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තෙවන පරීක්ෂණය - 13 ශ්‍රේණිය - 2023  
 Third Term Test - Grade 13 - 2023

Index No:.....

**Accounting - I**

Two hours

**Instructions:-**

- Select the correct answers for questions no. 1 - 30 and write its number on the dotted line.
- Write short answers for questions no. 31 - 50 on the dotted lines.
- Each question carries four marks.
- Write the index number in the space provide above

Question No.	Marks
01 - 30	
31 - 50	
Total	

- (01) Which one of the following statement clearly describe the basic objective of accounting ?
- (1) Recording the transactions of a business
  - (2) Recording and reporting transactions according to the legal requirements
  - (3) Converting transactions and events in to financial information
  - (4) Providing information to the stake holders to make deasions
  - (5) Providing information to the managers to make deasions (.....)
- (02) Local media reports that government is going to remove the import restrictions of several goods. select the relevant environment factor for this
- (1) Political and Economical
  - (2) Legal
  - (3) Social and cultural
  - (4) Technical and professional
  - (5) Technological (.....)
- (03) A busines depreciates their motor vehicle on straight line basis for 10 years and annual desperation is recognized as an expense in the profit or loss statement. Select the answer shows the accounting concept that provide the basis for these treatments.
- (1) Going concern and periodic
  - (2) Going concern and matching
  - (3) Periodic and matching
  - (4) Matching and Accrual
  - (5) Going concern and Accrual (.....)
- (04) What is the most applicable accounting concept for making a provision for sales warranty ?
- (1) Matching
  - (2) Going concern
  - (3) Prudence
  - (4) Realization
  - (5) Consistency (.....)
- (05) A business registered for VAT, sold goods for Rs 460,000 on credit (includes VAT 15%) cost of goods sold was Rs. 300,000. Select the answer shows the correct impact of above transactions to the accounting equation.
- | Assets (Rs. 000)     | Liability (Rs. 000) | Equity (Rs. 000)         |
|----------------------|---------------------|--------------------------|
| (1) Increased by 100 | -                   | Increased by 100         |
| (2) Increased by 100 | Increased by 100    | -                        |
| (3) Increased by 160 | Increased by 100    | Increased by 60          |
| (4) Increased by 160 | -                   | Increased by 160         |
| (5) Increased by 160 | Increased by 60     | Increased by 100 (.....) |

(06) Debtors control account balance of a business as at 31/03/2023 was Rs. 460,000. It was not equal to the total of list of debtors. Rater, following reasons for the difference were identified.

- 1) An invoice of Rs. 92000 (including 15% VAT) has been totally omitted.
- 2) Total of discount column of cash receipt journal of Rs 4000 has been debited to debtors control account.
- 3) Interest of Rs. 1500 charged from a debtor on late payment has not been recorded in his account.

Select the answer shows the corrected control account balance and total of list of debtors.

	Corrected Control Account balance (Rs)	Total of list of debtors (Rs)	
(1)	544 000	360 000	
(2)	544 000	450 500	
(3)	560 000	360 000	
(4)	560 000	442 500	
(5)	560 000	642 500	(.....)

● **Use following information when answering questions number 07 and 08.**

Supun traders is a business registered for value added tax (VAT). On 20.05.2023 they purchased goo from Nadun Pvt Ltd. With an invoice price, of Rs. 920,000. Invoice price includes value added tax (VAT) of 15%. Later part of goods in which invoice price of Rs. 230,000 was returned back to the supplier. On 15.06.2023 a cheque was issued to settle the payable amount to Nadun Ltd and this cheque was dishonored on 20.06.2023.

(07) Select the answer respectively shows the source documents used to record above transactions in the books of supun traders.

- (1) Invoice, Debit note, receipt, journal voucher
- (2) Invoice, credit note, receipt, journal voucher
- (3) Invoice, credit note, payment voucher, journal voucher
- (4) Invoice, Debit note, payment voucher, journal voucher
- (5) Invoice, payment voucher, debit note, journal voucher (.....)

(08) Correct journal entry to the record goods returned to the Nadun pvt ltd is,

	Dr (Rs. 000)	Cr (Rs. 000)	
(1) Creditor control account	200		
Return outward account		200	
(2) Creditors control account	230		
Return outward account		230	
(3) creditor control account	230		
Return outward account		200	
VAT control account		30	
(4) creditors control Account	200		
VAT control account	30		
Return outward account		230	
(5) Creditor control account	264.5		
Return outward account		230	
VAT control account		34.5	(.....)

● **Use following information when answering question number 9 and 10.**

Trial balance of Dhakshina traders prepared as at 31.03.2023 was not agreed. Later following errors were detected.

A - Total of the sales journal of Rs. 900,000 has been credited to sales account as Rs. 90,000

B - Paid Insurance expense of Rs. 30,000 has been recorded twice in the cash receipt journal

C - Establishment cost of a machine, Rs 80,000 has been debited to machine repair account

D - Late interest charged by creditors Rs. 5000 has been debited to trade payable control account while crediting to discount received account.

(09) Select the errors which do not create a difference in the trial balance

(1) Only A & B

(2) Only A, B and C

(3) Only B, C and D

(4) Only C and D

(5) A, B, C and D all

(.....)

(10) Select the answer shows the increase of profit after correcting the errors and balance of suspense account before correcting above errors.

	Increase in net profit (Rs 000)	Balance in the Suspense account (Rs 000)	
(1)	850	810 credit	
(2)	920	810 credit	
(3)	920	810 Debit	
(4)	930	820 Debit	
(5)	930	820 credit	(.....)

(11) Closing stocks of a retailer as at 31.03.2023 has been overstated by Rs. 75000. Financial statements for the year ended 31.03.2023 has been prepared without correcting this error.

Impact of this error on cost of sales and net profit are,

	Cost of sales	Net profit	
(1)	Decreased by Rs. 75000	No impact	
(2)	Decreased by Rs. 75000	Decreased by Rs. 75000	
(3)	No impact	No impact	
(4)	Increased Rs 75000	Increased by Rs 75000	
(5)	Decreased Rs 75000	Increased by Rs 75000	(.....)

(12) Following information was taken from books of Milky yourght producers.

	Rs.000
Raw matenal stocks as at 01.04.2022	3 000
Raw matenal stocks as at 31.03.2022	4 000
Cost of raw materials consumed	26 000
salary of production employees	45 000
Total manufacturing cost	110 000

Select the answer shows the purchase of raw matenal during the year and production overhead cost of the year

	Purchase of Raw materials (Rs 000)	Productions overhead cost (Rs 000)	
(1)	27 000	39 000	
(2)	27 000	71 000	
(3)	30 000	39 000	
(4)	30 000	71 000	
(5)	30 000	97 000	(.....)





- (21) Following information related to the buildings of a manufacturing company

	Rs 000
cost	18 000
Accumulates desperation as at 31.03.2022	6 000
Scrap value	3 000
Expected useful life 10 years	

On 01.04.2022, buildings were renovated by incurring Rs. 2000 000. Due to the renovation remaining useful life and scrap value respectively increased by 2 years and Rs. 1000,000.

Depreciable value of the buildings as at 01.04.2022 and carrying value of the buildings as at 31.03.2023 are,

	Depreciable value as at 01.04.2022 (Rs. 000)	carrying value as at 31.03.2023 (Rs 000)	
(1)	10 000	12 750	
(2)	10 000	14 000	
(3)	11 000	14 000	
(4)	11 000	12 750	
(5)	12 000	12 750	(.....)

- (22) On 01.03.2023 A public limited company acquired a land for Rs 6 000 000. Following cost were incurred on this land.

	Rs. 000
Surveyer charges	80
Title charges	300
Removal of unnecessary trees	100
construction of a wall around the land	500
Security officer salary	60

Income received from the sales of removed trees was Rs 80 000.

What is cost of land at the initial measurement as per LKAS - 16 property plant and equipments

- (1) Rs.4 380 000 (2) Rs.6 480 000 (3) Rs.6 580 000 (4) Rs.6 880 000 (5) Rs.6 400 000 (.....)

- (23) Situation where accounting policy adopted by a business can be changed,

- A - When it is required by the management  
 B - According to the requirement of accounting standards  
 C - When continuity of a business is assured if policies are changed  
 D - When it is possible to provide more reliable information regarding financial position, operating result and cash flows of the business.

- (1) A, B (2) A, B, C (3) Only B  
 (4) A, D (5) B, D (.....)

- (24) Darshana plc called application for issuing 400,000 ordinary shares at a consideration of Rs 50 per share. company received application for 500,000 shares and allotted the shares after refunding the money received with excess application. Share issue expenses incurred was Rs 250,000.

Net change in net assets due to the share issue is,

	Rs.000
(1) Increased	5 000
(2) Increased	19 750
(3) Increased	20 000
(4) Increased	24 750
(5) Increased	25 000
	(.....)

- Use following information taken from the books of Athula plc, when answering question number 25 and 26.

	Rs. 000
Cost of sales	6 400
Gross profit	1 600
Trade receivable as at 01.04.2022	2 500
Trade receivable as at 31.03.2023	1 500
Operating expense including interest	600
Tax expense	100
Equity as at 31.03.2023	4 500

All Sales are made on credit basis. operating expense includes interest expense of Rs 100000

- (25) Gross profit ratio and debtors turnover ratio of the company are

	Gross profit ratio (%)	Debtors turnover ratio (times)	
(1)	20	2	
(2)	20	4	
(3)	20	5	
(4)	25	4	
(5)	25	5	(.....)

- (26) Interest cover ratio and return on equity ratio of the company are,

	Interest cover ratio (Times)	Return on equity ratio (%)	
(1)	10	20	
(2)	10	25	
(3)	10	45	
(4)	11	20	
(5)	11	25	(.....)

- (27) Monthly demand of raw material 'M' is 500 units. Purchase price of one unit of 'M' is Rs. 20. It incurs Rs. 15 as ordering cost per order and holding cost per unit is 10% of purchase price of a material unit. What is the Economic order quantity (EOQ) of material 'M'?

(1) 300 units      (2) 400 units      (3) 500 units      (4) 600 units      (5) 900 units      (.....)

- (28) Following expenses were incurred by a garment manufacturing business during the month of March 2023.

	Rs. 000
Cost of cloths used	3 000
Threads	400
Buttons	100
Salary	
Machine operator salary	1200
Supervisor salary	300
Depreciation of machines and buildings	20
Electricity	50
Salary to administrative staff	250

Out of electricity expense 3/5 is relevant for the factory.

Production cost of the month and periodic cost are

	Production cost (Rs 000)	Periodic cost (Rs 000)	
(1)	5 000	250	
(2)	5 020	270	
(3)	5 050	270	
(4)	5 250	270	
(5)	5 300	270	(.....)



(33) Write the prime entry books used to record above transactions

Transactions	Prime entry book
A	.....
B	.....
C	.....
D	.....

(34) A stationary selling business registered for value added tax (VAT) purchase stationary worth Rs 690,000 on credit (Includes VAT 15%) write the journal entry used to the transaction assuming the business maintains sub ledgers.

.....

.....

.....

(35) Following is an extract of statement financial position of Lahiru plc. write the accounting concept relevant for the each item marked on A, B, C and D.

Lahiru PLC (A)

Statement of financial position as at 31.02.2023 (B)

Non-current Assets

Property plant and Equipment	xxx	
Right to use assets	xxx	(C)

Current Assets

Trade receivables	xxx	(D)
-------------------	-----	-----

Item	concept
A	.....
B	.....
C	.....
D	.....

(36) State the relevant element of financial statement for following ledger account

Account	Element of financial statement
A - Trade receivable Account	.....
B - Revaluation reserve account	.....
C - Provision for employee compensation	.....
D - Discount allowed	.....

(37) Fill blanks in the following statement according to the conceptual framework for financial reporting

- A - Residual interest after deducting total liabilities from the total asset of the business is defined as .....
- B - Two Measurement bases used to measure the accounting elements are ..... and .....
- C - Statement of profit or loss other comprehensive income is prepared to calculate financial results and it is prepared on ..... basis.
- D - Financial information is ..... if it is capable of making a difference made by the users of that information.

● Use following information question number 38 and 39.

Athala and Binara were in a partnership sharing profit and loss at the ratio of 3:2. On 01.04.2022 channa was admitted to the partnership as a new partner. channa invested Rs 4 000000 as his capital and share of goodwill. Gasdwill of the partnership is adjusted through the capital account of partners. Athula, Binura and channa agreed to share profit at the ratio of 5:3:2 Following additional information is also given.

Capital Account

	Athula A	Binara B	Chana C		Athula A	Binara B	Chana C
Goodwill	500	300	200	B/B/F	8 000	5 000	
B/C/d	8 100	5 100	3 800	Cash			4 000
				Goodwill	600	400	
	8 600	5 400	4 000		8 600	5 400	4 000

Current Account

	Athula A	Binara B	Chana C		Athula A	Binara B	Chana C
				B/B/F	500	400	-
				interest on capitel	810	510	380
B/C/d	1 460	1 000	440	Share of profit	150	90	60
	1 460	1 000	440		1 460	1 000	440

(38) Calcultate followings for the Athula, Binara and chana partnership

(A) Goodwill of the partnership at the admission of channa Rs. ....

(B) Equity of Athula and Channa as at 31.03.2023

Athula Rs. ....

Channa Rs. ....

(39) Write the journal entry to record the goodwill

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

(40) State whether following statements are true (T) or false (F) in reation to a business which prepares financial reports according to the accounting standards.

Statement

True / False

A - It is better to use weighted average cost (WAC) method to calculate the cost of stocks in an inflationary situation

.....

- B - A company initially measured its property plant and equipment on cost, Later company measured it property plant and equipment on revalued value. This is considered as a change in accounting policy .....
- C - Revenue should be recognized when performance obligations are satisfied .....
- D - Lease installment including interest is considered as cash flows from financing activities .....

(41) Complete the following sentence according to Events after reporting period - LKAS-10

..... and ..... events occurred in between reporting date and date of authorization are known as events after reporting period, and they are classified in to two categories as ..... and ..... events.

(42) On 01.04.2018 Lahiru Plcll acquired machine for Rs. 1600 000. On that date scrap value and useful life of the machine was respectively estimated as Rs. 100 000 and 10 years. On 01.04.2022 this machine was renovated by incurring Rs. 500 000. Due to the renovation, remaining useful life of the machine is increased by one year. No change in scrap value.

Calculate following as per LKAS-16

(A) Depreciation expense for the year ended 31.03.2023 Rs. ....

(B) Accumulated depreciations as at 31.02.2023. Rs. ....

(43) Eksath Ltd entered in to an agreement with Nandun Ltd to provide a machine. value of the machine is Rs. 15000,000. According to the agreement Eksath Ltd. Should provide service of machine for five years. Company charge Rs. 1000,000 for the maintenance of the machine for one year. on 01.04.2022 machine was provided to the Nandun Ltd.

Identify following as per SLF RS -15

(A) Transaction price Rs. millions .....

(B) Number of performance obligations in the contract .....

(C) Revenue recognized for the year ended 31.03.2023 Rs. millions .....

(44) Classify following cashflows as cashflows from operating, Investing and finance activities according LKAS - 7 cash flows.

Transaction	Activity (Operating, investing finance)
A - Cash received from customers	.....
B - Purchase of shares of another company	.....
C - Paid income tax	.....
D - Payment of long term to loan	.....

(45) Current ratio of a company as at 31.03.2023 was 2.5:1 current liability of the company on that date was Rs. 1000,000. Rs. 700 000 worth stocks was also included in their current assets while no prepayments.

Calculate following as at 31.03.2023.

(A) Current assets Rs. ....

(B) Quick ratio .....

- (46) Provide information in relation to the following documents used in a manufacturing business for controlling materials.

Document	Issuing Devison	Receiving Devison
A - Purchase order	.....	.....
B - Material requition note	.....	.....

- (47) As at 01. 04. 2023 A company which purchases and sells mobile phone had 50 phone purchased at Rs. 20,000 each. During month of April 2023 company purchased 200 phones at Rs. 30,000 each. company decides the selling price by adding 20% profit mamin on cost. Daring the monta company sold 150 phones.

Calculate following if company uses first in first out (FIFO) method.

- (A) Cost of inventory as at 30.04.2023 Rs. ....
- (B) Sales income of the month Rs. ....
- (C) Gross profit for the month Rs. ....

- (48) Following are some cost incurred in an institution conducting accounting cources. classify them as direct/indirect and variable / fixed

<u>Cost item</u>	<u>Direct / indirect</u>	<u>Variable / fixed</u>
A - Rent of the building	.....	.....
B - Lecture fee paid on hours worked	.....	.....
C - Salary of building cleaner	.....	.....
D - Cost of advertising	.....	.....

- (49) Variable cost of a product expected to be produced by a company is Rs. 60. Contribution to sales ratio is 40%. Fixed cost when producing 7000 unit is Rs. 800,000. Additional cost of Rs. 50,000 has to be incurred when exceeding the production capacity of 10,000 units, caluclate following when producing 12000 units if variable cost and selling price of a product is not changed.

- (1) Selling price of a product Rs. ....
- (2) Total production cost Rs. ....
- (3) Profit Rs. ....

- (50) Following information is relevant for a new project.

Description	Rs.
Initial investancat	1 400 000
Scrap value of initial investment	200 000
Average profit per year	160 000
Present value of cash inflows	1243 000
Present value of cash outflows	925 000

Expected accounting of return of the company is 25% state whether the project should accepted or not with reasons, under following method.

Method	State Accept (✓) not accept (X)	Reason
(1) On Accounting rate of return	.....	.....
(2) On net present value (NPV)	.....	.....

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තෙවන පරීක්ෂණය - 13 ශ්‍රේණිය - 2023  
 Third Term Test - Grade 13 - 2023

Index No:.....

**Accounting - II**

**Three hours**

Additional time for reading 10 minutes

**Instructions:-**

- Answer five questions only including question No. 01 and 02.
- Begin each answer on a fresh sheet of paper.
- Relevant workings should be attached to the answer script.
- This question paper carries 200 marks.

(01) Summeryzed trial balance of Nadika PLC prepared as at 31.03.2023 is given below.

Nadika PLC, Trial balance as at 31.03.2023	Dr Rs. 000	Cr Rs 000
Property plant and Equipment		
Land	20 000	
Building at cost	27 000	
Furniture and Equipment at cost	8 000	
Accumulated depreciation as at 01/04/2022		
Buildings		8 100
Furniture and equipments		2 400
stocks as at 31.03.2023	7 200	
Trade receivable	9 500	
Distribution cost	2 750	
Administrations expense	4 800	
Other expense	4 200	
Finance cost	1 600	
cost of sales	33 200	
Sales		66 500
Provision for sales warranty 01.04.2022		650
Land revaluation reserve		1 500
Proposed / payable dividends		2 000
Trade payables		4 700
Right to use assets		4 426
Lease creditors		3 426
Stated share capital - ordinary shares		30 000
Retained earnings 01.04.22		4 900
Right issue account		2 500
Provision for income tax		300
Tax paid	1 00	
Cash	3 300	
	<u>126 976</u>	<u>126 976</u>

## Additional information :

Adjustments have to made for followings before preparing financial statements for the year ended 31.03.2023

- (i) Policy of the company is to calculate the cost of stocks using weighted average cost method, but in an error cost of inventory as at 31.03.2023 has been calculated using first in first out method. Cost of inventory as at 31.03.2023 calculated using weighted average cost method is Rs. 6800 000
- (ii) Lands and buildings were revalued as given below.

	Rs.000
Lands	18 000
Buildings	17 000

Buildings were revalued in first time while lands were revalued in the second time. Surplus generated on first time revaluation of land is given in the trial balance. No entry has been made regarding the current year revaluation.

- (iii) On 01.10.2022 Furniture and equipment was sold for Rs. 1500,000. No entry has been kept regarding the disposal of Furniture and equipment other than debiting sales proceeds to the cash account and crediting to the sales account. Furniture sold had been purchased on 01.04.2019 for Rs. 2000,000.
- (iv) Property plant and equipment except land should be depreciated 10% on straight line basis.
- (v) A debtor of Rs 250,000 who was at the reporting date declared bankrupted by the court on 20.06.2022 Board of directors authorized the financial statements on 15.06.2023.
- (vi) On 01.04.2022, company entered in to a lease agreement of obtain right of use of motor vehicle for four years. On the same date, initial payment of Rs. 1000,000 was made. Initial lease liability was Rs 3426,000. Useful life and scrap value of the motor vehicle were estimated as 5 years and Rs 426,000.  
As per the lease agreement first lease installment of Rs. 1200,000 was paid on 31.03.2023 Installment paid has been debited to trade payable account.  
Lease interest for the years ended 31.03.2023 and 31.03.2024 respectively are Rs. 514 000 and Rs. 411,000  
This motor vehicle is used for the administrative purpose and ownership of the asset is not transferred to the company at the end of the lease period.
- (vii) Company sells product with one year sales warranty. warranty expense paid during the year was Rs. 450,000 and included in distribution cost provision for sales warranty as at 31.03.2023 should be Rs. 750,000.
- (viii) Tax on current year profit is estimated as Rs. 1200 000 and tax paid during the current year includes Rs. 350 000 paid for the last year.
- (ix) Fuel expense of the motor vehicle used by a director of Rs. 300,000 has been paid of by a director and already reimbursed. In an error this has been debited to distribution cost account.
- (x) Interim dividend paid Rs 1800 000 and proposed dividend of Rs 2000 000 have been debited to other expense account. proposed dividend has been credited to proposed dividend account
- (xi) Cash received from the right issue of shares of Rs. 2500,000 has been credited to right issue account while debiting to cash account.

## Required :

Prepare following financial statements of Nadika plc according LKAS-01 presentation of financial statement.

- 1) Statement of profit or loss and other comprehensive income statement for the year ended 31.03.2023.
- 2) Statement of financial position as at 31.03.2023
- 3) Statement of changes in equity for the year ended 31.03.2023
- 4) Notes to the financial statements

(Marks 40)



- (iv) Over head cost of assembly department and finishing department are absorbed to the product on labour hours and machine hours respectively.
- (v) Following information is also relevant for two products produced by the company

	<u>For a fair of shoe</u>	
	<u>Female</u>	<u>Male</u>
Prime cost	1500	1300
Actual labour hours		
Assembly department (Hours)	2	1
Finishing department (Hours)	3	2
Actual machine hours		
Assembly department (Hours)	1	2
finishing department (Hours)	3	3

Required :

- 1) Over head analysis sheet clearly showing basis of apportionment
- 2) Over head absorption rate (OAR) for each department
- 3) Cost of female fair of shoe
- 4) Profit by selling 1000 unit female shoe if company maintains 20% profit margin on cost

(21 marks)

(Total 40 marks)

- (03) On 01.04.2023 supun started a business as "Mission care" which sells security camera systems. Following transactions were incurred in the business during month ended 30.04.2023. All cash transactions are made through a bank current account.

Transaction No	Transaction
01	Supun invested Rs 2000 000 in cash, a building worth Rs 800 000 and lorry worth Rs 3200 000 to the business
02	Purchased CCTV camera and equipment worth Rs 1200 000 and paid Rs 900 000 cash, and remaining was on credit.
03	Supun installed CCTV camera worth Rs 180 000 to his house.
04	Sold CCTV camera for Rs 300 000, cost of the CCTV camera sold was Rs 180 000
05	Electricity expense of the business of Rs 5000 was paid by the owner from his personal money
06	Sold CCTV camera for Rs 150 000 on credit cost of the camera sold was Rs 100 000
07	Paid to creditor Rs 180 000 after deducting 10% discount
08	CCTV camera worth Rs 75 000 was donated to a temple
09	Telephone bill of the month was Rs 2500. It has not been paid yet.
10	Received Rs 7200 from a debtor and allowed a discount of Rs 800

- 11 Cheque of Rs 45000 issued to creditors has been dishonoured and discount received has also been cancelled.
- 12 Depreciation of property plant equipment for the month was Rs 40 000.
- 13 CCTV camera costing Rs 50 00 has been stolen and insurance company has agreed to compensate 60% of the cost of CCTV stolen.
- 14 Received Rs 60 000 from a customer for installing CCTV system in the month of May.

Required :

- 1) Record the impact of above transactions with value, using the given equation. use (+) and (-) marks in front of the value to record increase or decrease of values. (28 marks)

No	Assets					liability			Equity
	PPE	Stocks	Trade receivable	Other receivables	Cash	Trade payable	Accrued expense	Advanced received	

- 2) Prepare income statement for the month ended 30.04.2023. (10 marks)
  - 3) Calculate cash balance and trade payables as at 30.04.2023 (02 marks)
- (40 marks)

(04) (A) "Sandaru" public limited company produces garments to the local market. This is a VAT registered company and applicable VAT rate is 15%

- (i) Following information was taken from debtors and creditors sub ledgers as at 01.04.2023.

Trade creditors (Raw material)Rs.000	Trade debtors	Rs.000
Shehan	Bhagya	300
Chamod	Yomali	450
Sachintha	Parami	250
Mihinda	Isuri	100
650		1100

These balances were also equal to the respective control account balances at the same date.

- (ii) Some balances appeared in the general ledger as at 01.04.2023 are given below.

Rs. 000	
Cash	1200
VAT control	700 (cr)

- (iii) All purchase of raw material were on credit basis following is the summary of transaction made with the raw material suppliers.

- 01.04.2023 Purchase from shehan Rs 400 000 (Excluding VAT)
- 04.04.2023 Paid Rs 180 000 to chamod to settle the opening balance
- 10.4.2023 Return outwards to sachintha Rs 46000 (Including VAT)
- 16.04.2023 Purchase from Mihidu Rs 575 000 (Including VAT)
- 20.04.2023 Purchase from Sasmitha Rs 300 000 (Without VAT)
- 26.04.2023 Paid to shehan Rs 225 000 Discount deducted was 10%

## (iv) Transaction with debtors

02.04.23 Received Rs 180 000 from Bhagya after deducting 10% discount.

06.04.23 Sold to Issuri Rs 600 000 (Excluding VAT)

12.04.23 Returned inwards made by Parami Rs 50 000 (Excluding VAT)

18.04.23 Received Rs 270 000 Yomali. Discount deducted 10%

23.04.23 Sold goods to Bhagya Rs 920 000 (Including VAT)

28.04.23 Sold to Dehami Rs 700 000 (Excluding VAT)

## (v) Following cash transactions were also made during the month.

Cash receipts	Rs.000	Cash Payments	Rs.000
Bank loan	500 000	Accrued Electricity	30 000
Rent income	60 000	Purchase (Excluding VAT)	250 000
Sale (Excluding VAT)	700 000	Loan Installment (Interest 30,000)	130 000
Sales (Including VAT)	805 000	Purchase (Including VAT)	690 000
		Salary	90 000
		VAT	70 000
		Furniture	200 000
		Auditor fee	30 000

## Required :

- 1) Prepare following prime entry books for the month of April.
  - i) Cash receipt journal
  - ii) Cash payment Journal
  - iii) Sales Journal
  - iv) Purchase Journal
- 2) Following accounts in the general ledger
  - i) Cash control account
  - ii) Trade receivable control account
  - iii) Trade payable control account
  - iv) VAT control account

(30 marks)

## (B) Pathum PLC considers to replace its old machine for a new machine.

Purchase price of the new machine is Rs 1200 000. Further Rs 300 000 has to be incurred to bringing the machine to workable condition.

## Other information

- (i) Residual value and useful life of the new machine is Rs 100 000 and 04 years.
- (ii) Additional working capital requirement is Rs 200 000 and it can be recovered at the end.
- (iii) Old machine can be sold for Rs 200 000.
- (iv) Scrap value of the machine and recovery of working capital are not included in the cash flows of year 04.

Year	1	2	3	4
Cash inflows	1 200 000	1800000	1700000	1600000
Cash outflows	700 000	1200000	1300000	1200000
Discounting factor 10%	0.91	0.83	0.75	0.68

- (v) Company expects to generate a profit of Rs 800 000 during the whole project period of four years.



New Partnership agreement :

- Share profit and loss at the ratio of 3 : 2:1 respectively among paba, suba and Aba
  - Maintaing same conditions regarding salary and interest on capital.
  - Paying 20% interest on loans provided by the partners to the partnership
- (iv) An annual salary of Rs 450,000 should be paid to Suba as she is working as the sales exspective of the businers, but paid salary of Rs 300,000 has only been debited to operating expense account.
- (v) Even though cost of closing stock an at 31.03.2023 is Rs 450,000, its net realizable balue is estimated as Rs 400,000
- (vi) Interest on loan provided by the partners has not been adjusted in the books.
- (vii) Buildings and motor vehicles are depreciated 5% and 20% respectively on reducing balance method.

## Required :

- 1) Income statement (Including profit appropriations) of the partnership for the year ended 31.03.2023.
- 2) Capital and current account of the partaers for the year ended 31.03.2023.
- 3) Equity of each partner as at 31.03.2023 (Separately)

(20 marks)

## (B) Nethsara welfore society has 120 members.

- (i) Assets and liabilities of the society as at 01.01.2022 and 31.12.2022 are given below.

	Asat 31.12.2022		As at 01.01.2022	
<u>Assets</u>	Rs 000		Rs. 000	
Furniture	540		450	
Motor vehicles	775		800	
Portable huts	650		500	
Members loan	400		350	
Subscriptions receivables	60		50	
Cash balance	180	2605	120	2270
<u>Liabilitation</u>				
24% Bank loan	650		700	
Deposits of members	644		500	
Accrued electricity	40		30	
Subscription received in advance	40	1374	20	1250

- (ii) • Monthly subscription per members is Rs 150.
- Loans are granted to the members at 15% annual interest. During the year ended 31.12.2022, Rs. 75,000 has been received as interest income. All members should deposit Rs 100 per month and deposits have been made by the all members during the year. Recovery of loans granted during the year was Rs 600,000.
  - On 01.04.2022 new portable hut worth Rs 200,000 was received as a donation.

- (iii) Cash payments made during the year
- Purchase of Furniture Rs. 100 000
  - Salary to the driver Rs. 80 000
  - Fuel expense Rs. 40 000
  - Loans given to members Rs. 500 000
  - welfare expense Rs. 25 000
  - Electricity Rs. 20 000
  - Loan instalment (including interest of Rs. 20,000) Rs. 70 000

(iv) Donations is recognized as an income in the year of receipt.

Required

- 1) Following accounts for the year ended 31.12.2022
  - a) cash account
  - b) subscription account
- 2) Income statement for the year ended 31.12.2022
- 3) Balance of the accumulated fund accounts as at 31.12.2022

(10 marks)

(C) Following information is relevant for two accounting periods of Sashmitha plc

	2022/2023	2021/2022
	Rs 000	Rs 000
Sales	4 800	6 000
Purchases	3 700	3 850
Closing stocks	450	350
Trade receivable	250	150
profit for the period	960	1 080

Additional information

- (i) Sales for the year 2021/2022 and 2022/2023 respectively include cash sales of Rs 600,000 and Rs 800,000.
- (ii) Closing stock as 31.03.2021 was Rs 700,000

**Required**

Filling blanks in the given table. Assume that 360 days per year.

Ratio	2022/2023	2021/2022	success or unsucess
Gross profit ratio	.....	.....	.....
Net profit ratio	.....	.....	.....
Stock turnover ratio	.....	.....	.....
Debtors turnover ratio	.....	.....	.....
Debtors collection period	.....	.....	.....

(10 marks)

(Total 40 marks)

(06) (A) Following information was taken from the books of pasinda p/c for the year ended 31/03/2023.

Sasindu PLC

Statement of profit coss and other comprehensive income  
for the year ended 31.03.2023 (Rs 000)

Sales	14 700
(-) cost of sales	<u>(4 000)</u>
Gross profit	10 700
(-) Operating expense	<u>(7 900)</u>
Net profit before tax	2 800
(-) Tax	<u>(1 200)</u>
Profit for the year	1 600
+ Other comprehensive income	
Revaluation surplus	<u>1 000</u>
Total comprehensive income	<u><u>2 600</u></u>

Sasindu PLC statement of changes in equit  
for the year ended 31. 03. 2023 (Rs 000)

Description	Share capital	Revaluation reserve	Retained profit	Total
Balance as at 01.04.22	4 500	500	1 000	6 000
Right issue of shares	1 000		-	1 000
Public issue of shares	2 500		-	2 500
capitalization of reserves	500		(500)	-
Dividend paid	-		(300)	(300)
Total comprehensive income		1 000	1 600	2 600
Balance was at 31.03.2023	<u>8 500</u>	<u>1 500</u>	<u>1 800</u>	<u>11 800</u>

Summery of information taken from the statement of financial positions prepared as at 31.03.2022 and 31.03.2023 are given below.

	As at 31.03.22	As at 31.03.23
	Rs. 000	Rs. 000
Property plant and Equipments	10 000	12 210
Right to use assets	13 100	11 790
Stocks	800	1 000
Trade receivables	1 200	1 600
Cash and cash equivalent	900	1 400
Ordinary share capital	4 500	8 500
Revaluation reserve	500	1 500
Retained profit	1 000	1 800
20% Bank loan	5 000	4 000
Lease loan	10 077	7176
Lease loan (curent liability)	2 523	2 901
Trade payables	700	523
Accrued interest	1 200	1 000
Accrued tax	500	600

Additional information

- (i) On 31.03.2022 an item of property plant and equipment was acquired on lease. First instalment of Rs 4413,000 should be paid on 31.03.2023. It includes an interest of Rs 1890 000. Interest for the year ended 31/03/24 is Rs 1512 000. Annual instalment is not changed.
- (ii) Revaluation surplus generated on property plant and equipment was Rs 1000,000. further new machine has also been purchased on cash during the year.
- (iii) Interim dividends and a loan installment have also been paid.

(iv) Other information

Annual depreciation Right to use assets Rs 131 000

Property plant and equipments Rs 790 000

Annual loan interest is Rs. 1 000 000

- (v) All sales and punches were on credit

Required to prepare cash flow statements of pasindu plc for the year ended 31.03.2023 according LKAS-7 cash flow statements.

(20 marks)

- (B) "Oba wenuwen Api" society expects to organize a musical show to collect funds to donate 25 set of online learning equipments (mobile phones) to the students from low income level families.

- Selling price per ticket Rs. 5000.
- Rs. 300 000 should be paid music band for 4 hours period and Rs. 50,000 should be paid on an additional hour.
- Advertising expense Rs. 20 000
- Cost of ticket printing Rs. 10 000
- Hall rent Rs. 130 000
- Musical show expected to be conducted for 06 hours.
- Following expenses are expected to incurred on a participant (spectator).
  - For short-eats Rs. 300
  - For bottle of soft drinks Rs. 100
  - For Souvrnir given to a participant 600

Market price of a mobile phone is Rs. 45000. Supplier has agreed provide mobile phone with a trade discount of Rs. 5000.

Required

1. Fixed cost of the musical show.
2. Variable cost of a spectator (participant)
3. Tickets to be sold to cover the total cost of the show.
4. Tickets to be sold to earn money required to purchase 25 mobile phones.
5. If total capacity of the hall is 500 participant, what should be the selling price of a ticket to earn the money required to purchase 25 mobile phones. (20 marks)