



FWC

**தொண்டைமாளாறு வெளிக்கள நிலையம் நடாத்தும்**  
**முதலாம் தவணைப் பரீட்சை - 2022**  
**Conducted by Field Work Centre, Thondaimanaru**  
**1<sup>st</sup> Term Examination - 2022**

Grade :- 12 (2023)

Accounting - I

Time: 3 Hours &amp; 10 Minutes

**Instructions:**

- Answer *all* the questions on the question paper itself.
- Write your **Index Number** clearly in the space provided above.
- Select the correct answers for the questions No. 1 – 15 and write its number on the dotted lines given.
- Write short answers for the questions No. 16 – 25 on the dotted lines given.
- Each question carries **four** marks.

Index Number: .....

For Examiner's Use only

For paper I

Q.Nos.	Marks
01 – 15	
16 - 25	
<b>Total</b>	

**01.** The main objective of accounting is to communicate economic information for decision making. Which of the following are economic information?

A – Profit for the year of a business is Rs. 25 000.

B – Number of employees is Rs. 500.

C – Total assets of a business is higher than its liabilities than Rs. 45 000.

D – A bonus payment of Rs. 100 per unit is paid to the employees who produce more than certain level of output.

E – There is a good working environment in the business.

(1) A, B, C

(2) A, C, D

(3) C, D, E

(4) B, C, D

(5) A, C, E

(.....)

**02.** Some accounting information are as follows.

The reasons for the interest of the stakeholders of a business are as follows.

1. To assure the purchase of goods and services continuously.

2. Whether the plan is implemented?

3. Whether the adequate profit is obtained?

The stakeholders in accordance with the above interest in order are,

(1) managers, owners, customers

(2) creditors, owners, customers

(3) managers, owners, government

(4) customers, managers, employees

(5) customers, managers, owners

(.....)

**03.** Some characteristics of financial accounting and management accounting are given below.

A – Historical information only is used.

B – Provides information only to internal parties.

C – Accounting concepts, rules and regulations and accounting standards are applicable.

D – Provides information for particular period only.

E – Budgeted information is also used.

Out of the above, characteristics of financial accounting are,

(1) A and D

(2) B and C

(3) D and E

(4) A and C

(5) C and E

(.....)

• Use the following information to answer the questions 4 – 7.

Janakan started furniture selling business on 01.01.2022 investing Rs. 650 000. The following transactions took place during January.

Date	Description
08.01.2022	Furniture was purchased for Rs. 500 000 from Fathima business on credit basis.
14.01.2022	Furniture at value Rs. 20 000 purchased from Fathima were returned.
20.01.2022	Furniture at cost Rs. 300 000 were sold for Rs. 500 000 to Cheyon on cash basis.
28.01.2022	All amount payable to Fathima business was settled after discount Rs. 6 000.
30.01.2022	Furniture was purchased for Rs. 50 000 for EUT business on credit basis for the use of business.

04. The source documents for the transactions undertaken from January 8 to January 20 in the accounting books of Janakan business in accordance with their order of occurrence are,

- (1) general journal, debit note, receipt                      (2) general journal, credit note, receipt  
 (3) general journal, debit note, invoice                      (4) invoice, debit note, receipt  
 (5) invoice, credit note, general journal                      (.....)

05. The order of prime entry books for the transactions undertaken from January 20 to January 30 is,

- (1) cash receipt journal, cash payment journal, purchase journal  
 (2) cash receipt journal, cash payment journal, general journal  
 (3) cash receipt journal, general journal, purchase journal  
 (4) purchase return journal, general journal, purchase journal  
 (5) cash receipt journal, cash payment journal, purchase return journal                      (.....)

06. The value of inventory of Janakan business at the end of January is,

- (1) Rs. 500 000                      (2) Rs. 300 000                      (3) Rs. 180 000  
 (4) Rs. 230 000                      (5) Rs. 140 000                      (.....)

07. Net increase incurred in equity of Janakan business after 01.01.2022 is,

- (1) Rs. 206 000 increase                      (2) Rs. 856 000 increase                      (3) Rs. 506 000 increase  
 (4) Rs. 756 000 increase                      (5) Rs. 856 000 increase                      (.....)

08. The monthly imprest amount of a business which maintains petty cash is Rs. 5 000. Petty expenses are reimbursed at the beginning of each month. The imprest amount was increased by Rs. 500 from December. Total amount reimbursed in November and in December 2021 is Rs. 9 800. The cash balance in the hands of petty cashier on 2021.11.30 is Rs. 700.

The amount of petty expenses made by petty cashier in December is,

- (1) Rs. 5 000                      (2) Rs. 3 700                      (3) Rs. 5 600  
 (4) Rs. 4 200                      (5) Rs. 4 600                      (.....)

09. The following details are related to Ranga sole proprietorship business on 31.03.2022.

Total assets	Rs. 186 000
Total liabilities	Rs. 87 000
The equity on 31.03.2021	Rs. 100 000

During the year ended 31.03.2022, the owner took goods at cost Rs. 18 000 for his personal use and he invested Rs. 39 000 additionally in the business.

The profit or loss earned by the business on 31.03.2022 is,

- (1) Profit Rs. 19 000                      (2) Loss Rs. 19 000                      (3) Loss Rs. 12 000  
(4) Loss Rs. 22 000                      (5) Profit Rs. 12 000                      (.....)

**10.** The creditor control account balance of Alpha PLC on 31.03.2022 is Rs. 328 000. On the same date, creditor list balance was different. The subsequent investigation revealed the following.

- An interest levied by the creditor Rs. 5 000 was recorded in creditor ledger only.
- Total of purchase journal Rs. 104 000 was recorded in control account as Rs. 140 000.

What is the correct balance of creditor control account on 31.03.2022?

- (1) Rs. 292 000                      (2) Rs. 333 000                      (3) Rs. 359 000  
(4) Rs. 239 000                      (5) Rs. 297 000                      (.....)

**11.** The trial balance of Renu PLC was not equal on 31.03.2022. The subsequent investigation revealed the following.

- Insurance Rs. 1 800 included in expenses analysis column of cash payment journal was recorded in the credit side of relevant account.
- Sales journal was understated by Rs. 10 000.
- Total of sales analysis column of cash receipts journal Rs. 83 000 was recorded in cash control account only.

The balance of suspense account before rectifying errors is,

- (1) Rs. 83 000 debit                      (2) Rs. 93 000 credit                      (3) Rs. 81 200 credit  
(4) Rs. 81 200 debit                      (5) Rs. 79 400 credit                      (.....)

• **Use the following information to answer the questions 12 – 13.**

Chamintha started a business depositing Rs. 500 000 in a bank current account on 01.01.2022. Cash control account for January 2022 is given below.

Capital	500 000	Creditors	80 000
Sales	220 000	Purchase c/d	40 000 600 000
	<b>720 000</b>		<b>720 000</b>

All payments are made by cheque. All cash and cheques received by sales are deposited in bank immediately. Cash collected from sales is Rs. 80 000.

The following details were obtained from bank statement.

Presented cheque	Rs. 100 000
Realized cheque	Rs. 120 000
Direct deposit	Rs. 50 000
Bank charge	Rs. 1 400

**12.** The values of unrepresented and unrealized cheque for January 2022 are,

- (1) Rs. 20 000 and Rs. 20 000                      (2) Rs. 100 000 and Rs. 20 000  
(3) Rs. 20 000 and Rs. 100 000                      (4) Rs. 10 000 and Rs. 100 000  
(5) Rs. 20 000 and Rs. 10 000                      (.....)

**13.** Adjusted cash control account balance and bank statement balance for January are,

- (1) Rs. 650 000 and Rs. 648 600                      (2) Rs. 598 600 and Rs. 650 000  
(3) Rs. 650 000 and Rs. 750 000                      (4) Rs. 648 600 and Rs. 648 600  
(5) Rs. 648 600 and Rs. 650 000                      (.....)

- 14.** Aron PLC is a registered for VAT. The company collected Rs. 120 000 for VAT from the sales and Rs. 90 000 was paid by the company for VAT. Payable VAT to Inland Revenue Department is Rs. 30 000. Here, Rs. 120 000, Rs. 90 000 and Rs. 30 000 are respectively, in the point of view of the company,  
 (1) income, expense, liability      (2) expense, income, liability      (3) receipt, payment, equity  
 (4) liability, asset, liability      (5) income, asset, liability      (.....)
- 15.** Which of the following transactions would not affect the equity of a sole proprietorship business?  
 (1) Capital invested by owner      (2) Cash taken by owner  
 (3) Cash payment for accrual expense      (4) Cash payment for expenses  
 (5) Credit sales of goods with certain profit margin      (.....)
- 16.** State the relevant element of financial accounting for the following ledger accounts.
1. Sales return account .....
  2. Drawing account .....
  3. Bad debt account .....
  4. Accumulated depreciation .....
- 17.** State whether the following statements related to a sole proprietorship business are true or false.
1. Income statement is prepared to calculate operational result of the business by closing income and expenses accounts at the end of financial year. (.....)
  2. Total of capital and retained earnings are equal to equity. (.....)
  3. The owner is the only one stakeholder of a sole proprietorship business. (.....)
  4. As the owner conducts the business, management accounting reports are not required. (.....)
- 18.** State whether the following transactions would increase the equity of sole proprietorship. If it increases, mark “✓” and if it does not increase, mark “×”.
1. Cash discount received on the payment to creditors (.....)
  2. Owner paid Rs. 40 000 operating expense from his own money. (.....)
  3. Owner provided an equipment at value Rs. 50 000 to the business. (.....)
  4. Goods costing Rs. 50 000 were sold for Rs. 49 000 on credit basis. (.....)
- 19.** State whether the following transactions and error corrections would ‘increase’ or cause ‘no change’ in the debtor control account.
1. Bad debt written off during the period (.....)
  2. Rectifying set off not recorded in the personal account of debtor. (.....)
  3. Rectifying sales amount recorded without considering trade discount (.....)
  4. Cancellation of discount allowed for a cheque dishonoured (.....)
- 20.** State the prime entry books to record the following transactions.
1. Dishonouring the cheque received from debtor (.....)
  2. An owner introduced non-current assets as a capital. (.....)
  3. Sales of goods at a less price than their cost (.....)
  4. Cash paid to creditors by petty cashier (.....)

21. Trial balance of Sampavi business on 31.12.2021 is given below.

Details	Debit	Credit
Sales		200 000
Sales return		5 000
Purchase	180 000	
Carriage inwards	3 000	
Capital		78 000
Cash	90 000	
Suspense	10 000	
	<b>283 000</b>	<b>283 000</b>

The above suspense account was generated due to an error in preparing trial balance. Provide the journal entry to rectify the above error. (narration required)

.....

.....

.....

22. What are the output of accounting?

.....

.....

.....

23. Write the relevant accounting environment variable for the following variables.

Variables	Environment variable
1. Exchange rate	.....
2. Accounting standards	.....
3. Individual life style	.....
4. Verdicts related to accounting	.....

24. Fill the blank in the following purchase return journal.

Date	Suppliers	Value	VAT 8%	Total value
06.01.2022	Seetha	.....	.....	1 836
18.01.2022	Samanthi	.....	.....	1 296
31.01.2022	.....	.....	.....	3 132

25. State whether the following errors are 'affecting' trial balance or 'not affecting' the trial balance.

- Purchase of goods from Ananthi Rs. 20 000 was recorded twice in the journal. (.....)
- Cash taken by owner for his personal use Rs. 1 400 was recorded in 'expense' analysis column in cash payment journal. (.....)
- Purchase of goods from Segar Rs. 4 000 was recorded in his account as Rs. 400. (.....)
- Total of sales return journal Rs. 1 200 was recorded in sales return account as Rs. 120. (.....)

## PART II

**Instructions:**

1. Answer the *five* questions including question *No. 1* and *2*.
2. Start to answer each question in fresh page.
3. All workings should be attached.
4. 100 marks will be provided for this paper.

**01.** Easwaran business makes petty expenses in cash and all other transactions through bank current account. Cash sales are deposited at bank immediately.

The balances taken from the books of the business on 31.12.2021 are as follows.

	Rs.
Property, plant and equipment	300 000
Trade receivable	125 000
Trade payable	80 000
Bank balance	140 000
Petty cash balance	800
Accrued electricity	4 600

The transactions undertaken during January 2022 are as follows.

Date	Details	Cheque No.	Value (Rs.)
01.01.2022	Advance paid to petty cashier	10001	1 200
02.01.2022	Paid accrued electricity	10002	4 600
03.01.2022	Purchase	10003	18 000
05.01.2022	Sales	-	70 000
08.01.2022	Salary	10004	12 000
10.01.2022	Cost of goods taken by owner for own need	-	5 000
13.01.2022	Advertising	10005	8 000
14.01.2022	Cheque issued to Sivan (discount received Rs. 3 000)	10006	47 000
15.01.2022	Cheque received from Vimal (discount allowed Rs. 2000)	46445	30 000
20.01.2022	Cheque issued (no. 10005) for advertising was dishonoured. The cheque issued instead of this dishonourment	10007	8 000
23.01.2022	Cheque received from Vimal was dishonoured by bank and discount allowed also was cancelled.		
30.01.2022	Furniture purchased from Singer company		40 000
	Details of petty expenses made by petty cashier:		
04.01.2022	Postal expenses		200
06.01.2022	Stationery expenses		150
08.01.2022	Cleaning expenses		250
18.01.2022	Postal expenses		100
20.01.2022	Cleaning		150
28.01.2022	Stationery expenses		100
30.01.2022	Paid to Suman		500

**Required,**

1. Cash Receipts Journal
2. Cash Payments Journal
3. Petty Cash Payment Journal
4. Relevant ledger accounts in general ledger

02. Selva PLC is a registered business for VAT. The following balances were extracted from the ledger accounts on 01.01.2022.

	Value (Rs.)
Cash	100 000
Trade receivable	140 000
Trade payable	120 000
VAT control account (credit)	20 000

The following transactions are related to January 2022.

1. Details of credit sales:

Date	Customer	Invoice price (Rs.)	8% VAT
10.01.2022	Satha	300 000	21 600
12.01.2022	Mayura	400 000	28 800
18.01.2022	Sarah	500 000	36 000

Trade discount on sales is 10%. If the debtors settle their outstanding amount within 15 days from the date of credit sales, 10% cash discount will be allowed.

2. Details of credit purchase:

Date	Suppliers	Invoice price (Rs.)	8% VAT
14.01.2022	Arul	300 000	24 000
15.01.2022	Kasi	250 000	20 000
20.01.2022	Venthan	200 000	16 000

3. Satha returned goods at invoice value Rs. 50 000 and goods at purchase price Rs. 20 000 were returned to Venthan.

4. Cash receipts and cash payments are as follows.

- |            |   |
|------------|---|
| January 04 | All receivable amount was collected from opening debtor after discount allowed Rs. 10 000.            |
| January 07 | All accrued amounts (including VAT) were settled.   |
| January 12 | Purchase of goods by cash Rs. 400 000   |
| January 16 | Sales of goods by cash Rs. 432 000 (including VAT 8%)   |
| January 21 | All amounts receivable from Mayura and Sarah were collected in cash.                                  |
| January 24 | Half of amount payable to Kasi was paid in cash.  |
| January 28 | All amount payable to Arul was settled in cash. 10% discount was obtained on the value excluding VAT. |
| January 31 | Operating expense paid Rs. 40 000   |

Ignore VAT on purchase by cash and operating expenses.

**Required,**

Prepare prime entry books and ledger accounts for the year ended 31.01.2022.

1. Cash receipt journal
2. Cash payment journal
3. Sales journal
4. Purchase journal
5. Return inwards journal
6. Return outwards journal
7. Debtor control account
8. Creditor control account

03. The balances taken from the books of Palani Motors which sells motor vehicles and spare parts, on 01.01.2022 are given below.

	Rs. '000'
Property, plant and equipment	30 000
Inventory of motor vehicles and spare parts	80 000
Trade receivable	6 000
Cash	21 000
Bank loan	20 000
Trade payable	40 000
Advance to sales and accrued expenses	20 000

The transactions undertaken during January 2022 are as follows.

- 02.01.2022 10 motor vehicles were purchased each at Rs. 200 000 on credit basis.
- 08.01.2022 A lorry was purchased for Rs. 4 000 000 on credit purchase to be used for the business purpose. The above payable will be paid in installment basis.
- 10.01.2022 Out of motor vehicles purchased on 02.01.2022, six motor vehicles were sold each at Rs. 220 000 on credit basis and two motor vehicles each at Rs. 215 000 on cash basis.
- 15.01.2022 Spare parts at cost Rs. 12 000 000 were sold for Rs. 15 000 000 to a customer. The customer has already paid Rs. 5 000 000 in advance in December 2021.
- 18.01.2022 Rent for December 2021 Rs. 20 000 and Rs. 25 000 for January 2022 were paid in cash.
- 20.01.2022 Bank loan installment Rs. 520 000 was paid. It includes interest Rs. 20 000.
- 22.01.2022 Owner has taken a vehicle at cost Rs. 300 000 for the use of his son.
- 24.01.2022 Out of spare parts sold on 15.01.2022, the spare parts at cost Rs. 500 000 were returned by customer.
- 26.01.2022 The cost of spare parts taken by the business for repair work of the vehicles in its own use is Rs. 50 000.
- 31.01.2022 The spare parts at cost Rs. 500 000 which were in the store of business without selling for a long time period were sold for Rs. 400 000 in cash.

**Required,**

1. Record the balances on 01.01.2022 in the accounting equation given below and record the impacts of the above transactions with values. Indicate '+' mark with value to show increase and '-' mark to show decrease.

	Rs. '000'							
Date	Property, plant and equipment	Inventory of vehicles and spare parts	Trade receivable	Cash	Non-current liabilities	Trade payables	Advance to sales and accrued expenses	Equity
Opening balance								
transactions date								
Closing balance								



04. The following details are related to Mathangi business.

1. The following information was in bank reconciliation statement for February 2022.

	Cheque No.	Value (Rs.)
Unpresented cheque	100176	2 000
	100180	5 000
Unrealized cheque	900202	3 000
	200101	6 000

2. Cash receipt journal for March 2022:

Date	Details	Value	Analysis column	
			Sales	Debtors
04.03.2022	Nimal – 124500	5 000		5 000
06.03.2022	Kamal – 890222	1 000		1 000
08.03.2022	Alan – 750200	1 200		1 200
20.03.2022	Sarath – 500500	1 800		1 800
21.03.2022	Sales	5 000	5 000	
31.03.2022	Raj – 124456	10 000		10 000
		<b>24 000</b>	<b>5 000</b>	<b>19 000</b>

3. Cash payment journal for March 2022:

Date	Details	Value	Analysis column	
			Purchase	Debtors
06.03.2022	Thilak – 100181	1 000		1 000
08.03.2022	Chali – 100182	3 000		3 000
12.03.2022	Sinthu – 100183	2 000		2 000
18.03.2022	Shanthi – 100184	2 000		2 000
20.03.2022	Sinthu – 100185	2 000		2 000
31.03.2022	Purchase – 100186	4 000	4 000	
		<b>14 000</b>	<b>4 000</b>	<b>10 000</b>

4. Cash control account for March 2022:

Balance	3 000	Creditors	10 000
Debtors	19 000	Purchase	4 000
Sales	5 000	c/d	15 000
Cheque returned	2 000		
	<b>29 000</b>		<b>29 000</b>

Additional information:

1. Cheque issued to Sinthu (No. 100183) was dishonoured by bank. Instead of this cheque, a new cheque (no. 100185) was issued.

2. The details of cheques presented in March 2022:

02.03.2022 Cheque no 100176

03.03.2022 Cheque no 100180

The cheque issued in March 2022 (no. 100184) has not been presented for payment. All other cheques have been presented next day after issue.

3. The details of cheque realized in March 2022:

01.03.2022 Cheque no. 900202

05.03.2022 Cheque no. 200101

All cheques deposited in March were realized after one day gap after deposit. (i.e. If a cheque is deposited on 5<sup>th</sup>, it will be realized on 7<sup>th</sup>)

4. All cash receipts are deposited on the same date.
5. The following were disclosed in bank statement only.
 

15.03.2022	Direct deposit	Rs. 10 000
23.03.2022	Bank charge	Rs. 180
30.03.2022	Standing order – rent	Rs. 8 000

**Required,**

1. Bank statement for March 2022
2. Adjusted cash control account for March 2022
3. Bank reconciliation statement for March 2022

**05.** The following details are related to Anjana business for January 2022.

1. Summary of debtor ledger: Rs. '000'

	Abi	Ashok	Akbar	Total
Balance on 01.01.2022	100	250	(50)	300
Sales	1 200	700	900	2 800
Sales return	-	(60)	(40)	(100)
Discount allowed	(5)	(10)	(8)	(23)
Cash received	(900)	(650)	(600)	(2 150)
	<b>395</b>	<b>230</b>	<b>202</b>	<b>827</b>

2. Summary of creditor ledger: Rs. '000'

	Imam	Indhu	Indiga	Total
Balance on 01.01.2022	110	120	100	330
Purchase	800	700	940	2 440
Purchase return	(80)	(70)	-	(150)
Discount received	-	(40)	(30)	(70)
Cash paid		(740)	(720)	(1 460)
	<b>830</b>	<b>(30)</b>	<b>290</b>	<b>1 090</b>

Control account balance and ledger balance on 31.01.2022 were different due to the following reasons.

1. Except Akbar's balance, all other balances were recorded in the control account.
2. Total of sales journal was incorrectly overstated by Rs. 200 000.
3. Purchase from Indiga was incorrectly overstated by Rs. 100 000 in purchase journal.
4. Discount allowed to Abi is Rs. 8 000. It was incorrectly understated in cash receipt journal.
5. Cash paid to Imam Rs. 600 000 was recorded in purchase column in cash payment journal.
6. Goods returned to Indiga Rs. 60 000 was not recorded in journal.
7. Interest levied on Ashok Rs. 10 000 for delay payment was not recorded in the accounting books.

**Required,**

1. Debtor control account and creditor control account before rectifying errors
2. Adjusted debtor control account and creditor control accounts
3. A statement reconciling ledger account before adjustment from the adjusted debtor control account

**06.** The trial balance prepared by Kumudham business on 31.12.2022 was not equal. The difference Rs. 1 000 was debited to suspense account. The subsequent investigations revealed the following errors and omissions.

1. Sales by cash Rs. 120 000 was recorded in cash received from debtor's column in cash receipt journal.
2. The cheque issued to creditors Rs. 5 000 was dishonoured by bank. A new cheque was issued instead of this dishonoured cheque and recorded in cash payment journal. But general journal entries have not been recorded.
3. Total of discount column of cash payment journal was overstated by Rs. 4 000.
4. Discount allowed to Ananthan Rs. 1 000 was recorded in cash receipt journal as Rs. 100.
5. Cash taken by owner Rs. 7 000 was recorded correctly in 'other payments' in cash payment journal but not recorded in any accounts.
6. Sales return Rs. 3 800 was recorded in sales journal.
7. Cash paid to creditors Rs. 12 000 was recorded as Rs. 1 200 in purchase column in cash payment journal.
8. The balance of return outwards Rs. 6 000 was not carried to trial balance.
9. Bank loan installment Rs. 42 000 (including interest Rs. 2 000) was recorded in other payments column in cash payment journal and debited in bank loan account.

**Required,**

1. Journal entries to rectify the above errors
2. Suspense account

(Total 20 marks)



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