………………………………………………………………………………………………

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49. Mention weather it increase or decrease or not change the equity of a partnership in following occasions.

i. Distribution of profit as interest on capital \_\_\_\_\_\_\_\_\_\_\_\_\_\_

ii. A new partners interest his personal furniture to the partnership \_\_\_\_\_\_\_\_\_\_\_\_\_\_

iii. Adjusting goodwill through the capital account in admission of a new partner .......

iv. Partners cash drawings \_\_\_\_\_\_\_\_\_\_\_\_\_\_

50. i. Monthly demand 5000

Oordering cost per order 120

Holding Cost per unit 10

Calculate the EOQ …..........

ii. As at 01.04.2018 the Accumulated fund of a non profit organization was Rs. 560,000

During the year ending 31st of March 2019 total assets have been increased by 160,000

And liabilities have been decreased by Rs. 40,000 there were no any other impact to

The Equity. Calculate

i. Calculate accumulated as at 31-03-2019………..

ii. Calculate Surplus or excess as at 31-03-2019……………