

Nalanda College – Colombo 10

Unit Evaluation

Grade 11

Unit 5

Business studies & Accounting

Financial Statements including adjustment

•Choose the correct or most appropriate answer from the (1), (2), (3), (4) answers given from 01 – 10

❖Sithumi's business accounting period ends on 2019.12.31 the following information pertaining to that year is given to you. Answer question No1 and 02 using this information.

- Rs 1,000/= has been paid in cash as rates expenses during the year and Rs 2,000/= has to be paid.
- A fixed deposit of Rs 200,000/= with 12% interest has been opened on the first day of the 7th month of 2019 and the interest income for the month of December is to be received

1. The amount to be included as rates expenditure in preparing the profit or loss statement for the year ending 31.12.2019,
 - I. Rs 7,000
 - II. Rs 5,000
 - III. Rs 9,000
 - IV. Rs 2,000
2. The amount to be included as assessment expenditure in preparing the profit or loss statement for the year ending 31.12.2019,
 - I. Rs 24,000
 - II. Rs 12,000
 - III. Rs 2,000
 - IV. Rs 200,000
3. Which of the category includes the factors that influence the determination of the amount of annual depreciation of a particular non-current asset is,
 - I. Cost of assets, Effective lifetime, Scrap value
 - II. Depreciable value of assets, Carriage inwards, Scrap value
 - III. Cost of assets, installation costs, carriage inwards
 - IV. Cost of assets, Scrap values, carriage inwards
4. Writing off bad debts due to bankruptcy of a debtor is,
 - I. An asset
 - II. An expense
 - III. An income
 - IV. A liability
5. Which indicates the financial position of a business?
 - I. Profit or loss statement
 - ii. Bank reconciliation statement
 - Iii. Cash book
 - iv. Statement of financial position

- **Answer the questions from No 06 – 10 using the information given below**

Capital	200,000
2019.01.01 opening stock	15,000
Sales	550,000
Purchases	225,000
Carriage inwards	25,000
Rates expenses	9,000
employee salary	35,000
Bank loan interest	7,000
Debtors	30,000
Discount allowed	4,000
Bank loan	700,000

Additional information

- Rates expense for the year 2019 Rs 5,000/= has to be paid.
- Rs 2,000/= of debtors should be written off as bad debts.
- The closing stock as at 31.12.2019 is Rs 20,000/=.

6. Cost of goods (purchases),

- | | |
|-----------------|----------------|
| I. Rs 265,000 | II. Rs 305,000 |
| III. Rs 245,000 | IV. Rs 250,000 |

7. Cost of Sales of this business as at 2019.12.31,

- | | |
|-----------------|----------------|
| I. Rs 265,000 | II. Rs 250,000 |
| III. Rs 245,000 | IV. Rs 304,000 |

8. Gross profit of the business is,

- | | |
|-----------------|----------------|
| I. Rs 265,000 | II. Rs 305,000 |
| III. Rs 323,000 | IV. Rs 245,000 |

9. Net profit of this business for the year ending 31.12.2019 is,

- | | |
|-----------------|----------------|
| I. Rs 268,000 | II. Rs 305,000 |
| III. Rs 245,000 | IV. Rs 261,000 |

10. Debtor value to declared in the statement of the financial position of this business as at 31.12.2019 is,

- | | |
|----------------|---------------|
| I. Rs 30,000 | II. Rs 28,000 |
| III. Rs 32,000 | IV. Rs 18,000 |

PART II

1. Following is information related to a machine purchased for business administration.

Purchase price of the machine	Rs 500,000
Carriage inwards	Rs 20,000
Disposable value	Rs 35,000
Machine installation cost	Rs 20,000
The useful lifetime of the machine is 10 years	

Calculate the following

- I. The cost of the machine
 - II. Depreciable value of the machine
 - III. If this machine uses the straight line method, the amount of annual depreciation
2. The accounting period of Dilini's business year ending 31.12.2019. The following information is provided to you regarding the business
- I. The annual rate expense of the business is Rs 10,000 but only Rs 8,000 is paid on cash.
 - II. The rent of Rs 12,000 has been received in cash and the rent of Rs 4,000 is to be received .
 - III. The 10% bank loan obtained on 01.12.2019 was Rs 100,000 and Rs 8,000 was paid as bank loan interest

Required;

Write the journal entries for the above adjustments

3. Below is the trial balance of Janaki's business as at 31.12.2019

Description	Debit (Rs)	Credit (Rs)
Purchases	400,000	
Sales		590,000
<u>Cost</u>		
Buildings	350,000	
Equipment's	50,000	
Building depreciation for the 01.01.2019		30,500
Remaining stocks	10,000	
Discount allowed	3,000	
Discount received		5,500
Insurance	5,000	
Advertisement expense	25,500	

15% bank loan		53,000
Bank loan interest	5,500	
Debtors	20,500	
creditors		20,000
Cash	29,500	
Capital as at 01.01.2019		200,000
	899,000	899,000

Required;

- Profit or loss statement for the year ended 31.12.2019
- Statement of financial position as at 31.12.2019