



FWC

தொண்டைமாளாறு வெளிக்கள நிலையம் நடாத்தும்
இரண்டாம் தவணைப் பரீட்சை - 2022
Conducted by Field Work Centre, Thondaimanaru
2st Term Examination - 2022

Grade :- 12 (2023)

Accounting - I

Time: 3 Hours & 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	
Total	

01. Select the incorrect statement in relation to financial accounting.

- (1) It provides the information useful to stakeholders for their decision making.
- (2) It follows accounting standards and laws.
- (3) It uses historical and estimated information.
- (4) It is prepared once in a financial year.
- (5) It is one of the main types of accounting. (.....)

02. Which of the following contains accounting professional environment forces?

- (1) Accounting software, electronic system, information technology
- (2) Population growth, inflation, interest rate
- (3) Interest rate, inflation, tax
- (4) Employment opportunities, income distribution, population density
- (5) Accounting professional organizations, accounting standards, accounting concepts

03. Total assets and total liabilities of Isai Nila business on 01.03.2022 were Rs. 125 000 and Rs. 50 000 respectively. The following transactions took place during March 2022.

- Owner paid bank loan installment Rs. 11 200 from his own fund. This payment includes equal bank loan interest for January, February and March Rs. 1 200.
- Owner drew Rs. 5 000.
- Inventory costing Rs. 20 000 was sold for Rs. 35 000 on credit basis.

What is value of net assets on 31.03.2022?

- (1) Rs. 101 200
- (2) Rs. 95 800
- (3) Rs. 100 800
- (4) Rs. 85 000
- (5) Rs. 96 200

● Use the following information to answer the questions 4 – 5.

Akilan business purchased goods for Rs. 44 000 on credit basis from Aathi business including 10% VAT. Out of these goods, goods at value Rs. 22 000 including 10% VAT were returned to Aathi business. 50% of remaining goods were sold for Rs. 33 000 to Athira business, including VAT 10%. Rs. 31 000 was received in cash from Athira business from the receivables and the remaining receivable amount was written off as bad debt.

04. Select the answer which contains the correct order of source documents used to be recorded the above transactions in the accounting books of Akilan business.

- (1) purchase invoice, credit note, sales invoice, receipt, journal voucher
- (2) purchase invoice, debit note, sales invoice, voucher, journal voucher
- (3) purchase invoice, credit note, receipt, journal voucher, sales invoice
- (4) sales invoice, debit note, purchase invoice, receipt, journal voucher
- (5) purchase invoice, debit note, sales invoice, receipt, journal voucher

05. What is balance of VAT account after the above transactions?

- (1) Rs. 800 credit
- (2) Rs. 800 debit
- (3) Rs. 1 000 credit
- (4) Rs. 1 000 debit
- (5) Rs. 900 debit

06. What is increase or decrease in net assets due to the above transactions?

- (1) Rs. 11 000
- (2) Rs. 9 000
- (3) Rs. 10 100
- (4) Rs. 5 000
- (5) Rs. 12 100

07. A business carries out all business transactions through bank account. Monthly bank statement of this business showed Rs. 270 000 credit balance on 30.06.2022. The values of cheques deposited but not realized and issued but not presented on this date were Rs. 85 000 and Rs. 45 000 respectively. The cash balance on 30.06.2022 is,

- (1) Rs. 225 000 debit
- (2) Rs. 23 000 debit
- (3) Rs. 270 000 debit
- (4) Rs. 310 000 debit
- (5) Rs. 355 000 debit

● **Use the following information to answer the questions 8 – 9.**

Debtor list balance of Tharaki business was Rs. 58 000. This balance was not equal to debtor control account balance. The reasons for the difference were as follows.

- Discount allowed Rs. 3 500 was recorded in cash receipt journal as Rs. 3 000.
- Interest levied on debtor Rs. 4 400 was recorded in debtor ledger as Rs. 400 and in interest levied account as Rs. 4 000.
- Set off Rs. 3 000 was recorded in debit side of both accounts in general ledger.
- Bad debt Rs. 2 400 was recorded as Rs. 400 in debtor ledger and as Rs. 2 000 in bad debt account.

08. The balance of adjusted debtor control account and the balance of debtor control account before rectifying errors are,

- (1) Rs. 66 500, Rs. 59 500
- (2) Rs. 61 000, Rs. 55 500
- (3) Rs. 59 500, Rs. 58 500
- (4) Rs. 59 500, Rs. 66 000
- (5) Rs. 59 500, Rs. 55 500

09. The balance of suspense account generated in trial balance due to the above errors is,

- (1) Rs. 6 000 credit
- (2) Rs. 6 000 debit
- (3) Rs. 64 000 debit
- (4) Rs. 5 600 credit
- (5) Rs. 5 600 debit

10. The accounting concepts which provide the base for recognition of the lower of either cost or net realizable value of inventory as the value of inventory are,

- (1) materiality and matching concepts
- (2) matching and timely concepts
- (3) prudence and realization concepts
- (4) prudence and historical cost concepts
- (5) prudence and matching concepts

● **Use the following information to answer the questions 11 – 12.**

Athithan business was started investing Rs. 100 000 on 01.01.2022. This business was registered for VAT. Purchases and sales include 8% VAT. The following transactions took place during the month ended 31.01.2022.

17. State whether the following transactions and events would 'increase', 'decrease' or cause 'no change' on assets, liabilities and equity of the business at the end of financial year.

Transactions	Assets	Liabilities	Equity
A) Purchase of delivery van through a bank loan.
B) Bank loan installment payment including interest
C) Interest charged by bank on bank overdraft
D) Payment of current year and previous year electricity charge by cheque

18. Classify the following accounts into assets, liabilities, income, expense and equity.

Account	Classification
(a) Employee provident fund expense
(b) Stock loss
(c) Rent income in advance
(d) Value added tax (credit balance)

19. State the prime entry books which can be used by a furniture selling business to record the following transactions.

Transactions / events	Prime entry books
1. Furniture purchased on credit basis for resale
2. Furniture purchased on credit basis for office use
3. Furniture donated to a school
4. Annual depreciation on the furniture used for office purpose

20. Write the impacts and double entry of the following accounts in the dotted lines.

Accounts	Impact	Double Entry
(1) Accrued operating expenses	Increase
(2) Accrued income	Debit
(3) Provision for doubtful debt	Decrease
(4) Bank loan	Debit

21. Cash control account balance of a company on 31.03.2022 was Rs. 45 000. This balance was not equal to bank statement balance on the same date. The followings were revealed later.

- A debtor directly deposited a cheque Rs. 80 000 in bank account.
- Rent paid by bank on standing order Rs. 40 000
- Cheque deposited Rs. 60 000 at bank was dishonoured.
- Unrealized cheque Rs. 20 000
- Unpresented cheque Rs. 30 000

Calculate the following balances on 31.03.2022.

- (a) Adjusted cash control account balance:
- (b) Bank statement balance:

22. State the relevant accounting concept related to the following situations.

	Accounting concepts
A – Even though the fair value of land is higher than the cost value, it is disclosed in cost value.
B – Mentioning the reporting period in financial statements
C – Provision for warranty on goods sold
D – Depreciating non-current assets based on straight line method

23. The trial balance on 31.03.2022 was not balanced and the different amount was transferred to suspense account. The following errors were found in the succeeding investigations.

A – Total of sales journal Rs. 540 000 for March 2022 was recorded in debtor control account and in sales account as Rs. 450 000.

B – Discount allowed Rs. 10 000 was debited in discount allowed account as Rs. 1 000. However, this amount was recorded in debtor control account correctly.

Write the journal entries to rectify the above errors. (narration not required)

	Details	Debit (Rs.)	Credit (Rs.)
A
B

24. Net salary paid to employees for 2022 January is Rs. 36 000. Employees and employer contribute 10% and 15% respectively for EPF. Employer contributes 3% for ETF each month. Every month contribution is paid in the following month.

What is total expenses in relation to employees for January 2022?

.....

25. Gross profit and net profit calculated by account trainee of Kumaran business for the year ended 2022.03.31 are Rs. 120 000 and Rs. 80 000. The following errors were found later.

- Rent income received Rs. 5 000 was recorded as rent expense.
- Cost value of stock on 2022.03.31 was Rs. 40 000 but net realizable value Rs. 36 000 was reported in the financial statements.

Calculate the following for the year ended 2022.03.31.

(a) Adjusted gross profit:

(b) Adjusted net profit:

(25 × 4 = 100 marks)

Part II

Instructions:

- Answer only for *five* questions including questions No. 1 and 2.
- Answer for each question in a fresh page.
- Attach relevant workings with your answer script.

01. The trial balance of Gayathri business on 2021.12.31 is as follows.

Details	Rs. '000'	
	Debit	Credit
Cash and cash equivalents	150	
Stock on 31.12.2021	450	
Bonus payment for sales employees	300	
Insurance	700	
Trade payable		400
Capital		8 700
Bank loan interest	100	
20% Bank loan		1 000
Electricity charge	650	
Motor vehicle repair	650	
Other expenses	1 220	
Accumulated depreciation on 2021.01.01		3 025
Property, plant and equipment – cost on 2021.01.01	12 700	
Trade receivable	800	
Other administrative expenses	900	
Provision for doubtful debt on 2021.01.01		100
Office rent	305	
Telephone charge	270	
Sales		15 970
Cost of sales	10 000	
	29 195	29 195

Additional information:

1. Details of accumulated depreciation of property, plant and equipment are as follows.

Assets	Cost Rs. '000'	Accumulated depreciation Rs. '000'
Motor vehicle	2 000	600
Office equipment	1 000	625
Land and building	9 700	1 800
(Land cost Rs. 5 000)	12 700	3 025

2. In accordance with inventory records, cost value of stock on 31.12.2021 is Rs. 450 000. However, the goods taken by Gayathri for her private need have not been recorded.
3. Telephone charge not paid up to 31.12.2021 is Rs. 30 000.
4. Property, plant and equipment are depreciated on straight line method. The details useful life time and residual value are given below.

Assets	Useful life time	Residual value
Motor vehicle	20 years	-
Office equipment	10 years	-
Building	18 years	-

5. Other expenses include the following expenses.
- | | |
|-----------------|-------------|
| Fire loss | Rs. 220 000 |
| Business fees | Rs. 100 000 |
| Employee salary | Rs. 400 000 |
6. A new office equipment was purchased for Rs. 500 000 on 2021.07.01. This amount was erroneously recorded in other administrative expenses. Life time of this equipment was estimated as 5 years and there is no residual value.
7. Rs. 100 000 should be written off from debtors and allowance for doubtful debt on 2021.12.31 should be adjusted as 10% of closing trade receivable.
8. Cash control account balance of the business on 2021.12.31 and bank statement balance on the same date were different due to the following reasons.
- Rs. 50 000 directly deposited by a debtor directly at bank was not recorded in the books.
 - Own life insurance premium of Gayathri paid from the business fund was not recorded in the accounting books.
 - Bank overdraft interest Rs. 15 000 in bank statement was not recorded in the accounting books up to 31.12.2021.

Required,

- Profit or loss statement for the year ended 2021.12.31
 - Statement of financial position as at 2021.12.31 (20 marks)
- 02.** Sanakiyan started a business purchasing and selling furniture on 2022.02.01. He invested his own saving Rs. 300 000 and own furniture at value Rs. 300 000 as capital in the business. The following transactions were carried out during two-month period ending 2022.03.31.
- Furniture was purchased for Rs. 160 000 by cash for resale purpose.
 - Furniture was purchased for Rs. 100 000 from Sumanthiran for resale.
 - Furniture costing Rs. 80 000 was sold by cash adding by adding 20% profit on sales.
 - Furniture at sales value Rs. 125 000 was sold on credit basis by adding 25% profit on cost.
 - A cheque was received with discount Rs. 7 500 for furniture sold for Rs. 50 000 on credit basis.
 - Rs. 120 000 was paid for operating expenses.
 - Cheque Rs. 45 000 was received to settle 50% of the amount receivable from Sumanthiran.
 - A motor vehicle was purchased for Rs. 500 000 to distribute goods based on 5-year installment basis on 31.03.2022.
 - Sanakiyan took goods at cost Rs. 20 000 from business for his private need.
 - Sanakiyan invested Rs. 200 000 additionally to expand the business.

Additional information:

Furniture invested by Sanakiyan in the business is used for the business need.

Required,

1. Record the impacts of the transactions 1 – 10 in the following accounting equation and denote '+' to indicate increase and '-' to indicate decrease with values.

Assets		Liabilities		Equity
Non-current assets	Current assets	Non-current liabilities	Current liabilities	

2. Calculate net profit or net loss for the period based on net assets. (10 marks)

03. Thushani business showed cash control account balance Rs. 18 000 in assets side in the statement of financial position as at 2021.12.31. The reasons for the difference between bank statement balance and cash control account balance on December 31 are as follows.

- The cheques not credited in bank statement:

Cheque No. 53047	Rs. 20 000
Cheque No. 10183	Rs. 15 000
- The cheques not debited in bank statement:

Cheque No. 20048	Rs. 12 000
Cheque No. 20050	Rs. 26 000

Additional information:

1. The details of cheques received from cash receipt journal for January 2022 are as follows.

Cheque no.	Value (Rs.)
53080	50 000
10250	75 000
30011	33 000
10868	40 000

2. The details of cheques paid from cash payment journal for January 2022 are as follows.

Cheque no.	Value (Rs.)
20051	17 000
20052	12 000
20053	6 500
20054	38 000

3. Cheques no.s 20048, 20050 and 20052 were presented at bank during January 2022.
 4. Cheques no.s 53080 and 30011 were not realized by bank at the end of January 2022.
 5. The following items in bank statement were not recorded in cash control account.

Fixed deposit interest income	Rs. 18 000
Direct deposit (customer)	Rs. 20 000
Bank charge	Rs. 3 000
Standing order insurance	Rs. 11 000

Required,

1. Bank statement forwarded by bank for January 2022 (date not required)
 2. Adjusted cash control account on January 31, 2022
 3. Bank reconciliation statement for January 2022 (10 marks)

04. The details related to debtors of Elizabeth business are given below.

Debtors	Balances on 01.07.2022	Sales journal	Return inwards	Discount allowed	Cash received
Mayavan	40 000	900 000	50 000	10 000	500 000
Kavalan	54 000	1100 000	120 000	25 000	800 000
Pavalan	55 000	850 000	60 000	-	650 000
Sangaran	35 000	950 000	80 000	-	700 000

Required,

1. Prepare debtor control account based on the above information.
2. The total of debtor list balance was not equal to the above debtor control account. The investigation revealed the following errors.
 - Discount allowed to Kavalan was recorded in debit side of Kavalan account as Rs. 2 500.
 - Interest charged on the balance of Pavalan account Rs. 5 000 was recorded correctly in Pavalan account but not recorded in general ledger accounts.
 - Opening balance of Sangaran account was not recorded in his account.
 - Total of return inwards journal was recorded as Rs. 340 000 in general ledger accounts.

Required,

1. Provide the journal entries to rectify the above errors in general ledger (Give reasons, if no entry)
2. Adjusted debtor control account
3. The statement reconciling adjusted debtor control account with debtor list balance (10 marks)

05. The statement of financial position of Indran business as at 31.03.2022 is given below.

Details	Value (Rs.)		
	Cost	Accumulated depreciation	Carrying value
Non-current assets			
Building	35 000	(15 000)	20 000
Office equipment	15 000	(2 000)	13 000
	50 000	(17 000)	33 000
Current assets			
Closing stock		25 000	
Trade receivable		15 000	
Cash and cash equivalents		26 000	
Suspense account		4 100	70 100
			103 100
Equity			
Capital		75 000	
Net profit		15 100	90 100
Current liabilities			
Trade payables			13 000
			103 100

The following errors were found later.

1. Equipment purchase Rs. 5 000 on 31.03.2022 was recorded in purchase account.
2. Total of cash receipt journal discount column Rs. 2 500 was recorded correctly in debtor control account but recorded in relevant discount account as Rs. 250.
3. Rent paid Rs. 1 500 was recorded correctly in cash control account but recorded in rent account as Rs. 150.
4. Goods returned by a debtor Rs. 200 was recorded in debtor control account but not recorded in return inwards account.

Required,

1. Journal entries to rectify errors
2. Suspense account
3. Profit adjusted statement (10 marks)



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