

Answer all questions.

(01) Which of the following statements do not describe the difference between financial accounting and management accounting.

1. Financial statements are prepared to provide information to external parties but management accounting information is provided to internal parties.
2. Financial accounting information is provided annually and no such requirement to management accounting.
3. Management accounting reports are accurate than financial accounting reports.
4. Financial reports are audited but management accounting reports are not audited.
5. Financial statements are prepared based on legal requirement but management accounting reports are not prepared on legal requirement.

(02) Which of the following is not a characteristic of an asset.

1. Legal ownership.
2. Ability to get future economic benefits.
3. Result of a past transaction.
4. Cost can be properly determined.
5. Can be controlled by the management.

(03) Cancellation of discount given to a customer is recorded in the ledger through the,

1. General Journal.
2. Cash book.
3. Sales daybook.
4. Petty cash book.
5. None of the above.

(04) Which of the following accounting concepts provides the basis for depreciation of Property Plant and Equipment,

1. Historical cost concept.
2. Going concern concept.
3. Realization concept.
4. Consistency concept.
5. Matching concept.

(05)The primary qualitative characteristics of a accounting information that is not given sufficient attention owing to the preparation of financial statements on historical cost basis is,

1. Reliability
2. Relevance
3. Comparability
4. Consistency
5. Neutrality

(06)Which of the following are identified in a bank reconciliation statement,

- A. Direct debits to bank by customers which is not recorded in cash book bank column.
- B. Cheque issued but not presented to the bank.
- C. A payment made to a supplier has not been recorded in the creditors ledger.
- D. Receipt from a customer has not been recorded in cash book.

1. A,B and C.
2. A,C and D.
3. A and C.
4. A,B and D.
5. A and B.

(07)A supplier gives 5% discount when invoicing for goods and 10% cash discount is given at the time of settlement of debt within one month.

List price of total supplies	Rs.60 000
Debt settled during one month	Rs30 000
Debt settled after one month	Rs.24 000

a) Amount to be recorded into purchases account would be,

1. Rs.60 000.
2. Rs.57 000.
3. Rs.53 700.
4. None of the above.

b) Amount to be recorded into discount received account would be,

1. Rs.3000.
2. Rs.6000.
3. RS.3300.
4. None of the above.

(08)Preparation of financial statement under accrual basis would mean,

1. Transactions and events are recognized at the time of occurrence of the transaction.
2. Accrued items and prepaid items are disclosed under financial statements.
3. Information related to closing stock and closing stationary stock can be provided.
4. Operational result of the business can be provided accurately.
5. None of the above.

(09) A debit note issued to a supplier is recorded by,

1. Crediting the supplier account.
2. Debiting the supplier account.
3. Debiting the stock account.
4. Crediting the purchases account.
5. Debiting the return inwards account.

(10) A few commonly use accounts are given below.

- A. Provision for doubtful debt.
- B. Return outwards account.
- C. Discount allowed account.
- D. Provision for depreciation account.
- E. Current account of partners.

Assets	Expenses	Equity
1. A,D	C,B	E
2. A,D,B	C	D
3. A,E	C	D,B
4. A,B	C,E,D	-
5. A,E	D,C	B

(11) Amount received from peiris and company Rs.4560 has been correctly recorded in the cash book and debtor control account but it has been credited into peiris's account in creditors ledger. Which of the following gives the effect of above situation assuming that there are no any other error.

- A. Debtor control account balance exceeds Rs.4560 than the total of debtors balance list.
- B. Creditor controller account balance exceeds Rs.4560 than the total of creditors balance list.
- C. Debtor control account balance is less Rs.4560 than the total of debtors balance list.
- D. The creditor control account balance is less Rs.4560 than the total of creditor balance list.

The correct answer would be,

1. A and B.
2. B and C.
3. C and D.
4. A and D.
5. B and D.

(12) A payment amounting to Rs.655 has been debited cash book but it has been correctly recorded in to creditors account. Assuming that there is no any other error the result of this transaction would be,

- I. Trial balance will not agree by 655 while the cash balance will increase by 655.
- II. Trial balance will not agree by 655 while the creditor account balance will increase by 655.
- III. Trial balance will not agree by 1310 and the cash balance will increase by 1310.
- IV. Trial balance will not agree by 1310 and the creditors account will increase by 1310.

V. Trial balance will not agree by 1310.

(13) After preparing the trial balance for the year ended 31/3/2006, following errors were found by the book keeper of Apex Ltd.

- Purchases invoice amounting to Rs.15 000 has been completely omitted from the books.
- Wages paid to employees Rs.120 000 has been correctly recorded in the cash book but it has been recorded in the wage expense account as Rs.12 000.
- A discount received from a supplier Rs.1500 has been debited discount allowed account.

Suspense account balance before correcting the above errors would be,

1. Debit balance of Rs.120 000.
2. Debit balance of Rs.105 000.
3. Credit balance of Rs.120 000.
4. Credit balance of Rs.106 500.
5. Debit balance of Rs.106 500.

(14) Carrying value of an asset would mean,

1. Amount shown in the balance sheet after deducting the accumulated depreciation from cost or revalued amount of an asset.
2. Disposal value of an asset including the scrap value of that asset.
3. Selling price of an asset after the useful life of that asset.
4. Transaction value of an asset in an arms length transaction.
5. Current market price of an asset.

(15) A sport club of 100 members charge annual subscription fee per member Rs.250. 10 members did not pay their subscription for the year ended 31/12/2004. And 5 members has paid subscription in advance for the year 2005. 15 members did not pay subscription for the year ended 31/12/2005 and none of the members paid subscription in advance during the year 2005.

Subscription received during the year 2005 would be,

1. Rs.25 000.
2. Rs.27 500.
3. Rs.32 500.
4. Rs.30 000.
5. Rs.22 500.

(16) The gross salary paid to the employees during the year is Rs.72 000. EPF contributions by employer and the employee are 15% and 10% respectively. What is the amount to be reported as salaries and wages expense in the profit and loss account.

1. Rs.64 200.
2. Rs.92 000.
3. Rs.80 000.
4. Rs.79 200.
5. Rs.64 000.

(17) Following information is relating to a business.

	Assets(Rs)	Liabilities(Rs)
As at 1/4/2004	180 000	65 000
As at 31/3/2005	260 000	50 000

Owners drawings-Cash Rs.15 000, Goods Rs.25 000.

Profit for the year ended 31/3/2005 Rs.100 000.

An additional capital contributed by the owner would be,

1. Rs.35 000.
2. Rs.10 000.
3. Rs.5 000.
4. Rs.15 000.
5. No an additional capital.

(18) Which of the following statement represent the correct accounting equation.

1. Assets + profit – drawings – liabilities = Closing capital
2. Assets – liabilities – drawings = Opening capital + profit
3. Assets – liabilities - Opening capital + drawings = profit
4. Opening capital + profit – drawings – liabilities = assets
5. Assets + profit – liabilities = Closing capital – drawings

(19) Purchases ledger control accounts showed a credit balance of Rs.24 000 as at 31<sup>st</sup> March 2012 as at that date the total of creditors list was Rs.20 000. Subsequent investigation revealed the following errors.

- Discount received Rs.1 000 has not been recorded in to general journal.

- Sales ledger balance Rs.2 000 transferred to purchases ledger has been recorded only in the general journal.
- A creditor balance of Rs.3 000 has been omitted from creditors list.
- A cheque issued to A.Fernando Rs.500 has been dishonored. And it has been credited to B.Fernando.

Correct balance in the purchases ledger control account would be,

1. Rs.20 000
2. Rs.23 000
3. Rs.21 000
4. Rs.20 500
5. Rs.25 000

(20) Cost of a machine is Rs.480 000. Expected useful life time is 4 years. Residual value is Rs.40 000. It is estimated that the useful life of an asset will be 3 years after depreciating the asset on straight line basis for 2 years and the residual value will be Rs.20 000 thereafter. Depreciation for the 3<sup>rd</sup> year would be,

1. Rs.80 000
2. Rs.90 000
3. Rs.100 000
4. Rs.110 000
5. Rs.120 000

(21) Trail balance of Flower Ltd did not get balance. Book keeper of the firm transferred the difference to suspense account. subsequent investigation revealed the following errors later.

- Travelling expense of Rs.650 has been recorded in the travelling expense account as Rs.750
- Discount received Rs.250 has been debited to discount allowed account
- Purchases invoice amounting to Rs.2 000 relating to a credit purchase has been completely omitted from the books

Income statement of the firm showed a net profit of Rs.32 500.what is the correct net profit after rectifying above errors?

1. Rs.31 100
2. Rs.33 900
3. Rs.30 900
4. Rs.30 100

5. Rs.34 100

(22) According to LKAS16 the depreciation of an asset can be discontinued,

1. When its fair value exceeds carrying value.
2. When its scrap value exceeds carrying value.
3. When its useful life time get changed.
4. When capital expenditures are incurred on asset further.
5. None of the above.

(23) Debit side of a trial balance exceeds Rs.500 than credit side. The reason for the above error would be,

1. Credit purchases amount in to Rs.500 has been debited to a debtor account.
2. Credit sale of Rs.500 has not been recorded in the debtor account.
3. An electricity payment of Rs.250 has been credited to electricity expense account.
4. Cash receipt of Rs.500 has not been recorded in to cash book.
5. Discount received Rs.250 has been posted in the discount allowed account.

(24) Stationary expense has been debited to computer account. Which of the following is correct?

1. Profit and non current asset has been understated.
2. Profit and non current asset has been overstated.
3. Profit has been overstated, Current assets has been understated.
4. Profit has been understated, Non current assets has been overstated.
5. No effect to the non current asset but profit has been overstated.

(25) Rent paid 01/10/2010 Rs.12 000 for the period ended 30/9/2011. Rs.16 000 rent was paid on 01/10/2011 for the period ended on 30/9/2012. What is the rent expense to be recorded in to the income statement for the year ended 31/12/2011?

1. Rs.12 000
2. Rs.16 000
3. Rs.13 000
4. Rs.15 000
5. Rs.16 000

(26) An advance received relating to next years sales has been credited to sales advance account. What accounting concept does this error violate?

1. Accrual concept.
2. Prudence concept.
3. Money measurement concept.
4. Revenue concept.
5. Periodic concept.

(27) Following information is extracted from a business.

Opening cash balance	6 000
Opening debtor balance	7 500
Total cash sales	65 000
Credit sales	35 000
Bank deposits during the period	40 000
Expenses paid in cash	12 000
Cash purchases	50 000
Closing debtor balance	4 500

Cashier ran away with the balance money. What is the amount of cash taken by cashier?

1. Rs.6 000
2. Rs.19 000
3. Rs.7 000
4. Rs.9 000
5. Rs.10 000

(28) A stock costing Rs.80 000 has been damaged due to poor storage. If the company incurred Rs.10 000 renovation cost and an additional selling expense of Rs.5 000, The stock could be sold for Rs.60 000. Closing stock should be valued at?

1. Rs.45 000
2. Rs.50 000
3. Rs.60 000
4. Rs.80 000
5. Rs.55 000

(29) According to accounting framework what are the two underlying accounting concept that should be followed when preparing and presenting financial statements.

1. Accrual concept and separate entity concept.



2. Separate entity concept and going concern concept.
3. Accrued concept and relevance.
4. Accrual concept and going concern concept.
5. Going concern concept and accrual concept.

(30) A cheque received for owner personnel insurance claim has been deposited in to business bank account .The effect to the balance sheet equation would be,

1. Assets and liabilities increase in equal value.
2. Assets and equity increase in equal values.
3. Assets and liabilities decrease in equal values.
4. Assets and equity decrease in equal values.
5. One asset will increase and another asset will decrease.

(31) State two characteristics of an asset?

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(32) State two advantages of petty cash imprest system?

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(33) State two difference between receipt and payment account and income and expenditure account?

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(34) Ranga, Thiranga are partners sharing profits and losses in the ratio of 3:2 respectively. They admitted Suranga to the partnership and Their new profit sharing ratio after the admission of Suranga was 5:3:2. Goodwill was valued at Rs. 1 20 000 on the admission of Suranga. Partners decided to make adjustments of Goodwill through their capital accounts .Provide the journal entries required to recorded the Goodwill portion of Suranga.

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(35) Kamal and Suneth are in partnership. They shared profit in the ratio 3:2. They admit Ruwan for 1/3 share in profits. Kamal is to give up 1/3 share alone. What is the new profit sharing ratio of partners.

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(36) State two factors that effect for accounting.

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(37) State two differences between partners capital accounts and current accounts.

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(38) State two ways in which the entrance fee of non profit making organization can be accounted for,

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(39) State two disclosures that should be made with regard to property plant and equipment according to LKAS16.

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(40) State two disadvantages of keeping incomplete records?

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(41) Cash book bank column of a business showed a favorable balance but bank statement as at that date showed an unfavorable balance. State two reasons for this situation?

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(42) State three ways in which a partner could contribute to the partnership. And state the rewards given for those contributions.

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(43) Cost of a machine was purchased on 1/1/2009 was Rs.500 000. Scrap value was Rs.40 000. It was depreciated at an annual rate of 20% over 2 years based on reducing balance method. And it will be depreciated on straight line basis for next 4 years.

a) What is the depreciable value of an asset as at 01/01/2011?

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b) What is the depreciation amount for the year ended 31/12/2011?

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(44) One liability has increased and another liability has decreased by same amount due to a transaction. Give an example for the transaction.

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(45) State two advantages of keeping sales journal as a special journal.

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(46) According to cash book bank column of x Ltd. The bank balance was Rs.15 000(DR). As at that date the bank statement showed a credit balance of Rs.21 000. Following are the reasons for the difference.

- Unrealized cheques Rs.1100
- Bank charges Rs.250
- Dishonored cheques Rs.800
- Cheque issued but not presented Rs.8150

What is the corrected bank balance after adjusting the cash book bank column?

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(47) Amount owing to retiring partner is transferred to a loan account in a partnership. Provide journal entries for this situation?

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(48) Number of members in a sports club for the year 2015 is 150. Annual subscription fee per month is Rs.200. Following balances has been extracted from the book,

	31/12/2014	31/12/2015
	(Rs)	(Rs)
Subscription in arrears	2 000	1 000
Subscription in advance	1 600	2 400

What is the total subscription received during the year 2012?

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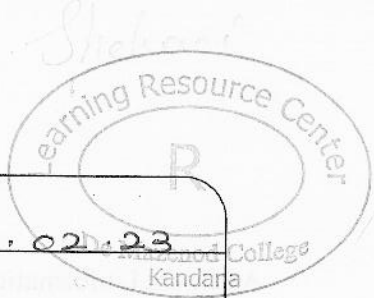
(49)Discount allowed Rs.1 800 has been correctly recorded into debtor control account but by mistake it has been credited to discount received account. Provide the journal entries required to rectify this error?

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(50)An income statement of a business showed a profit of Rs.72 000 for the year ended 31/3/2015.But following errors were later discovered.

- Stock as at 31/3/2014 has been overstated by Rs.20 000.
- Stock as at 31//3/2015 Has been understated by Rs.12 000.

What is the correct net profit for the year ended 31/3/2015?



De Mazenod College, Kandana

2016.02.23

Grade 13

Withdrawal test February 2016

Accounting II

Three hours

Answer only 6 questions including questions number one and two

**Question 01**

Following is the trial balance of Hashan Ltd for the year ended 31/12/2014.

	Rs'000'	Rs'000'
		12000
Cost of sales	4000	
Salaries to employees	700	
Director charges	500	
Auditor fee	300	
Advertising & Sales Promotions	600	
Bad debt	100	
Provision for depreciation as at 1/1/2014		30
Debtors	200	
Creditors		370
Stock as at 31/12/2014 (at cost)	500	
20% long time loan		1000
Loan interest paid	150	
Debenture interest	10	
Investments	1500	
Investment income		100
Discount received		10
Rent	440	
Office equipment(at cost)	1200	
Delivery vehicle(at cost)	2800	
Provision for depreciation as at 1/1/2014		
Office equipment		600
Delivery vehicle		1400
Interim dividend	500	
Provision for income tax 2013		200
Income tax paid-2013	260	
2014	700	
Stated ordinary share capital		10000
Revaluation reserve		3000
General reserve		500
Retained profits as at 1/1/2014	100	
Cash and bank	14650	
	<u>29210</u>	<u>29210</u>

Director's approval to the financial statements will be on 1/4/2015.

Additional information

- (1). At the end of the year part of the closing stock has been damaged amounting to Rs40,000. On January 2015 these damaged stocks were sold for Rs30,000. Expense incurred on this sale was 5,000.
- (2). Company is to provide provision for depreciation at 10% from the trade debtors.
- (3). An employee has filed a case against the business Rs 200000 & lawyers advice is that the company will be liable for the compensation.
- (4). An office equipment which has a cost value on 1/7/2014 Rs 100,000 has been sold for 200,000. Assets have been purchased on 1/7/2011. Sales proceed has been credited to sales account. Office equipment is depreciating at 20% on straight line bases.
- (5). Annual depreciation on delivery vehicle 56,000
- (6). Estimated income tax liability for the year 2014 is 830,000.  
Company has fully settled the income tax of 2013.
- (7). Annual rent on building Rs 40,000
- (8). Market value of investment has been declined to Rs1200,000
- (9). Some of the items were sold under warranty for the first time this year. Directors decide to set aside funds for this purpose Rs 70,000.
- (10). Directors proposals
  - (i) Bonus issue of 100000 shares at Rs 25 per share
  - (ii) Fund the bonus issue by using revaluation reserve
  - (iii) Transfer Rs100,000 to general reserve
  - (iv) Proposed dividends to ordinary share holders Rs 150,000

*Required*

1. Income statement for the year ended 31/12/2014
2. Statement of changes in equity
3. Statement of changes in equity as at 31/12/2014
4. Accounting policies and notes to the accounts  
(20marks)

Question 02

(a) The trial balance prepared on 31/3/2014 in Amal, Piyal and Saman is given below

Description	Dr	CR
Land and building	41200	
Machinery	6500	
Fixtures and fittings	4720	
Stock	16880	
Debtors	12300	
Cash and bank balance	9060	
Creditors		8940
Capital balances as at 1/1/2013		
Amal		16000
Piyal		16000
Saman		8000
Current account balances as at 1/4/2013		
Amal		8200
Piyal		6520
Saman		5820
Bank loan as at 1/4/2013		1000
Sales		55680
Cost of sales	28640	
Expenses	6860	
	126160	126160

Additional information

- Piyal retired from the partnership on 31/3/2014. The terms of the partnership agreement of Amal, Piyal and Saman were as follows.
  - Partners were entitled to 10% interest on the opening balance of their capital accounts
  - The goodwill is not recognize as an asset in the books and all adjustments relating to it should be done through the partners capital accounts.
  - Amal and Piyal were entitled to salaries per month Rs 2000 and Rs 3000 respectively. Saman was entiled to a 10% commission from the net profit
  - Remaining profits were shared among partners in the ratio 5:3 respectively.
- Amal and Saman agreed to continue the partnership sharing profits and losses in the ratio 3:2 respectively and the terms relating to the partnership remain unchanged.
- On 31/3/2014 the goodwill of the partnership was estimated as RS 500000.
- On retired date RS 100000 was paid to Piyal and it was agreed to transfer the amount payable to him to a loan account under 15% annual interest per annum.
- Bad debt written off in the previous year has been received during the current year .The cash book has debited and the debtors account has been credited relating to this transaction.Except this no other entry has been made in this respect.
- The bank loan should be paid with in equal 20 installments commencing on 01/10/2014.

Required

- Calculate the net profit

2. Capital accounts and current accounts for the year ended 31/3/2014
3. Statement of financial position as at 31/3/2014

**Question 03**

Kamal started a trading business on 01.01.2016. Transactions of the business during the month of January 2016 are as follows

No	Date	Transaction
(1)	01.01.2016	Kamal invested 400 000 cash and a van Rs 840 000 in the business
(2)	01.01.2016	Bought furniture and fittings worth Rs 240 000
(3)	08.01.2016	Purchased goods worth Rs 100 000 and issued a cheque for full amount
(4)	12.01.2016	Goods costing Rs 80 000 was sold for Rs 130 000 and received a cheque for this amount
(5)	15.01.2016	Purchased goods worth Rs 150 000 on credit
(6)	20.01.2016	Goods costing Rs 140 000 was sold for Rs 200 000 on credit
(7)	23.01.2016	issued cheque amounting to Rs 90 000 to settle part of the amount due to creditors and received a discount of Rs 5000
(8)	25.01.2016	Paid operating expenses of Rs 90 000
(9)	26.01.2016	Received Rs 150 000 from debtors and this amount was deposit in the bank

**Additional information**

- (i) All cash transactions of the business were carried out through the bank
- (ii) The balance of the bank statement of the business as at 31.01.2016 did not agree with the cash book balance on this date due to the following reasons
  - (a) A cheque for Rs 30 000 directly deposited in the bank by a debtor has not been recorded in the cash book
  - (b) Bank charge amounting to Rs 2000 has not been recorded in the cash book
  - (c) Out of the cheques issued to the creditors a cheque for Rs 20 000 has not been presented for payment
- (iii) Property, Plant and equipment is to be depreciated at 10% on cost per annum on straight line method
- (iv) A 10% provision for doubtful debts to be made on the month end balance of debtors

**Required**

(1) using the accounting equation show the impact of above transaction No (1) to (9) (with values) and state whether each value increases (+) or decrease (-) in front of the value.(use the following format)

Transaction No	Assets					Liabilities	Equity
	Motor vehicle	Furniture and fittings	Inventory	Debtors	Bank		



(2) calculate the bank statement balance and the adjusted balance of the cash book as at 31.01.2015 using the balance in the above bank column

(3) Income statement of Kamal's Business for the month ending 31.01.2015

(15marks)

#### Question 04

(a) Following information is related to items of Property, Plant and Equipment of Raja Ltd as at 31/3/2011.

Asset	Cost "000"	Carrying amount "000"	Scrap value	Expected useful life(Years)
Building	4 200	2 000	200	40
Motor/Vehicle	1 500	600	500	5
Office equipment	1 000	400	200	8

These assets are depreciated at cost on straight line method. The following transactions/Events took place during the year ending 31/3/2012 in relation to these assets.

- Building were renovated incurring Rs.1 000 000, on 1/4/2011. As a result the remaining useful life of the building was re-estimated as 30 years. Scrap value is Rs.500 000.
- New Motor/Vehicle was acquired for Rs.1 200 000 by exchanging the existing Motor/Vehicle at Rs.700 000 and in addition paying a cash amount of Rs.500 000. The expected useful life of the new Motor/vehicle is 4 years. Scrap value is Rs.200 000.
- On 31/3/2012 office equipment were revalued Rs.600 000.

#### Required,

- Depreciation on building for the year ended 31/3/2012.
- Motor/Vehicle exchange account.
- Journal entries to record office equipment revaluation.
- Carrying value of property plant & equipment as at 31/3/2012.

(10marks)

(b) Sales and purchases details of electrical items in a particular business for the month of July 2011 are as follows.

Date (units)	Balance (in units)	Purchases (in units)	Purchase price per unit	sales
01	100		300	
06		400	350	
15				300
28				100

Calculate the value of stock under the following cost formulas

- First in first out method(FIFO)
- Weighted average cost method (WAC)

(5marks)

### Question 05

(a) Following balance as at 31.03.2015 were extracted from Matale welfare society of retired people.

#### Cash receipt and payment account

Bank balance as at 01.04.2014	12 000	News papers	10 500
Subscription received	108 000	Rent and rates	18 000
Tickets	15 000	Electricity	6 000
Sale of old newspapers	6 000	Donations given on deaths	54 000
		Donations Bank balance	5 000
			47 500
	141 000		141 000

#### Other assets and liabilities

	01.04.2014	31.03.2015
Fixed assets	100 000	90 000
Subscription in arrears	10 000	12 000
Subscription in advance	15 000	5 000
Accrued electricity	1 000	-

#### Required

1. Income and expenditure account for the year ended 31.03.2015
2. Balance sheet as at 31.03.2015
3. Subscription account

(b) Following information has been extracted from Lanka Shoe Makers for the year ended 31.12.2015.

	Rs '000"
Stock as at 01.01.2015-Raw material	1900
Work in progress	114
Finished goods (3500 pairs of shoes)	3850
(all has been sold during the year 2012)	
Stock as at 31.12.2015-Raw material	2180
Work in progress	200
Finished goods (1500 pairs of shoes)	1800
Raw material purchases	21000
Direct wages	8000
Factory electricity	2600
Supervision expenses	200
Factory wages	700
Repairs to machinery	100
Depreciation on machinery	200
Maintenance expense on factory	415
Rent on factory	318
Indirect expenses	433
Sales(30000 pairs of shoes)	45000

Required

1. Manufacturing account for the year ended 31.12.2015
2. Calculate the manufacturing cost per pair of shoes.

**Question 06**

(a) Debtors' ledger balances on 1.1.2015 in Madu Traders was as follows

Amal Rs	10000
Supun Rs	15000
KanthiRs	12000
Palitha Rs	8000
	RS 45000

Summary of prime entry books prepared in the month of January were given below

Sales journal

Description	Amount(RS)
Amal	50000
Supun	40000
Kanthi	25000
	115000

General journal

Description	Dr	Cr
Return inwards account DR Amal's Account CR (Goods returned by Amal)	5000	5000
Bad debt account DR Kanthi 's A/C CR (The amount receivable from Kanthi was written off as bad debt)	2000	2000

Cash receipt journal

Description	Cash (RS)	Analytical columns		
		Sales	Debtors	Receipts
Sales	20000	20000		-
Amal	10000	-	10000	-
Supun	5000	-	5000	-
Sales	15000	5000		-
Rent received	18000	-		18000
Kanthi	12000	-	12000	-
Amal	7000	-	7000	-
Interest received	6000	-		6000
Jeevaka	4000	-	4000	-
Janani	50000	-	50000	-
Palitha	<u>6000</u>	-	<u>6000</u>	-
	153000	35000	94000	24000

Following additional information has been provided

1. Disposal of fixtures and fittings scraps to Janani has been recorded as a cash receipt from the debtor
2. Madu traders has purchased some stocks from Amal for Rs 5000 during the month and it was decided to set off the amount against the amount receivable from him

Required

1. Debtors' ledger and debtors balances list
2. Debtor control account and sales account in the general ledger

(b) Following information which relates to the bank account of Amayuru enterprise is given below

Bank reconciliation statement for the month of March 2015

Bank overdraft as per bank statement		4225
+ Unpresented cheques 25213	1000	4500
25200	3500	8725
- Un realized cheques 452364	2000	
- 862345	3300	
656157	1200	6500
		2225

Total deposits during the month April was Rs 23000. The total cheque issues in the month of April was Rs 16000. From the cheques issued during the month of March only the cheque no 25213 has been presented to the bank for payment in April. The un presented cheques of the month April was Rs 6500. The unrealized cheque numbers of March 862345 and 452364 has not been realized until 30<sup>th</sup> April. The cheque deposited during the month of April 472365 amounting to RS 2800 has not been realized during the month April.

Bank charges amounting to Rs 2000 and cheque book charges of Rs 400 has not been recorded in the cash book

The credit transfers amounting to Rs 3200 from a customer has not been recorded in the business books. Insurance installment paid as per the standing order has not been recorded Rs 1500.

Required

1. Adjusted cash book
2. Bank reconciliation statement for the month of April

### Question (07)

The bookkeeper of Vimal enterprise failed to agree the trial balance at 30<sup>th</sup> June 2015, the end of the financial year. She opened a suspense account in to which she entered the amount she was out of balance and carried this amount to a draft balance sheet which she prepared.

The following errors were subsequently discovered in the books.

1. The purchases day book had been under cast by Rs 100.
2. Goods bought on credit from Sagarika for Rs 500 had been posted to her account as Rs 5,000.
3. A new machine costing Rs 7,000 had been posted to the debit of the repairs to machinery account.

4. Sirimal, a customer returned goods valued at Rs 1,000. This had been entered in the sales returns day book and posted to the debit of the customer's account.
5. The sale on creditor machinery at their book value of Rs 30,000 had been recorded in the sales day book.
6. Rs 600 owed by Dushan, a customer, had been overlooked when drawing up a schedule of accounts receivable from a ledger.
7. An item of cash discount allowed Rs 20 had been correctly entered in the cash book but had not been posted to the account of Nimal, the customer.
8. Business rates, treated as having been paid in advance in the previous accounting period, amounting to Rs 450 had not been brought down as balance on the business rates account at the start of the accounting period. Instead it was included in the rent prepayment account.

**Required**

1. Journal entries to rectify the above errors
  2. Balance that the bookkeeper passed to the suspense account
  3. Prepare the statement of corrected net profit assuming net profit before corrections as Rs 100,000.
- (15marks)**