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දෙවන වාර ඇගයීම - 2025 Second Term Evaluation - 2025 இரண்டாம் தவணைப் பரீட்சை - 2025		
ශ්‍රේණිය Grade	12	විෂයය Subject
	Accounting 1	කාලය Time
		2 Hours
නම பெயர் Name		
Instructions • Answer all questions on the paper itself • Select the correct answer for questions number 1-30 and write its number on the dotted line • Write short answers for questions No.31-50 on the dotted lines		

01. Which one of the following statements best describes the prime function of financial accounting?

- 1) Recording of transactions and events on cash basis in accounting books
- 2) Preparing specific purpose financial statements for the use of management
- 3) Preparing general purpose financial statements to provide information to the interested parties
- 4) Providing of historical and budgeted information to the owners for decision making
- 5) Providing of financial information for the annual audit (.....)

02. Following information relates to accounting environment

- A. Attitudes of the people , customs and culture
- B. Economic policy , exchange rates, per capita income
- C. Use of computer software for accounting
- D. Companies act number 7 of 2007
- E. New accounting standards and changes in accounting standards

The accounting environment relates to above variables respectively,

- 1) Legal environment , economic and political environment , Technical and professional environment , social and cultural environment , Technological environment
- 2) social and cultural environment , , Economic and political environment , Technological environment , Legal environment , Technical and professional environment ,
- 3) Social and cultural environment , Legal environment , Economic and professional environment , Technological environment , Technical and professional environment
- 4) Economic and political environment , Legal environment , Technical and professional environment , Social and cultural environment , Technological environment
- 5) Social and cultural environment, Technical and professional environment, Technological environment, Legal environment, Economic and political environment (.....)

03. Which one of the following is an output of accounting process?

- 1) Cash receipt journal
- 2) Cash payment journal
- 3) Cash control account
- 4) Statement of financial position
- 5) Trial balance

(.....)

04. The sequential order of following activities occurred in accounting process is ,

- A. Occurrence of transactions and events
- B. Posting transactions to ledger accounts
- C. Recording transactions in prime entry books
- D. Preparation of trial balance
- E. Balancing ledger accounts

1) A,B,C,E,D

3) C,A,B,E,D

5) C,B,A,E,D

2) A,C,B,E,D

4) C,B,A,D,E

(.....)

05. Which of the following features are required to recognize a liability?

- A. It is a result of past event
- B. Amount can be measured reliably
- C. There is a Present obligation
- D. Outflow of economic resources at the settlement of the obligation

1) A,B and D

3) A and C

5) All A,B , C and D

2) A ,B and C

4) A ,C and D

(.....)

Use following information to answer question number 6, 7, 8 and 9

Sunimal commenced a retail business on 01/01/2025. It is registered to pay Value Added Tax(VAT). Following transactions were occurred in the business during the month of January 2025

Transaction number	Transaction
01	Sold goods with a cost of Rs.240 000 on credit basis to kamal at Rs.354 000 inclusive vat 18%
02	Received a cheque from kamal to settle a balance after allowing a discount of Rs.30 000
03	Sold goods with a cost of Rs.320 000 to Rs.472 000 inclusive of vat 18% on cash
04	Sold goods with a cost of Rs.400 000 to Rs.590 000 inclusive of vat 18% on credit to Wimal
05	Returned goods sold to wimal Rs.118 000 inclusive of VAT 18% . cost of these goods Rs.80 000

06. Which of the followings shows the net impact of the transaction number 1 and 2?

	Assets Rs'000	Liabilities Rs'000	Equity Rs'000
01	+84	+54	30
02	+84	-	84
03	+114	+54	60
04	+114	-	114
05	+114	+54	90

(.....)

07. The source documents to record the transaction number 3,4 and 5 respectively,

- 1) Receipt , Invoice, Debit note
- 2) Receipt, Invoice , Credit note
- 3) Deposit slip, Invoice, Debit note
- 4) Receipt, Invoice, Journal voucher
- 5) Receipt , Invoice, Journal voucher

(.....)

08. Correct double entry to record the total of sales journal to ledger accounts is ,

	Description	Debit Rs'000	Credit Rs'000	
01	Debtors control account	800		
	Vat control account	144		
	Sales account		944	
02	Debtors control account	826		
	Vat control account		126	
	Sales account		700	
03	Debtors control account	944		
	Vat control account		144	
	Sales account		800	
05	Cash account	472		
	Debtors control account	944		
	Vat control account		216	(.....)
	Sales account		1200	

09. Balance of vat control account as at 31.01.2025 (ignore vat on purchases) and balance of debtors control account as at 31.01.31 are,

	Balance of vat control account Rs'000	Debtors control account Rs'000	
01	198 debit	430	
02	126 credit	472	
03	144 credit	502	
04	198 credit	472	
05	216 credit	502	(.....)

10. The classification of Sales , return inwards, interest received in advance, cash accounts respectively,

- 1) Income , Liabilities , Liabilities, Liabilities
- 2) Liabilities , Income, Income, Liabilities,
- 3) Income , Liabilities , Liabilities , Assets
- 4) Income, Income, liabilities, Liabilities
- 5) Income ,Income, Liabilities , Assets

(.....)

Use following information to answer question number 11 and 12

The information relates to petty cash expense of a business

- Total of petty cash expense of the month of January Rs.9 200. Petty cash balance as at 31.01.2025 is Rs.800
- Petty cash imprest at the beginning of the month of February is increased by Rs.1 000
- Following changes were occurred when comparing petty cash expense of the month of January
 - Petty cash expense of the month of February is increased by Rs.850
 - Petty cash expense of the month of March decreased by Rs. 500

11. What is the amount reimbursed at the end of the month of February

- | | | |
|-------------|--------------|--------------------|
| 1) Rs.850 | 3) Rs.8350 | 5) Rs.1850 (.....) |
| 2) Rs.10050 | 4) Rs.10 000 | |

12. Petty cash balance as at 31/03/2025

- | | | |
|------------|------------|--------------------|
| 1) Rs.2300 | 3) Rs.1300 | 5) Rs.3300 (.....) |
| 2) Rs.8700 | 4) Rs.500 | |

13. Following information relates to Lal company

Balance as per bank statement Rs.15 000

Deposit not realized cheques Rs.9 000

Issued not presented cheques Rs.6 000

Insurance installment paid on standing instructions Rs.2 000

Direct remittances paid Rs.4 000

Bank charges Rs.1000

What is the cash balance before adjusting?

- | | | |
|--------------|--------------|---------------------|
| 1) Rs.16 000 | 3) Rs.17 000 | 5) Rs.4 000 (.....) |
| 2) Rs.18 000 | 4) Rs.2 000 | |

14. Cash balance of a business as at 31.03.2025 is increased than balance as per bank statement.

The reason for the above difference is ,

- A. The cheques debited to cash account and not credited to bank statement
- B. The cheques credited to cash account and not debited to bank statement
- C. Bank charges not recorded in cash account
- D. Debtors remittances credited only to bank statement

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

Use following information to answer question number 15 and 16

Piyamal business which is registered for VAT. Business purchased goods with a list price of Rs.300 000 under 20% trade discount on credit. 10% cash discount is received at the settlement. (Vat rate is 10%)

15. What is the amount recorded in purchase account?

- | | | |
|---------------|---------------|-----------------------|
| 1) Rs.135 000 | 3) Rs.240 000 | 5) Rs.270 000 (.....) |
| 2) Rs.216 000 | 4) Rs.264 000 | |

16. What is the amount recorded in discount received account?

- | | | |
|--------------|--------------|----------------------|
| 1) Rs.12 000 | 3) Rs.26 400 | 5) Rs.30 000 (.....) |
| 2) Rs.24 000 | 4) Rs.28 000 | |

Use following information to answer question number 17 and 18

Balance of creditor control account as at 31.03.2025 is Rs.660 000. This balance is not agreed with the list balance. Following errors and omissions were revealed later.

- A. Total of purchase journal is overstated by Rs.80 000
- B. Discount received Rs.20 000 is not recorded in general journal
- C. Return outwards of Rs.16 000 had not been recorded in creditors individual account

17. What is the correct creditor control account balance

- | | | |
|---------------|---------------|-----------------------|
| 1) Rs.540 000 | 3) Rs.576 000 | 5) Rs.542 000 (.....) |
| 2) Rs.690 000 | 4) Rs.560 000 | |

18. What is the balance as per creditors list?

- | | | |
|---------------|---------------|---------------|
| 1) Rs.560 000 | 3) Rs.542 000 | 5) Rs.576 000 |
| 2) Rs.580 000 | 4) Rs.600 000 | (.....) |

Use following information to answer 19,20,and 21

The trial balance prepared by Shakthi PLC as at 31.03.2025 is not agreed. The difference was transferred to a suspense account. Draft profit is calculated and it was Rs.160 000. Following errors were revealed later.

- A. Cash purchases Rs.52 000 was recorded only in cash account
- B. Discount allowed Rs.12 500 had been credited to discount received account. It is correctly recorded in individual account and debtors control account
- C. Sales journal total understated by Rs.40 000
- D. Cash account balance of Rs.50 000 had not been extracted to trial balance
- E. Motor vehicle repair expense of Rs.15 000 had been recorded in the debit side of motor vehicle account

19. What are the errors revealed through trial balance?

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

20. Suspense account balance before correcting errors,

- | | | |
|----------------------|----------------------|--------------------|
| 1) Rs.122 000 credit | 3) Rs.127 000 debit | 5) Rs.42 000 debit |
| 2) Rs.122 000 debit | 4) Rs.1 52 000 debit | (.....) |

21. What is the correct profit of the business?

- | | | |
|---------------|---------------|---------------|
| 1) Rs.88000 | 3) Rs.108 000 | 5) Rs.112 000 |
| 2) Rs.120 000 | 4) Rs.150 000 | (.....) |

22. Trade receivables, trade payables accrued expenses and prepaid expenses are recorded according to ,

- | | | |
|------------------------|---------------------|----------------------|
| 1) Materiality concept | 3) Entity concept | 5) Money measurement |
| 2) Accrual concept | 4) Prudence concept | concept (.....) |

23. Followings are accounting treatment followed by a business

- A. Cost of the inventory is written off up to net realizable value due to net realizable value of the inventory is lower than its cost
- B. A provision is made on behalf of the case filed against the company by an employee of the business
- C. All significant information make decisions of the interested parties were separately disclosed
- D. Classification of the items presented in financial statements continued from one period to another

The concepts relevant for the above treatments are correctly presented in ,

- | | A | B | C | D | |
|----|-------------|-------------|-----------------|-----------------|---------|
| 1) | Prudence | Consistency | Prudence | Historical cost | |
| 2) | Consistency | Matching | Historical cost | Prudence | |
| 3) | Prudence | Prudence | Historical cost | Matching | |
| 4) | Matching | Matching | Matching | Materiality | |
| 5) | Prudence | Prudence | Materiality | Consistency | (.....) |

24. Which one of the following statement is correct?

- A. Economic substance of a transaction than the legal form of a transaction should always be presented in financial statements as possible
- B. It is better to overstate assets and liabilities according to the Prudence concept
- C. Historical cost concept says that the items which can be measured in monetary terms should be identified in financial statements
- 1) All statements are incorrect
- 2) A is correct but B and C are incorrect
- 3) A is incorrect but B and C are correct
- 4) A and B are correct but C is incorrect
- 5) All statements are correct (.....)

25. Following transactions relates to Rathmal service business as at 31/03/2025

Service income received during the year	Rs.180 000
Service income receivables at the end of the year	Rs.40 000
Service income received in advance included in service income received during the year	Rs.10 000
Service expense paid during the year(including a prepayment of Rs.12 000)	Rs.80 000
Service expense payable during the year	Rs.10 000
What is the profit on accrual and cash basis respectively during the year ,	

	Accrual basis Rs.	Cash basis Rs.	
1)	132 000	90 000	
2)	80 000	100 000	
3)	122 000	100 000	
4)	33 000	20 000	
5)	132 000	100 000	(.....)

26. Following transactions did not consider in calculation of Profit for the year ending 2025 by Kamal business and the draft profit is Rs.118 000.

- Cost of the stock used by the owner for his personal matter Rs.80 000. Selling price of the stock is Rs.90 000
- Credit sales Rs.100 000 and Rs.60 000 of this amount is received directly to the bank. Allowance for expected loss should be 10% on closing debtors

What is the impact on net profit and net assets after recording above ,

Profit	Net assets	
1) Decreased by Rs.70 000	increased by Rs.70 000	
2) Increased by Rs.176 000	increased by Rs.96 000	
3) Decreased by Rs.20 000	decreased by Rs.176 000	
4) Decreased by Rs.16 000	decreased by Rs.68 000	(.....)
5) Decreased by Rs.100 000	increased by Rs.96 000	

Use following information to answer question number 27 and 28

Total stock of Tharindu business is destroyed by a fire on 31st May 2025. Following information relates for the first five months of the year.

Stock as at 01.01. 2025 Rs.20 000

Purchases	Rs.1800 000
-----------	-------------

Sales Rs.2000 000

Gross profit on sales 20%

Insurance claim agreed at 80% of the damage

27. What is the cost of the stock destroyed by fire,

- 1) Rs.44 000 3) 220 000 5) Rs.54 000
2) Rs.356 000 4) Rs.400 000 (.....)

28. What is loss on stock damage?

- [illegible]

Following information relates to a manufacturing business

	Rs'000
Raw material purchases	300
Direct labour	200
Production overhead	150
Increase in raw material stock	50
Decrease in work in progress	10
Increase in finished stock	150
Sales	600

29. Total cost of production of the year is,

- 1) Rs.610 000 3) Rs.860 000 5) | (.....)
- 2) Rs.710 000 4) Rs.650 000

30. Gross profit of the business is,

- 1) Rs.40 000 3) Rs.160 000(Loss) 5) Rs.140 000
2) Rs.260 000 (Loss) 4) Rs.80 000 (.....)

Provide short answers for the question number 31-50

31. State the difference between financial and management accounting according to following basis

	Financial accounting	Management accounting
Reporting period		
Nature of the information		

32. State the fundamental and enhancing qualitative characteristics of financial information as per conceptual framework

Fundamental

Enhancing

.....

.....

33. Following information relates Oshan business

	01.04.2024 Rs.	31.03.2025 Rs.
Assets	?	600 000
Liabilities	?	360 000

Closing liabilities are higher than opening liabilities by Rs.10 000

Profit earned during the year ending 31/03/2025 is Rs.60 000. No drawings or additional capital

Capital of the business as at 01.04.2024

Assets of the business as at 01.04.2024

34. State the impact of following transactions on assets , liabilities and equity

Transaction/ event	Assets	Liabilities	Equity
Owner invest capital			
Paid electricity bill			
Depreciation of office equipment			
Obtain a bank loan			

35. Piyumal business purchased a machine at Rs.805 000 inclusive of VAT 15%.

A. State the double entry to record above transaction in piyumal business if it is registered for VAT

.....

B. State the double entry to record above transaction if Piyunal business is not registered for VAT

.....

36. State the relevant element of financial statement to recognize following ledger accounts

Account	Element
1) Allowance for expected loss	
2) Return inwards	
3) Provision for depreciation	
4) Drawings	

37. State the source document and prime entry book relevant for following transactions occurred in furniture manufacturing business

Transaction	Source document	Prime entry book
Purchase of furniture on credit for reselling purpose		
Purchase furniture for office use		
Purchase timber on credit		
Purchase a distribution vehicle on credit		

38. Following transactions were occurred in a business during the year ending 31/03/2025

	Rs.
Debtor balance as at 01/04/2024	120 000
Debtor balance as at 31/03/2025	180 000
Bad debts written off during the year	4 800
Bad debts receipts which is written off	6 000

Allowance for expected loss on trade receivables is 4%

- A. Allowance for expected loss and bad debts to be identified in the statement of profit or loss for the year ending 31/03/2025
- B. Increase or decrease of net debtors as at 31/03/2025

39. State the concept relevant for each situation of a manufacturing business given below

	Situation	Concept
A	Recording of the value of the closing inventory at the lower of cost and net realizable value	
B	Preparation of a manufacturing cost statement for each year	
C	Identifying an advance received from a customer as a liability until the goods are transferred to customer	
D	Identifying depreciation of machines as a production overhead cost	

40. Extract of a statement of financial position of a business is given below.

A → Shanulya Business		
Statement of financial position as at 31/03/2025 ← B		
	Rs'000	Rs'000
C →	Non current assets	
	Property plant and equipment	XXX
	Current assets	
	Stock	XX
D →	Trade receivables	XX

state the concepts denoted by letter A,B,C and D

- A
- B
- C
- D

41. State whether following items are component of general purpose financial statements or not

Yes/NO

- A. Statement of financial position
- B. Note to financial statements
- C. Directors report
- D. Statement of changes in equity

42. State whether following statements are correct or incorrect in relation to sole proprietorship

	Statement	True / False
A	Business profit can be distributed as drawings	
B	Goods sold to owner can be taken as sales of the business	
C	Goods donations can be identified as an expense	
D	Statement of profit or loss should not be prepared when transactions are recorded on cash basis	

Use following information to answer question number 43 and 44

Following information relates property plant and equipment of pasan business

Item	Date of purchase	Cost	Residual value	Useful life
Building	01/01/2024	5 000 000	1 000 000	20
Motor vehicle	01/07/2024	4 000 000	500 000	10
Machines	01/10/2024	2 000 000	-	05

Property plant and equipment are depreciated on straight line basis

43. Annual depreciation of the business
44. Carrying value of property plant and equipment
45. Rahal PLC is VAT registered business. Following information relates for the year ending 31/03/2025

	Rs'000
Payable VAT	100
Sales inclusive of VAT	1120
Purchases inclusive of VAT	560
Vat paid	150

VAT rate is 12%

VAT liability as at 31/03/2025 is

46. Complete following statements using relevant concept
- A.concept Provides guide lines to recognize the assets held for using more than one year period but , which are having less value as an expense of the year .
- B. Cost of the closing stock is deducted in order to calculate correct cost of sales as perconcept
- C. Capital and drawings are separately presented in financial statements as perconcept
- D. Business should continue same policies as possible according to concept
47. Classify following cost of shoe manufacturing business as direct or indirect

Direct/ Indirect

- A. Cost of leather
- B. Factory managers salary
- C. Machine operators wages
- D. Machine depreciation

48. State whether following transactions cause to increase / decrease or no change debtors control account balance

Transaction	Increase/ decrease /No change
A Return inwards	
B Bad debts written off	
C Sale of machines used	
D Allowance for expected loss	

49. Tharusha business has obtained building on rent basis on 01/10/2023 and rent paid on the same date Rs.120 000 for the year ending 30/09/2024. Rent paid for the year ending 30/09/2025 was Rs.160 000. Accounting year ends on 31st December.

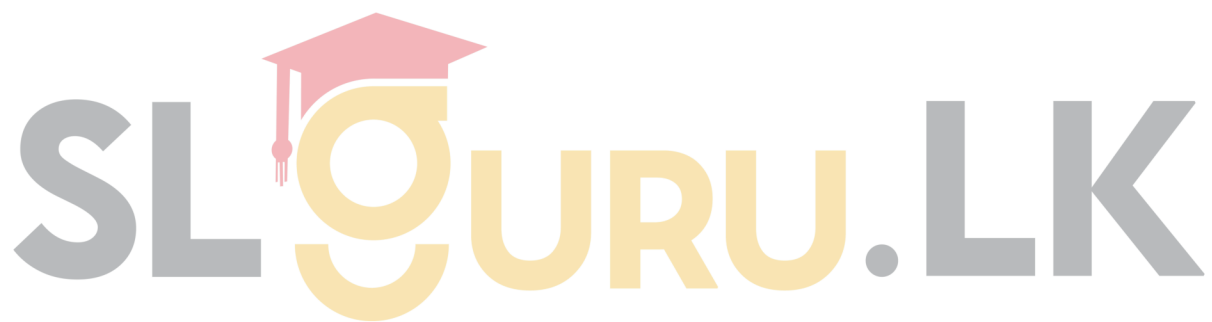
What is the rent expense relevant for the year and rent prepaid as at 31/12/2024 respectively?

Rent expense Prepaid rent

50. Complete followings

- A. Prime cost =+.....+.....
- B. Production overhead =+.....+.....
- C. Total production cost =+.....
- D. D. Total cost =+.....

“An investment in knowledge pays the best interest.” – Benjamin Franklin



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Second Term Evaluation - 2025

இரண்டாம் தவணைப் பரீட்சை - 2025

ශ්‍රේණිය Grade 12	විෂයය Subject Accounting - II	කාලය Time 3h
නම பெயர் Name		

- **Answer five questions only, including questions one and two.**
- **Begin each answer on a fresh sheet of paper.**
- **Relevant workings should be attached to the answer script.**
- **This question paper carries 200 marks.**

(1) The trial balance of Shanulya's Business as at 31.12.2025 is given below.

Description	Dr	Cr
Stocks as at 01.01.2025	17 000	
Purchases	148 000	
Sales		355 000
Returns inwards & outwards	11 000	3 000
Carriage inwards	8 000	
Discounts	400	2 400
Import tax	2 400	
Dividend income		13 500
Rent & rates	2 100	
Electricity expenses	1 200	
Drawings	8 000	
Office expenses	2 300	
Office rent	4 000	
Bad debts	4 400	
Salaries & wages	18 000	
Carriage outwards	1 400	

Bank charges	2 000	
Loan interest	6 800	
Capital		500 000
Land & buildings (cost)	400 000	
Motor vehicles (cost)	200 000	
Furniture (cost)	50 000	
Accumulated depreciation (as at 01.01.2025)		
Motor vehicles		15 000
Furniture		10 000
Investment	90 000	
Debtors & Creditors	43 000	112 500
Commission Received		24 500
Provision for doubtful debts (01.01.2025)		2 000
Cash in hand	25 900	
Over draft		8 000
	<u>1 045 900</u>	<u>1 045 900</u>

Additional Information :-

- Physical stock as at 31.12.2025 is Rs. 22 000.
- Invoice price of the stock sent on sale or return basis during December 2025 is Rs. 6 000 .This stock is not sold till the end of the financial year. Invoice price is marked by adding a 20% profit margin on cost.
- Non current assets are depreciated on straight line method as follows.
 Motor vehicles 10%
 Furniture 5%
- Rs. 3000 of debtors should be written off as bad debts & 10% provision should be made for doubtful debts.
- Net salary paid to employees is stated as the balance of salary & wages account. Net salary is calculated by deducting 10% Employees Provident Fund employees contribution from the gross salary. EPF employer's contribution is 15% ETF contribution 3%. No adjustment is recorded in this regard.
- Accrued expenses as at 31.12.2025 are as follows.
 Electricity expenses Rs. 2800
 Office rent Rs. 2000
 Rent & rates Rs. 900
- Rs. 3000 is receivable as dividend income for 2025.
- Owner has used a stock of Rs.3500 for his personal use & nothing is recorded in this regard.

Required,

- Income statement for the year ending 31.12.2025
- Statement of financial position as at 31.12.2025

(40 Marks)

(2) Sithira Traders is a VAT registered business. VAT rate relevant to purchases & sales is 10%.

- Following are extracted from books of accounts for the month of July 2024

1. Account balances as at 01.07.2024 (Rs.'000)

Cash control	2500
Trade receivables	9200
Trade payables	6800
VAT control (cr)	150

2. Information of receipts & payments for the month of July 2024 (Rs.'000)

Cash sales (VAT exclusive)	1500
Cash purchases (VAT inclusive)	880
Receipts from trade receivables	4620
Payments to trade payables	3450
Receipts of commission income	40
Payment of operational expenses	2400
Obtaining bank loan	3500
Payment of electricity expense	700

3. Credit purchases of trading stocks during month (Rs.'000)

Damro company (VAT inclusive)	4620
Dhammika Furnitures (VAT exclusive)	3000

4. Credit sales of trading goods during month (Rs.'000)

To Akindu (VAT exclusive)	7000
To Janindu (VAT inclusive)	4400

5. Purchasing price of Furniture purchased on credit from Ranjith furniture for the use in the business during the month is Rs.350,000.

6. It was decided to write off a bankrupted debtor of Rs.15000.

Required,

1. For the month of July 2024,

- Cash receipts Journal
- Cash payments journal
- Sales journal
- Purchases journal
- General Journal (for 5 & 6 above)

2. For the month of July 2024,

- Cash control a/c
- Trade receivable control a/c
- Trade payables control a/c
- VAT control a/c

(40 marks)

- (3) Drafted income statement of Pasan's Business for the year ending 31.03.2025 reported a profit of Rs.500 000. A cash balance of Rs.60 000 was shown in the drafted statement of financial position as at 31.03.2025. However, a proper books of accounts are not maintained in the business. Later it was revealed that following transactions are not recorded.

No	Transactions
1	Credit sales Rs.60 000 cost of this stock is Rs. 30 000
2	Returned a stock by the customer with an invoice value of Rs. 20 000 relevant to transaction no.1
3	Donated a stock costing Rs. 5000
4	Insurance expense of the business is Rs.10 000 . Out of this,Rs.6000 was paid by personal cash of the owner & the balance was paid by business cash.
5	Obtained a bank loan of Rs.600 000 for an annual interest rate of 12% on 01.07.2024. Interest is not yet paid.
6	Purchased a three-wheeler for Rs.380 000 on cash on 31.03.2025
7	Set off a receivable amount of a debtor Rs.20 000 with a payable amount of Rs.45 000 to the same person & paid the balance in cash.
8	Personal income tax of Pasan Rs.12 000 paid by business cash.
9	Rs.15 000 written off as bad debts in the previous year was received.
10	The amount receivable relevant to transaction no.1 & 2 was received subjected to a 10% discount.

Required,

- (1) Show the effect of above transactions on following accounting equation (with values) state increases as (+) & decreases as (-) .Use a format similar to following.

Transaction No.	Assets				Liabilities			Equity
	Property, plant & Equipment	Inventory	Trade Received	cash	Long term loans	Trade payables	Other payable	

- (2) Adjusted cash balance as at 31.03.2025
 (3) Adjusted profit for the year ending 31.03.2025

(40 Marks)

(4) (A) following information are extracted from the books of Sandamal's Business as at 31.12.2025.

Debtors control a/c balance (Dr)	Rs. 54 780
Total of debtors list of balances	Rs. 25 720
Creditors control a/c balance (cr)	Rs. 73 680
Total of creditors list of balances	Rs.43 340

Following errors & omissions were revealed from later investigations as control a/c balances are not agreed with totals of list of balances.

1. A debtor of Rs.3600 was omitted from the debtors list of balances.
2. Total of the payments to creditors analysis column of the payments journal of March 2025 was over casted by Rs.3000.
3. Rs.5000 of the creditors list of balances was under stated.
4. Rs.1600 due from a debtor was written off as uncollectable. It was recorded in the general journal but no other entry was made in this regard.
5. Correct total of sales journal is Rs.34160. It was mistakenly totaled & posted as Rs. 31460
6. Total payments made to creditors during March 2025.Rs.28750, was erroneously debited to debtors control account.
7. Return inwards of Rs.400 was recorded in the return inwards journal as Rs.600.
8. An invoice of Rs.1750 was correctly recorded in the purchase journal. But it was recorded as Rs.1570 in the creditor's personal account.
9. A cheque of Rs.590 received from a debtor during March 2025 was dishonored. It was recorded in the payment to creditors analysis column in the payments journal. However it was correctly recorded in the debtor's a/c in the sub ledger.

Required,

1. Prepare debtor's control account and the creditor's control account with relevant corrections.
2. Show the relevant adjustment to correct the debtor's and creditor's list of balances.

B) Bank overdraft of Anura's Business as at 31st Jan. 2025 is Rs. 18000. This balance is not agreed with the bank statement balance due to following reasons.

1. Out of the Rs. 30000 worth cheques issued during January, only Rs.13500 worth cheques deposited were presented.
2. Out of the Rs. 30000 worth cheques issued during January, only Rs. 13500 worth cheques deposited during January, Rs.4500 cheques were credited to the current a/c by the bank on 3rd February.
3. Rs.4500 was paid as insurance expenses as standing order. Out of this only Rs. 1500 worth insurance premium was recorded in the payments journal.
4. Dividend income for the investments Rs.4000 directly deposited in the bank is not recorded in books of accounts.
5. A cheque of Rs. 6200 deposited during January, was returned by the bank, but not recorded in the cash control a/c.
6. The total of the cash payments journal was over casted by Rs. 5000.
7. A cheque of Rs. 3000 issued by a business with a similar name erroneously debited to the bank a/c of this business.

Required

1. Adjusted cash control a/c
2. Bank reconciliation statement

(40 marks)

(05) Saman commenced a business on 01.04.2024 selling sports equipment. Following is the trial balance extracted from the books of accounts as at 31.03.2025.

Trial Balance		(Rs.'000)	
		Debit	Credit
Land		200	
Buildings		240	
Furniture		500	
Debtors		80	
Drawings		60	
Building depreciation		18	
Salary		120	
Cash		90	
Electricity		20	
Rates		25	
Loan interest		20	
Capital			300
Sales			650
Bank Loan			200
Creditors			130
Other income			20
Suspense a/c			73
		<u>1373</u>	<u>1373</u>

Followings were revealed after preparation of the trial balance.

- Rs.15000 received from a debtor was only recorded in the cash a/c.
- Building stated in the trial balance is on cost.
- Accrued electricity of Rs.13 000 as at 31.03.2025 was recorded only in the electricity a/c.
- A sales invoice of Rs.20 000 was omitted from the books accounts.
- Paid salary of Rs.36 000 was debited to the salary account as Rs.63 000.
- Bank loan was obtained on 01.04.2024 on an annual interest rate of 12% Payment of installment should be started after 2 years of obtaining the loan. But interest should be paid from the start.
- Sports equipurchased for the reselling of Rs. 340 000 was included in furniture a/c balance.
- Cost of furniture remaining unsold as at 31.03.2025 is Rs.120 000 .Estimated selling price is Rs.130 000 & its net realizable value is Rs.110 000 .These furniture are in saleable condition.
- Furniture should be depreciated 10% annually on straight line method. Furniture purchased for office use were bought on 01.04.2024.

Required,

- Journal entries to record above adjustments.
- Suspense a/c
- Income statement for the year ending 31.03.2025.
- Net asset as at 31.03.2025
- Estimated sales expense related to the closing stock.

(40 marks)

(6) Following is the trial balance as at 31.03.2025 of Siyane Manufacturing business.

	Debit(Rs)	Credit (Rs)
Stocks as at 01.04.2024		
Raw materials	3 500	
Work – in - progress	2 500	
Finished goods	2 500	
Purchases – Raw materials	6 600	
Finished goods	11 000	
Return inwards & sales	2 000	82 500
Return outwards (for raw materials)		1 000
Carriage inwards (for raw materials)	3 000	
Administration expenses	12 000	
Distribution expenses	8 000	
Financial expenses	6 000	
Other expenses	3 500	
Debtors & Creditors	6 000	4 000
Factory rent	5 000	
Other direct production expenses	1 000	
Lubricants	1 600	
Cleaning materials	2 000	
Rates	1 200	
Insurance	3 000	
Electricity	2 800	
Telephone expenses	1 600	
Capital		300 000
Bank loan		20 000
Drawings	5 000	
Property, plant & equipment and provision for depreciations as at 01.04.2024		
Land	60 000	
Building	80 000	20 000
Machinery	50 000	10 000
office equipment	40 000	8 000
Bank balance	125 700	
	<u>445 500</u>	<u>445 500</u>

Additional information-

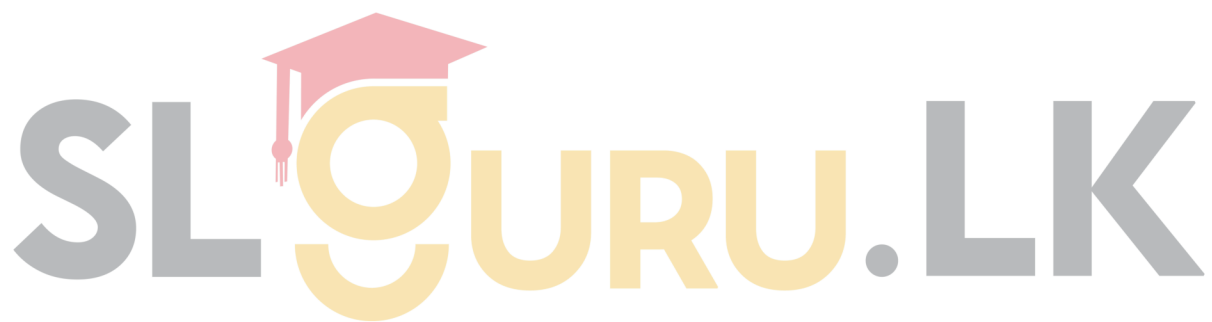
1. Stocks as at 31.03.2025

Raw materials	42 00
Work –in – progress	2 00
Finished goods	4 000

2. Accrued electricity expenses & pre-paid telephone exp. At the end of the year respectively are Rs.200 & Rs.100
3. Following expenses should be distributed between the factory & sales department as follows.
- | | Factory | Sales dept |
|-------------|---------------|---------------|
| Rates | 60% | 40% |
| Insurance | 70% | 30% |
| Electricity | 75% | 25% |
| Telephone | $\frac{1}{3}$ | $\frac{2}{3}$ |
4. $\frac{3}{4}$ of buildings, $\frac{1}{4}$ of office equipment & 100% machines are used by the factory.
5. Property , Plant & equipment should be depreciated annually 10% on cost.
6. Salaries of Rs.10 000 is included in administration expenses. Analysis of salaries is as follows.
- | | |
|--|-----|
| For raw materials loading & unloading labourers | 20% |
| For finished goods loading & unloading labourers | 10% |
| Production employees salary | 30% |
| Factory employees salary | 15% |
| Distribution employees salary | 10% |
| Administration employees salary | 15% |
7. 10% VAT is added on purchases & sales given above. (Note that VAT is not applicable to Return inwards & return outwards)
- Required,
- 1) Manufacturing account for the year ending 31.03.2025
 - 2) Income statement for the year ending 31.03.2025
 - 3) Statement of financial position as at 31.03.2025.

(40 Marks)

“An investment in knowledge pays the best interest.” – Benjamin Franklin



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