

Index No :

Two Hours

- ◆ Select the correct answers for questions no. 01 - 30 and write its number on the dotted line given.
- ◆ Write short answers for questions No. 31 - 50 on the dotted line given.
- ◆ Each question carries 02 marks
- ◆ Write your index number in the space provided above.

01. Objective of General Purpose financial reporting according to the conceptual framework for financial reporting is,

1. Providing financial and non-financial information related to the accounting entity to investors and government.
2. Recording business transactions in the books according to the cash basis.
3. Providing historical and predicted information to the owners to make decisions.
4. Providing financial information to the current investors, potential investors, lenders and other creditors to make decisions regarding the provision of resources to the business.
5. Providing information to the annual audit. (.....)

02. Select the correct sequential order of following functions in the accounting process.

- A. Recording in the prime entry books.
- B. Incurring business transactions.
- C. Preparing trial balance.
- D. Preparing source documents.
- E. Posting to the ledger and balancing off the ledger accounts.

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

03. Trade payable (creditor) amounting Rs,120 000 was settled by the personal funds of the owner. 10% discount was received when settling the transaction. Select the correct answer which shows the correct impact of the is transaction to liabilities and Equity

Liability	
1.	Decreased by Rs 108000
2.	Decreased by Rs 120000
3.	Decreased by Rs 108000
4.	Decreased by Rs 120000
5.	Decreased by Rs 132000

Equity
Decreased by Rs 108000
Decreased by Rs 120000
Increased by Rs 108000
Decreased by Rs. 120000
Increased by Rs 132000

• **Use following information when answering questions no 12, 13 and 14**

Following information is related to the transactions occurred during the month of March 2020

- Total of cash receipt journal Rs. 460,000
- Total of cash payment journal Rs 210,000
- Information as per bank statement as at 31/03/2020
 1. Realized cheques Rs 390,000
 2. Standing order payments Rs 22 000
 3. Director remittance of debtors Rs. 80000
 4. Cheques paid Rs. 62000
- Cash control account balance as at 01/03/2020 was Rs. 62000

12. What is the cash control account balance as at 31.03.2020?

1. Rs 62000 2. Rs 210000 3. Rs 312000 4. Rs 370000 5. Rs. 522000 (.....)

13. What is the adjusted cash control account balance as at 31.03.2020?

1. Rs 84 000 2. Rs 102000 3. Rs 312 000 4. Rs 370 000 5. Rs 522 000 (.....)

14. What is balance appeared in the bank statement as at 31/03/2020?

1. Rs. 242000 2. Rs 310 000 3. Rs 330 000 4. Rs 460 000. 5. Rs 670 000 (.....)

15. Drafted profit of a business for the year ended 31.03.2020 was Rs 262 000. Later following errors and omissions were detected.

- Credit sales of Rs 5000 has not been recorded in the sales journal.
- Return outwards of Rs 15000 has been credited to the purchase account.
- Total of the discount column of cash payment journal of Rs 12000 has been debited to the discount allowed account.

What is the correct profit for the year ended 31.03.2020?

1. Rs 267000 2. Rs 291 000 3. Rs 301 000 4. Rs. 312 000 5. Rs 336 000 (.....)

16. Following information is related the inventory of a business as at 31/03/2020

Item	Cost (Rs.)	Estimated sales income (Rs.)	Estimated selling expense (Rs.)
1	25,000	30,000	6000
2	12,000	15,000	2000
3	24,000	32,000	6000

If firm uses item by item basis in the valuation of stock. calculate cost of closing stocks and value of inventory that should be shown in the statement of financial position

	Cost Rs	Value to be shown in the SOFP (Rs)	
1.	25,000	24,000	
2.	37,000	45,000	
3.	61,000	60,000	
4.	61,000	77,000	
5.	77,000	77,000	(.....)

17. Following information is related to the inventory item of a company.

Date	Descript	Quantity units	Unit cot Rs
2020.03.01	Balance	2000	50
2020.03.15	Purchase	3000	80
2020.03.28	Sales	3000	?

When issuing inventory company and FIFO method.

calculate cost of sale of the month and cost of closing stocks an at 31.03.2020

	cost of sale (Rs)	cost of closing stocks (Rs)	
1.	80,000	160,000	
2.	80,000	100,000	
3.	100,000	180,000	
4.	180,000	100,000	
5.	180,000	160,000	(.....)

18. Following in intimation is relevant for a manufacturing business for the month of march 2020 (Rs.00)

Direct material costumed	400
Direct labour	200
Factory overheads	150
Increase of raw material stocks	50
Decrease of working progress stocks	100

What is the prime cost and total production cost of the month?

	prime cost (Rs)	Total production cost (Rs)	
1.	600,000	550,000	
2.	600,000	650,000	
3.	550,000	600,000	
4.	550,000	800,000	
5.	650,000	900,000	(.....)

- **use following information when answering question no 19 and 20.**

- Total members of a welfare society at 01.04.2017 was 50. It included 10 lifetime members.
- Annual membership fee per member is Rs 1000.Life time membership fee is ten times of annual membership fee per member.
- Life time membership is recognized as an income over the period of 10 years
- Balance an at 01.04.2019

Subscription receivable	Rs. 12,000
Subscription received in advance	Rs. 10,000
life time membership fee	Rs. ?
- 8 members have not paid subscription as at 31.03.2020

19. Subscription income for the year and subscription received during year ended 31.03.20 are,

	Subscription income (Rs)	Subscription received (Rs)	
1.	32,000	30,000	
2.	32,000	34,000	
3.	40,000	34,000	
4.	50,000	34,000	
5.	50,000	44,000	(.....)

20. Balance of the life time membership fee account as at 31.03.2020 is,

1. Rs. 70,000 2. Rs . 80,000 3. Rs . 90,000 4. Rs . 100,000 5. Rs . 120,000 (.....)

21. Select the statement/statements which are related to the section 24 of partnership ordinance of 1890

- A - profit or loss should be shared equally
- B - Interest is paid on capital account balance
- C - partners are not entitled to receive salary
- D - paying 5% interest on loans provided by the partners.

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

• **Use following information when answering question, no 22,23 and 24**

On 01.04.2019 Thamali was admitted to the partnership conducted by Amali and Bimali by sharing profit and loss at 3:2 respectively. Thamali invested Rs 500000 capital. Estimated goodwill at that date was adjusted through the capital accounts of the partners.

Partnership agreement among Amali, Bimali and Thamali is give below.

- Share profit at the ratio of 3:2:1 among Amali, Bimali and Thamali
- Paying annual salary of Rs 180000 to Amali and Bimali each
- Paying 10% interest on capital account balance.
- Capital and current account balance.

	Capital Account(Rs000)		Current Account balance(Rs000)	
	2019.04.01	2020.03.31	2019.04.01	2020.03.31
Amali	1200	?	500	1120
Bimali	1000	?	400	?
Thamali	-	300	-	?

22. What is the total goodwill as at 01/04/2019?

1. Rs. 800,000 2. Rs. 1200,000 3. Rs. 1500,000
 4. Rs. 2000,000 5. Rs. 3000,000 (.....)

23. Profit generated by the partnership during the year ended 31/03/2020

1. Rs. 200,000 2. Rs. 400,000 3. Rs. 600,000
 4. Rs. 650,000 5. Rs. 1246,000 (.....)

24. The total profit appropriated to Amali during the year ended 31/03/2020 is,

1. Rs.100,000 2. Rs. 300,000 3. Rs. 440,000
 4. Rs. 620,000 5. Rs. 650,000 (.....)

25. A company which is registered for VAT acquired a machine on 01.10.201. VAT rate is 15%. Following information is relevant for this machine.

	(Rs.)
Purchase price including VAT	690,000
Site preparation cost	150,000
Installation cost of machine	100,000
cost of trial run	70,000
Sale income of product produced at trial run	20,000
useful life of the machine is 10 years.	

Select the answer which shows the initial cost of the machine and depreciation expense of the machine for the year ended 31.03.2020 as per LKAS -16 property plant and equipment's.

	Cost (Rs.000)	Depreciation (Rs.000)	
1.	600	60	
2.	690	69	
3.	750	75	
4.	850	85	
5.	900	45	(.....)

26. On 01.04.2020 a company acquired a motor vehicle on lease. At the same date Rs 200.000 was paid as down payment and preset value of minimum lease payment was Rs 624.000.

What is the cost of right to use asset acquired on lease?

- | | | |
|----------------|----------------|----------------|
| 1. Rs. 200,000 | 2. Rs. 624,000 | 3. Rs. 824,000 |
| 4. Rs. 900,000 | 5. Rs. 924,000 | (.....) |

27. Financial statement of Sagara plc for the year ended 31.03 2020 was authorized by the board of directors on 02.05. 2020. Following events were incurred after the reporting period

- A - Trade debar worth Rs 12000 who was at the reporting date was bankrupted on 02.05.2020
- B - Stocks in which cost as at 31.03.2020 of Rs 600000 was sold for Rs 520 000 on 02.07.2020
- C - On 01.04.2020 proposed a diviided of Rs 150 000 ordinary shareholders.

Select the adjustable events according to the LKAS 10- Events after reporting period.

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

28. Which one of the following is not a part of set of financial statement prepared by a company as per LKAS 01 presentation of financial statements.

- | | |
|---------------------------------------|----------------------------------|
| 1. Comprehensive income statement | 2. Statement of change in equity |
| 3. cash flow statement | 4. Trial balance |
| 5. Notes to the financial statements. | (.....) |

• **Use following information when answering question, no 29 & 30**

- summary of transaction incurred during year ended 31.03.20 (Rs 000)

o Sales revenue	600
o Trade discount on sales	100
o Revaluation surplus	150
o Operational expense	120

- Revaluation deficit of Rs 90 000 had been generated from the revaluation made on 31.03.2019

29. Profit for the year ended 31.03.2020 is,

- | | | |
|----------------|------------------|----------------|
| 1. Rs. 570,000 | 2. Rs. 580,000 | 3. Rs. 750,000 |
| 4. Rs. 870,000 | 5. Rs. 1,070,000 | (.....) |

30. Total comprehensive income for the year ended 31.03.2020 is,

- | | | |
|----------------|------------------|----------------|
| 1. Rs. 480,000 | 2. Rs. 630,000 | 3. Rs. 820,000 |
| 4. Rs. 870,000 | 5. Rs. 1,220,000 | (.....) |

- Write short answers to the questions no 31 to 50 in the given space.

31. State whether following statements are true or false

True/False

- | | | |
|---|---|-------|
| A | Management accounting provides information to the users to make decisions. | ..... |
| B | Equity decreases when paying to creditors | ..... |
| C | In financial accounting historical information that can be measured are used. | ..... |
| D | No change in equity due to the capitalization of reserves. | ..... |

32. State whether value asset liability and equity are increased decreased or no change due to the following transactions occurred in a business.

	Transactions	Asset	Liability	Equity
A	purchase stocks credit	.....	.....	.....
B	Receiving cash from trade receivable of after deducting a discount.	.....	.....	.....
C	Acquired a motor vehicle on lease. No down payment was paid	.....	.....	.....
D	paid expense of the business from the personal money of the owner.	.....	.....	.....

33. Write source documents used to prepare following prime entry books.

	Prime entry book	Source documents
A	Cash payment journal	.....
B	Sales journal	.....
C	Return outward journal	.....
D	General journal	.....

34. Financial accounting statements are classified in to two categories according to the objective, they are

1.
2.

35. Following information is related to the petty cash of a business

	As at	Rs
Balance of petty cash account	01.10.2020	1600
Reimbursement	01.10.2020	3400
petty cash payment	31.10.2020	4600

It was decided to increase the petty cash imprest by Rs 2000 from November

A) Amount to be reimbursed on 01.11.2020 is

B) Write the journal entry to record the reimbursement of petty cash on 01.11.2020

.....

36. Write the accounting concept relevant for following situations.

	Situation	Concept
A	Item of PPE acquired on lease is shown as an asset in the statement of financial position	.....
B	Recognizing revenue in the income statement when goods are sold	.....
C	Making a provision for sales warranties	.....
D	using FIFO method to calculate the cost of closing stocks for 5 years	.....

37. Balance as per bank statement of Perera business as at 31.03.2020 was greater than the balance as per cash control account. state two reasons for this difference assuming that no errors in the bank statement or cash control account.

1.
2.

38. Closing stocks of Raju's business as at 31.03.2020 was destroyed due to fire. Insurance company has agreed to pay a compensation of 50% of the cost of stock destroyed.

Information taken from the books as at 31.03.2020

Stocks as at 01.04.2019	250,000
Purchase during the year	800,000
Sales during the year	1,200,000

Selling price is decided by keep a profit margin of 20% on cost.

A) cost of stock destroyed

B) Net impact on assets due to the destroy of stocks is

39. Trade receivable control account balance at 'parami' plc as at 31.03.2020 was Rs 350 000. It was not equal to the total of list of trade receivable at that date. later following reasons for difference were detected.

- 15% VAT on sales amounting Rs 300 000 has not been posted to the trade receivable control account.
- Credit note of Rs 8000 had been totally omitted.
- Discount allowed of Rs 10 000 had not been posted to the relevant trade receivables account

What is the adjusted balance of trade receivable controls account on at 31.03.2020

40. State two difference between cash account and income statement prepared by a not for profit organization

	cash A/C	Income statement
1. Objective of preparing
2. Basis of preparing

41. State two occasions in which ownership structure of partnership is changed

1.
2.

42. A company revalued a land for Rs 950 000 on 31.03.2020. This land had been purchased for Rs 900 000 on 01.04.2019 write the journal entry to record revaluation surplus or deficit.

.....

.....

43. A motor vehicle which had been purchased for Rs 800 000 on 01.04.2017 was revalued for Rs 720000 on 01.04.2019. Company depreciates its motor vehicle 10% straight line method, calculate

- A) Revaluation surplus or deficit
- B) Depreciation of the motor vehicle for the year ended 31.03.2020

44. Applications for 120 000 were received for prospectus issued on 01.04.2019 for issuing 100 000 shares. shares were allotted after the refunding for the excess application.

Write the journal entries to record,

- A) Cash received with application
-
- B) Allotment of shares,
-

45. Following balance were appeared in the books of a company an at 01.04.2019

Stated share capital (ordinary shares) Rs. 8,000,000

Retained profit Rs. 5,000,000

On 01.10.2019 company capitalized its reserves by issuing 10 000 share at consideration of Rs 30 per share

Calculate,

- 1). stated share capital as at 31.03.2020 Rs.
- 2) Total equity of the company an at 31.03.2020 Rs.

46. State the basis of preparing following financial statement of a company

	Financial statement	Basis
A -	Comprehensive income statement	.....
B -	Statement of changes in equity	.....
C -	Cash flow statement	.....
D -	Statement of financial position	.....

47. Following balance were taken from the trial balance of a company prepared as at 31.03.2020

Salary	Rs.3,000,000
EPF payable	Rs.300,000

Employer and employer contribute to employee provident fund respectively as 15% and 10%. Employee contribution to EPF has been correctly accounted.

- A) EPF expense of the company for the year ended 31.03.2020 Rs.
- B) EPF related liability (EPF payable) as at 31.03.2020 Rs.

48. A customer has filed a case against a company demanding a compensation. No order has been given by the reporting date

Write the accounting treatment in the financial statement for above case according to the LKAS 37- provisions contingent liabilities and contingent assets.

.....

49. Following balance were taken from the triad balance of company prepared as at 31.03.2020 (Rs 000)

Provision for trade (01.04.2019)	350
Tax paid for 2018/2019	500

Total the liability for the year ended 31.03.2020 is estimated as Rs 800000

Calculate,

- A) The expense that should be transferred to the income statement for the year ended 31.03.2020

.....

- B) The liability as at 31.03.2020

50. Notes to the financial statements are considered as an important part of the set of financial statement prepared by a company. State two notes included in the set of financial statements.

1.
2.

Index No :

Three Hours

- ◆ 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.

	Rs. 000	Rs. 000
property plant and equipment (cost)	12,000	
Trade receivables	1,250	
Inventory as at 01.04.2019	220	
Advertising Expense	400	
Salary	600	
Discount allowed	50	
Director remuneration	250	
Auditor charges	150	
Purchases	3,900	
Electricity	40	
Bank loan instalment paid	260	
Telephone expense	60	
10% Three months treasury bills (purchased on 31.03.20)	100	
Cash	420	
paid dividends	300	
stated share capital (ordinary shares)		6000
Retained profit (01.04.2019)		300
Sales		11100
Accumulated depreciation EPF (01.04.2019)		600
Discount received		100
Bank loan (obtained on 01.04.2019)		1000
Trade payable		900
	20,000	20,000

Additional information

- i) Cost of closing stock as at 31.03.2020 is Rs 120 000. Its net realizable value is estimated as Rs 80 000.
- ii) Composition of property plant and equipment an 01.04.2019 were as follows.

Item	Depreciation rate	Cost (Rs 000)	Accumulated Depreciation an at 01.04. (Rs 000)
Land	-	6000	-
Buildings	5%	3000	300
Motor vehicle	10%	2000	200
Office equipment	5%	1000	100
		12000	600

- iii) Land was revalued on 01.04.2019 for Rs 7000 000 by a professional valuer. Revaluation has not been accounted.
- iv) Motor vehicle, which was purchased for Rs 1000, 000 on 01.4.2018, was sold for Rs 1100,000 on 01.04.20 No entry has been passed other than debiting the sales proceeds to the cash control account and crediting to the sales account.
- v) Accrued auditor charge as at 31.03.2020 was Rs 50 000
- vi) Management has decided to write of Rs 50 000 as impairment loss and make an allowance of Rs 120 000 for expected impairment loss.
- vii) Bank loan was obtained to pay by 5 equal installments. Annual installment is Rs 260 000 and it included an interest of Rs 60 000.
- viii) Company sells its product with one year sales warranty from this year. company reliably estimates that 2% sales should be provided for sales warranty
- ix) Tax for the current year is estimated as Rs 750 000. It should be adjusted in the financial statements.
- x) Board of directors has made following proposes
- 1) Transfer Rs 500 000 to general reserve.
 - 2) Paying final dividend of Rs 250 000 ordinary shareholders.

Required to prepare following financial statement

According to LKAS – 01 presentation of financial statements.

- 1) profit or loss and other comprehensive income statement for the year ended 31.03.2020.
- 2). Statement of change in equity for the year ended 31.03.2020.
- 3). Statement for financial position as at 31.03.2020
- 4). Notes to the financial statements.

(40 marks)

02. A) Geetha and Neetha were in a partnership by sharing profit and case at 3:2: ratio. Following in the statement of financial position prepared as at 31.09.2019

	(Rs.000)
<u>Non-current assets</u>	
property plant and equipment	2800
<u>current assets</u>	
Stocks	500
Trade receivables	540
Cash	20
	3860

Capital Account	Geetha	1600	
	Neetha	1000	2600
Current Account	Geetha	(200)	
	Neetha	500	300
Loan Account - Geetha			600
Treble payable			360
			3860

- i) On 01.04.2019 Seetha was admitted to the partnership and agreement of the new partner is as follows.
- To share profit and Loss among Geetha, Neetha, Seetha at the ratio of 5:3:2
 - Paying monthly salary of Rs 15000 and Rs 10000 respectively to Geetha and Neetha.
 - Paying 10% annual interest an loan provided by the partners to the partnership.
 - Adjusting the goodwill through the capital account without maintaining a goodwill account.
- ii) Seetha invested Rs 250 000 cash and furniture worth Rs 200,000 to the partnership. Goodwill was estimated as Rs 250, 000 at the admission of Seetha.
- iii) Sales and parches of the business totally were on credit basic.
- iv) Cash receipts and payment of the business for the year ended 31.03.2020 were as follows

Rs 000

Received from trade redevises	6700
Paid to trade payables	3300
Operational expense paid	1740

- v) Balance as at 31.23.2020

Rs 000

Trade receivables	800
Trade payables	260
Stocks at lost	400
Accrued operational expense	80
Property plant and equipment	2600

- vi) Paid 10 months' salary to Geetha and Neetha have been debited to operational expense account
- vii) No property plant and equipment were acquired or sold during the year other than the furniture brought by Seetha at the admission. current year deprecation has not been accounted.
- viii) Business is conducted in a building owned by Geetha at agreed monthly rent of Rs 20000. Building rent for 8 months has been paid and correctly recorded. Further interest on loan is to be paid.
- ix) Insurance installment of the business of Rs 20 000 has been paid by Neetha from her personal money. This was not recorded or reimbursed.

Required to prepare

- 1) Income statement including appropriation of the partnership for the year ended 31.03.2020
- 2). Capital and current account of the partners. **(20 marks)**

B) Trial balance of sulochana business prepared as at 31.03.2020 by a trainee account clerk was not equal. Drafted profit for the period was Rs 640, 000. Later following errors and omissions were discovered.

- i) Net salary of Rs 184000 paid after deducting EPF contribution of the employees has been debited to salary and wages account. EPF contribution of employer 12% and employee 8% have been debited to EPF expense account and credited to EPF payable account.
- ii) Return inwards of Rs 50,000 has been debited to return inwards account while crediting to sales account.
- iii) Stationary purchased for Rs 40 000 on 01.04.2019 has been debited to the office equipment account as Rs 400,000. But it has been correctly recorded in the cash account. Office equipment's are depreciated 10% on cost. Current year depreciation has also been accounted.
- iv) Total of discount column of cash receipt journal has been posted to the general ledger considering as discount received.
- v) Standing order payment of loan installment of Rs 25000 stated in the bank statement of the month of march has not been accounted. loan instalment included an interest of Rs 5000

Required

- 1) Journal entries to correct above errors.
- 2) Statement of profit alternation.

(20 Marks)

03. on 01.03.2020. passindu started a business by investing Rs 500000 in cash and computer worth Rs 120000. Transaction occurred during the month of March have been recorded using accounting equation as given below.

(Rs 000)

No	stocks	Trade receivables	Other receivables	Cash	Long term loan	Trade payables	Other payables	Equity
1	+25			+200		+50		
2	-80	+120						+40
3	+20	-30						-10
4			+1	(10)				-9
5				+200	+200			
6		-30		(20)		-50		
7				(10)			+5	-15
8	-10		+8					-2
9		-20		+18				-2
10				-12	-10			-2

Additional information

- i) Property plant and equipment should be depreciated 10% per annum on straight line basis
- ii) Electricity bill of the month March Rs 1000 was received in April

Required:

- 1 Write transaction occurred no 01 to 10
- 2 Income statement for the month ended 31.03.2020
- 3 Statement financial position as at 31.03.2020

(20 Marks)

04. (A) Thuruliya plc is a company registered for VAT. cash control account balance of this business as at 01.03.2020 was Rs 200 000 cr. Following is the summary of transactions occurred during the month ended 31.03.2020

i) Some of cash receipts and payments

	(Rs.000)
Bank loan obtained	200
Sales (Including 8% VAT)	2160
Rent income received	50
Received from trade receivable (Discount allowed 75000)	1500
Purchase (Including 8% VAT)	1620
Operational expense	1300
Loan installment paid (Interest included 5000)	15

ii) Information taken from the trade receivable sub ledger.

Creditor	Balance an at 01.03.2020	Purchase	Return outward	Cash paid	Discount received	Balance an at 31.03.20
Amal	200	1200	300	650	15	435
Bimal	150	500	150	355	10	135
Dimal	(20)					(20)
	330	1700	450	1005	25	550
Purchase and return outwards have been given without 8% VAT						

Balance trade payable control account as at 31.03.2020 was not equal to the total of the list of trade payable ledger accounts. Later followings were discovered.

1. 8% VAT has not been recorded in the personal accounts of trade payables
2. Cash paid to trade payables has been posted trade payable control account as Rs 1050 000
3. Discount received has not been posted to the general ledger.

Required,

- 1) Cash receipts journal and cash payment journal.
- 2) Purchase journal and return outward journal
- 3) Cash control account
- 4) Trade payable control account before correcting the errors.
- 5) Journal entries to correct the errors
- 6) Adjusted trade payable control account
- 7) Reconciliation statement to reconcile adjusted trade payable control account balance with the total of list of trade payables. **(30 marks)**

- (B) Cash control account balance of above Thuruliya limited as 31.03.2020 was not equal to the balance as per bank statement due to following reasons.

- i) Bank charges Rs 5000, standing order payments of insurance Rs 20 000
- ii) Un presented cheques Rs 150,000
- iii) Un realized cheques. Rs 120000

Required,

- 1) Adjusted cash control account.
- 2) Bank recanalization statement

(10 marks)

05. (A) There were 100 members (Including 10 life members) in Ekamuthu death donation society at 31.03.2020. Annual membership fee per member is Rs 1000. A canteen is conducted in a building rented for an annual rent of Rs 30,000. Treasure of the society provide followings.

i) Some of assets and liabilities

	(Rs 000) As at 31.03.2019	As at 31.03.2020
Cash	305	200
Canteen debtor	30	?
Canteen creditors	10	15
Canteen stock	15	25
Life time membership fund	50	40
Building fund	200	?
Subscription receivable	10	?
Subscription received in advance	20	15
Stationary stock	3	5

ii) Cash receipts and cash payment incurred during the year.

	(Rs.000)
Cash received from debtors (discount allowed 5000)	130
Paid to creditors	305
Cash sales	?
Salary paid	30
Subscription received	82
Fines collected	3
Donation for building construction	500
Paid members benefits	50
Paid Building rent of canteen	20
Stationary purchased	10
Cash paid building construction	650

- iii) Sales are made on cash and credit basis. Selling price is decided by keeping a gross profit margin of 25% on sales. Difference in the Cash control balance shows the cash sales. Construction of building has not been completed yet. Salary payable at the end of the year was Rs 10 000

Required to prepare

- 1). Cash account for the year ended 31.03.2020.
- 2). Income statement of the canteen for the year ended 31.03.2020
- 3). Income statement of the Ekamuthu death donation society for the year ended 31.03.2020
- 4). Statement of financial position as at 31.03.2020

(30 marks)

- (B) Information related property plant and equipment of Sandun plc is given below

Mv	Date	Cost (Rs 000)	Accumulated depreciation	Residual Value	Useful Life
Mv 01	01/4/2019	3800	2700	200	12
Mv 02	01/10/2019	2,000	-	100	7

Mv 02 was acquired on 01.10. 2019 by transferring Mv 01 for Rs 1050000 and paying the remaining balance in cash.

Required followings for the year ended 31.03 2020

- 1) Motor vehicle exchange account
- 2). Motor vehicle account
- 3) Motor vehicle accumulated depreciation account.
- 4) Motor vehicle depreciation account

(10 marks)

(Total 40 marks)

06. (A) Following information is related to the "Sumudu Furniture" which produce special tables to the school children's.

- i) Some balance taken from the books.

(Rs 000)

	01.01.2020	31.03.2020
Stocks – Direct materials	60	46
Indirect materials	4	6
Working progress	-	11
Finished goods	50	60
Machine at cost	600	600
Building at cost	1200	1200

- ii) Following expense were incurred during the month

(Rs 000)

Salary to carpenters	30
Purchas of timbers	230
Carriage inward cost of timbers	10
Purchase of indirect materials	10
Salary to security officer	20
Machine maintenance	3

- iii) During they have used 160 machine hours and 240 direct labour hours. It takes 02 machine hours and 03 labour hours to produce a table. Rs 450 should be paid to the carpenters for a table produced.
- iv) 50% of building is used to store the finished tables. Buildings and machine should be depreciated 10% per annum.
- v) Selling price is decided by keeping 25% profit margin on cost

Required,

- 1) Statement of production cost for the month ended 31.03.2020
- 2) Production cost of a table.
- 3) Trading account for the month ended 31.01.2020

(20 month)

- (B) Following information is related to the material "A" used by Raveena plc for their production process

Date	Description	Quantity units	Unit price Rs
01 March	Balance	50	50
02 March	Purchase	100	60
10 March	Issuance	80	?
20 March	Purchase	130	70
25 March	Issuance	100	?

Required to,

- 1) Prepare store ledger assuming that firm uses FIFO method
- 2) a) Calculate cost of material consumed during the month
b) Cost of closing stocks as at 31.03.2020

(10 marks)

- (c) Following information is related to the closing stocks of Mayura plc an at 31.03.2020

Batch	Item	Quantity kg	Expected selling price per kg	Estimated NRV per kg
Rice	Nadu	200	75	80
	Samba	300	70	60
Milk powder	Raththi	50	100	110
	Ancher	60	110	100

Required

- 1) If company uses item by item basis to value the closing stock,
 - a) Calculate, value of stocks that should be shown in the statement of financial position prepared as at 31.03.2020
 - b) Write Journal entries to adjust the closing stock
- 2) If company uses item by item basis to value the closing stock,
 - a) Calculate, value of stocks that should be shown in the statement of financial position prepared as at 31.03.2020
 - b) Write Journal entries to adjust the closing stock

(10 marks)

(Total 40 marks)

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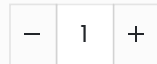


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